

WIRRAL COUNCIL

CABINET : 4th OCTOBER 2007

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

BUDGET EFFICIENCIES 2008-2011

Executive Summary

To report on the potential efficiencies from increasing charges for non-residential care services.

1 Background

- 1.1 At its meeting of 6th September 2007 Cabinet requested, as part of the ongoing consultation on Fairer Charges for non-residential care, a report comparing Wirral rates to other North West Councils with a view to continuing the progress to a more consistent level of charging over time.
- 1.2 Cabinet also asked to be advised of potential to revise the current rates in order to alleviate pressure on the current year's budget and contribute to closing the gap for 2008-09.

2 Wirral's Fairer Charging policy

- 2.1 As part of the Budget settlement for 2007-08 the Council agreed the following rates:
 - People who have more than £25,000 are assessed to pay the full price for their care services. This is currently set at £9.50 per hour for home care.
 - People who choose not to disclose their personal finances are also assessed to pay these full prices.
 - People whose only source of income is Income Support are not asked to pay for services
 - People who are assessed according to their ability to pay are charged the lower of 40% of their disposable income after taking disability related expenses into account, or the full price of their package of care.
- 2.2 People who only receive day care services are not currently assessed to pay for their care. This conflicts with the national Fairer Charging guidance and is potentially age discriminatory. Consultation is underway with people who use services and their carers to consider how this anomaly should be addressed.

3 Charging Policies in the North West

Authority	Full Price Home Care	% Charge against Disposable Income
Wirral	£9.50	40%
C	£16.96	90%
F	£7.62	100%
L	£8.24	70%
H	£10.75	50%
W	£8.48	45%
M	£7.55	100%
S	£8.17	100%
T	£10.10	100%
Average	£9.71	77%

- 3.1 The above demonstrates that Wirral charges close to the average for people assessed to pay the Full Price, but has the lowest charge against disposable income. Most of the rates quoted by these Councils have been introduced over the last few years in response to financial pressures.
- 3.2 An analysis of over 3,000 current financial assessments shows that for every 1% shift in the % charge against disposable income an extra £44,700 is raised per year. Therefore if Wirral set a rate of 75% assessed income would rise by £1,564,500.
- 3.3 For Full Cost payers, for every £1 increase in the charge income would rise by £215,000 per year. The maximum the Council could legally charge is the actual price of procured services which is currently £12.70 per hour. The additional income from this would be £688,000 per year.

4 Impact on People who use Services

- 4.1 Of the 3,000 people who use services, 620 receive a free service because they have no disposable income, 650 people are assessed to pay the Full Price, and 1,730 are assessed to pay a percentage of their disposable income.
- 4.2 The average disposable income of the 1,730 people who would be affected by increasing the % Charge is £49.36 per week. The current average charge (at 40%) is £19.75. This would rise (at 75%) to £37.02 per week.
- 4.3 If the unit price of Home Care was increased to £12.70 per hour, 650 people would be affected and pay on average £20.36 extra per week.
- 4.4 Any increase in charges is likely to result in an increase in bad debt unless it is gradual, subject to consultation and communicated well in advance.

5 Implementation

- 5.1 It is essential that any proposed change to the Fairer Charging policy is subject to thorough consultation with people who use services. This has been an ongoing process following the revision to the policy last year. Consultation is currently underway with adults who use day services. It is clear that people are generally opposed to charges but accept the economic reality as long as they are fairly and consistently applied and have regard to people's individual circumstance.
- 5.2 It is likely that many people will find it difficult to cope with a sudden increase in charges and they may need time to adjust their spending patterns. Cabinet may therefore wish to consider a phased implementation of the higher rates over a number of years. It may also be possible to generate some additional income in-year to offset the current financial pressures. The earliest this could be done, allowing for consultation and re-assessment is 1st January 2008. For example:-

	2007-08	2008-09	2009-10
Full Cost (currently £9.50)			
£10.50 from 1 st January 2008	53,750	215,000	215,000
£11.50 from 1 st April 2008		215,000	215,000
£12.70 from 1 st April 2009			258,000
% Charge (currently 40%)			
50% from 1 st January 2008	111,750	447,000	447,000
60% from 1 st April 2008		447,000	447,000
75% from 1 st April 2009			670,500
	<u>165,500</u>	<u>1,324,000</u>	<u>2,252,500</u>
Annual Increase		<u>1,158,500</u>	<u>928,500</u>

6 Financial Implications

- 6.1 The financial implications are included in the report.

7 Staffing Implications

- 7.1 None directly arising from this report.

8 Equal Opportunities Implications

- 8.1 Adult Social Services are provided to the most vulnerable people living in the Borough who are often excluded from mainstream services.

9 Community Safety Implications

- 9.1 None directly arising from this report.

10 Local Agenda 21 Implications

10.1 None directly arising from this report.

11 Planning Implications

11.1 None directly arising from this report.

12 Anti Poverty Implications

12.1 Increasing charges will reduce the disposable income of some of the least well off people in the Borough

13 Social Inclusion Implications

13.1 None directly arising from this report

14 Local Member Support Implications

14.1 People who use services live in all parts of the Borough.

15 Background Papers

15.1 **None**

16 Recommendations

That:

- (1) Members note the report which suggests a phased approach.
- (2) Members determine the nature of phasing across the variables of full cost rate; percentage of disposable income and date of proposed implementation.

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Date 20th September 2007