

<b>16 November 2016</b>		<b>ITEM: 9</b>
<b>Health and Wellbeing Overview &amp; Scrutiny Committee</b>		
<b>Fees &amp; Charges Pricing Strategy 2018/19</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Accountable Assistant Directors:</b> Les Billingham – Assistant Director of Adult Social Care		
<b>Accountable Directors:</b> Roger Harris - Corporate Director Adults, Housing, Health		
<b>Portfolio Holder:</b> Cllr Sue Little - Cabinet Member for Adult Social Care		
<b>This report is public</b>		

## **Executive Summary**

Local Authorities are involved in a wide range of services and the ability to charge for some of these services has always been a key funding source to Councils.

This report specifically sets out the charges in relation to services within the remit of Health and Wellbeing Overview and Scrutiny Committee. Any new charges will take effect from the 1 April 2018 subject to cabinet approval unless otherwise stated. In preparing the proposed fees and charges, Directorates have worked within the charging framework and commercial principles set out in the report.

Further director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to legal, regulatory or commercial requirements.

The full list of proposed charges is detailed in Appendix 1 to this report.

### **1 Recommendations**

- 1.1 That Health and Wellbeing Overview and Scrutiny Committee note the revised fees and that Health and Wellbeing Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee**
- 1.2 That Health and Wellbeing Overview and Scrutiny Committee note that Director delegated authority will be sought via Cabinet to allow Fees & Charges to be varied within a financial year in response to legal, regulatory or commercial requirements.**

## 2 Background

- 2.1 The paper describes the fees and charges approach for the services within the Health and Wellbeing Overview and Scrutiny Committee remit for 2018/19 and will set a platform for certain pricing principles moving forward into future financial years.
- 2.2 Over the course of next year adult social care will be undertaking a review of current charges with a primary focus on Domiciliary Care and the current procurement exercise; however, it will also cover a number of other areas highlighted where the current charges may require review.
- 2.3 This fees and charges paper provides narrative for the Adult Social Care areas:
- Residential and nursing care
  - Domiciliary care
  - Supported accommodation
- 2.4 The fees & charges that are proposed are underpinned in some instances by a detailed sales and marketing plans for each area. This will ensure delivery of the income targets for 2018/19, for ease these are summarised below for Adult Services covering all fees and charges income codes.
- 2.5 Individual Service Streams:

<b>Service</b>	<b>Last Year Outturn 16/17</b>	<b>Revised Budget 17/18</b>	<b>Forecast Outturn 17/18</b>	<b>Proposed Budget 18/19</b>
Court Protection	(21,685)	(30,397)	(30,397)	(30,701)
Blue Badges	(28,260)	(28,708)	(24,240)	(28,995)
Day Care Services (incl. transport)	(35,555)	(44,716)	(44,716)	(45,163)
Domiciliary Care	(948,930)	(1,089,144)	(1,091,755)	(1,089,144)
Extra Care Housing	(81,320)	(84,071)	(84,071)	(84,912)
Meals on Wheels	(141,233)	(121,418)	(162,392)	(122,632)
Respite Care for Adults with Disabilities	(2,088)	(1,591)	(8,668)	(8,668)

<b>Total Adult Services</b>	<b>(1,259,071)</b>	<b>(1,400,045)</b>	<b>(1,446,239)</b>	<b>(1,410,215)</b>
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### **3 Thurrock Charging Policy**

- 3.1 The strategic ambition for Thurrock is to adopt a policy on fees and charges that is aligned to the wider commercial strategy and ensures that all discretionary services will cost recover.
- 3.2 Furthermore, for future years, while reviewing charges, services will also consider the level of demand for the service, the market dynamics and how the charging policy helps to meet other service objectives.
- 3.3 Rather than set a blanket increase across all service lines, when considering the pricing strategy for 2018/19 some key questions were considered.
- Where can we apply a tiered/premium pricing structure
  - How sensitive are customers to price (are there areas where a price freeze is relevant)
  - What new charges might we want to introduce for this financial year
  - How do our charges compare with neighbouring boroughs
  - How can we influence channel shift
  - Can we set charges to recover costs
  - How sensitive is demand to price
  - Statutory services may have discretionary elements that we can influence

### **4 Proposals and Issues**

- 4.1 The fees and charges for each service area have been considered and the main considerations are set out below.
- 4.2 A council wide target of £6.835m has been proposed within the MTFs for additional income generation in respect of fees and charges income for 2018/19, this represents 4% increase from 2017/18.
- 4.3 For Adult Social Care this equates to a target of £321k to be secured through fees and charges in 2018/19. The fees and charges are challenging and represent our commercial ambitions as a Council. In setting this target we are mindful that Adult Social Care has a high income from externalised services which offsets the expenditure within the external purchasing budget. The budget increase is due to demographic growth not to increased charges.
- 4.4 To allow the Council services to better respond to changes in legal, regulatory or commercial challenges; delegated authority will be sought through Cabinet to permit the Director of the Service Area jointly with the Director of Commercial Services to vary these charges within financial year to comply with:
- legally prescribed statutory fees and charges which may be subject to prescribed variation during the year, and that it may be necessary to adjust

the relevant fees and charges during the year to reflect a change to their cost recoverability calculation; and that

- discretionary services provided on a traded basis for profit may be subject commercial operational considerations, and that it may be necessary to adjust the relevant fees and charges during the year to reflect a change to their cost recoverability calculation
- 4.5 As noted Adult Social Care currently externalises over 80% of its business into the commercial sector using private, community and voluntary organisations.
- 4.6 In all areas of activity, residential and nursing care, domiciliary care and supported accommodation there is national acknowledgment of the financial pressure the market faces.
- 4.7 Fees and Charges are either set as declared rates within local frameworks, or individually negotiated.
- 4.8 In some cases, national guidance directs the level of charges and then individual contributions are set depending upon prescribed financial assessments, therefore full cost recovery is not always possible.
- 4.9 As almost all of our services are commissioned within a commercial framework outside of the council this accounts for the limited fees and charges collected for the minority of services provided internally.
- 4.10 For 2017/18 our current fees and charges are as follows:
- **Blue Badge Application Fee** – This is a national maximum fee detailed in the Blue Badge Guidance. It is a legally set requirement to charge no more than £10 per badge and currently cannot be changed.
  - **Day Care Charge** (per session) – for older people is currently charged at £20 per session (a proposed increase has been temporarily suspended due to the restructuring of the service and to assess the impact of the previous increase)
  - **Concierge charges - Extra Care** - were subject to a wide consultation between April and July 2016 - these charges have now been introduced, current charge £40 per week. This charge is linked to the Elizabeth Gardens “core charge” which was agreed for the term of the current contract which will come to an end in March 2019. The charges for the concierge service in extra care will be reviewed during 2018/19.
  - **Domiciliary Care** – The council has taken back several contracts due to market failure and currently charges service users a maximum of £13 an hour, subject to financial assessments of service users ability to pay. From April 2018 the service will have been re-commissioned at a higher hourly rate to the Council allowing potentially for a higher charge to service users.
  - **Direct Payments – Agency Rate** - Direct Payments enable individuals to arrange and purchase care themselves. These charges mirror the charges for in-house domiciliary care and externally commissioned care to provide consistent charging and will be subject to the same consultation exercise.
  - **Meals on Wheels** - The meals on wheels contract is a cost and volume contract.

- **Pendant Alarms Private Housing** - Council decision through Cabinet has been made that all assistive technology and the Call Centre response is to be provided free of charge in view of the preventative impact of the service. This decision has resulted in a reduction of £48k income that the service has absorbed through the increased funding received in 2017/18.
- **Residential Homes for Older people** - This is the declared rate for our in house residential care home for older people (Collins House); service users are financially assessed to ascertain the amount they pay per week up to £600
- **Respite Adult Disability** - The current charge of £20 per session was agreed by public consultation in 2015/16. There is an option to increase charges to be more in line with a full cost recovery model however respite provides a much needed support for informal carers and is a Care Act 2014 priority. The impact of losing support from informal carers is potentially financially catastrophic therefore a balance has to be struck between cost recovery and destabilising informal care.
- **Elizabeth Gardens - Support per household** - £40 per week is the agreed rate under the current contract which has another 2 years to run ending in 2019. The Council subsidise this rate and a consultation will be required through the tender process to ensure the rate is reviewed.
- **Transport per journey** - Currently charged £2 per journey we will review and calculate price/cost for full cost recovery however again this supports prevention and could potentially cost more money should charging impact on those attending day services. This will be reviewed
- **Deferred Payments (DPA)** – this is an administrative function charge of £144 per year charged to service users who are living in residential care and who own their own property, but who chose to wait until they pass away before paying the charges for their residential place.
- **External spot Commissioned Residential Placement – Standard Room** - This is the declared rate of £451 per week for externally commissioned residential care home placements for older people; service users are financially assessed to ascertain the amount they pay per week up to the amount against an agreed nationally set process
- **External spot Commissioned Residential Placement – Higher Needs** - This is the declared rate of £481 per week for externally commissioned residential care home for older people; service users are financially assessed to ascertain the amount they pay per week up to the amount against an agreed nationally set process.
- **External spot Commissioned Nursing Placement** - This is the declared rate of £519 per week for externally commissioned nursing home for older people; service users are financially assessed to ascertain the amount they pay per week up to the amount against an agreed nationally set process.
- **External spot Commissioned Dementia Placement** - This is the declared rate of £505 per week for externally commissioned residential care home for older people; service users are financially assessed to ascertain the amount they pay per week up to the amount.
- **Additional spot Commissioned Services - Full Cost Recovery** - Other services commissioned on a spot basis (for example Supported Living or Out of Borough Residential Care placements) will be charged up to the rate brokered; but the individual will be subject to a financial assessment to establish what they can reasonably afford to pay.

Please note that charges for placements are included for completeness in relation to service activities, but do not form part of the fees and charges budgetary line income as they are client contributions.

## **5 Reasons for Recommendation**

- 5.1 The setting of appropriate fees and charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed fees and charges will also ensure that the Council is competitive with other service providers and neighbouring councils. The ability to vary charges within financial year will enable services to more flexibly adapt to changing economic conditions.
- 5.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to the needs of the communities, legal requirements, regulatory changes and commercial challenges.

## **6 Consultation (including Overview and Scrutiny, if applicable)**

- 6.1 Consultations will be progressed where there is specific need. However, with regard to all other items, the proposals in this report do not affect any specific parts of the borough. Fees and charges are known to customers before they make use of the services they are buying.

## **7 Impact on corporate policies, priorities, performance and community impact**

- 7.1 The changes in these fees and charges may impact the community; however, it must be taken into consideration that these price rises include inflation and no profit will be made on the running of these discretionary services.

## **8 Implications**

### **8.1 Financial**

Implications verified by: **Carl Tomlinson**  
**Finance Manager**

Additional income will be generated from increases but this is variable as it is also dependent on demand for the services. Increases to income budgets have been built into the MTFS.

### **8.2 Legal**

Implications verified by: **David Lawson**  
**Monitoring Officer**

Fees and charges generally fall into three categories – Statutory, Regulatory and Discretionary. Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central government and all authorities will be applying the same charge.

Regulatory charges relate to services where, if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the cost of provision. A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decision making structures. Most charging decisions are the responsibility of Cabinet, where there are key decisions. Some fees are set by full Council.

### 8.3 Diversity and Equality

Implications verified by: **Becky Price**  
**Community Development Officer**

The Council is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision making structures to determine impact on protected groups and related concessions that may be available.

### 8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None applicable

### 9 **Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):**

None

### 10 **Appendices to the report**

Appendix A – Schedule of Proposed Fees and Charges for 2018/19

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