

2018-2020 Financial Planning and Budget Setting Process Business Case for Change

1. Summary

Title	Reviewing Contributions and Payments to Customers
Business Case Number	
Member	Cllr G Bell
Project Sponsor	Jacqui Old
Project Lead	Ellie Anderson
Council Plan Theme	Our People
Creating a Brighter Future Theme	Cared for Safeguarded and Healthy
Saving or Income	Saving and Income
Total 18/19 Savings/Income	
Total 18-21 Savings/Income	

2. Business Case

Summary

Part 1 – Court of Protection Team Charges

1. The Court of Protection team helps people who have lost capacity to manage their money safely – this includes cases of financial abuse where people entrusted with managing the money of vulnerable people have mismanaged the finances, sometimes to the point of jeopardizing a person's care.
2. The Court of Protection team currently provide Deputyship under the Court of Protection where people need someone to fully manage finance and sale of property. If we apply for deputyship we charge people £745. We then charge a management fee of £650 per year.
Currently the Local Authority assists people with completing Court of

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Protection forms and probate forms. Solicitors charge up to £1900 for this service we charge £18.40 per hour. We could charge £745 for this service but we don't do as much as we would to apply for Deputyship – suggest that we charge £500 as a proportion of the work we do for Deputyship. This may serve as a disincentive for some people to use the Council. Currently there are 10 – 15 cases per year - could raise £5000

3. Complex deputyship cases. Doncaster refer anyone with assets over £75000 or with properties to solicitors rather than the Council taking responsibility.
4. Winding up order for Deputyship – we currently charge £300 and this has not increased for a long time. The charge is not governed by the Court of Protection. There is as much work as application so suggest we increase the price to £745 to match
5. Appointeeship – there are about 180 clients where the council does not hold full deputyship through court of protection but does act as appointee for benefits. There as historically been no charge for this- other local authorities (Sunderland and York) charge £5 per person per week for acting as deputy. For people in care homes this would need to be an accrued debt paid from their estate on their death
6. Winding up appointeeship – suggest we charge £500 which is the maximum we can charge after funeral costs (which must be paid first)
7. The Council will act as appointee when a person has capital of up to £8000 which is high in comparison to other local authorities. Other areas apply for Deputyship and make the relevant charge for anyone with capital over £4000 which would accrue the £650 per annum management fee.(or 3.5% of net assets if assets are below £16000)

Part 2 – Changes to the Charging Policy for Non-Residential Services

1. Through the Care Act 2014, the Department of Health prescribed the minimum amount of income support a person must be left with after charging for care and support whilst living in the community. This is referred to as the Minimum Income Guarantee (MIG). The guidance underpinning this provides for how income is treated when implementing charges for care home provision and other settings. There is more flexibility in the charging arrangements for individuals living in the community in other settings.
2. North Tyneside Council currently uses the MIG +25%, which means that service users are left with a basic income plus a 25% buffer. This has been consistent with a number of other local authority areas and was developed as best practice.
3. The Department of Health circular LAC (DH) 2017 (1), advises that the MIG

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allowances for 2017/18 will remain frozen to the rates first set in 2015/16. This means that North Tyneside is applying a higher buffer than it could otherwise do; the buffer within DH guidance is 18.6%.

4. Across the region there is a variable position:

Authority	Policy
Darlington	MIG +25%
Durham	MIG +25% but moving towards DH threshold
Gateshead	MIG +25%
Hartlepool	MIG +25%
Middlesbrough	MIG +25%
Newcastle	MIG using DH threshold
Northumberland	MIG using DH threshold
Redcar and Cleveland	MIG using DH threshold
South Tyneside	MIG +25%
Stockton	MIG +25%
Sunderland	MIG using DH threshold

5. The impact of the proposed changes is as follows

- 2659 service users are in receipt of non-residential care services and 797 (30%) make a financial contribution towards the cost of their care.
- 1862 (70%) of service users are currently on a zero charge as they are already on minimum income and therefore have no chargeable income. They will not be affected by this change in policy.
- The amount of charge for each individual is dependent on the assessed charge and the volume of service received.
- The maximum weekly impact would be as follows:
 - Person of pensionable age, £10.20 per week
 - Person aged 25-64, £0.35 per week
 - Person aged 18-24, £0.55 per week

It is proposed these changes are implemented for new clients only from 1 April 2018, subject to the outcome of the consultation process

6. It is estimated the full year effect of the introduction of the change to the charging policy will increase income by £100k per annum.
7. It is proposed that full consultation is undertaken to seek the views of key stakeholders and the wider public including the community and voluntary sector and that this runs from December 2017 through to February 2018.

Part 3 - Review Direct Payment Rate

To review the current Direct Payment (DP) rate payable to Personal Assistant's (PA's)

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because this has not changed since April 2014; to identify any potential savings and to understand rates applied by other local authorities in the region. The rates paid for DP Support Services are outside the scope of this review.

Summary

1. Our data indicates that we pay approx 2,433 PA hours per week at two different rates (children's - £11.90 and adults - £10.54)
2. The North Tyneside hourly gross DP rate incorporates an element designed to cover PA sickness, holidays, bank holidays, expenses, personal protective equipment (PPE), employer national insurance (NI) contributions and payroll costs
3. Other regional Local Authorities who have the highest rates of DP recipients are not offering a high hourly rate to cover costs and contingencies; they offer a low hourly rate and have other mechanisms for dealing with additional costs.
4. Employment Law is complex and is often changing in relation to pensions entitlements, NI contributions, the national minimum wage, statutory sick pay etc
5. Average rates of net PA pay in North Tyneside are between £8.50 and £9 per hour
6. Payroll providers recommend a buffer of 11% is held in DP accounts to cover the costs as detailed in point 2 above
7. The average number of PA hours per DP recipient per week is not known
8. Recommendations have been identified which could result in bankable efficiencies whilst maintaining a healthy PA rate of pay
9. A range of DP rates and scenarios have been considered to identify potential efficiencies (in the absence of concrete data) whilst also seeking to ensure that opting to meet eligible outcomes via a DP remains a viable and attractive option for customers
10. The introduction of a consistent and equitable agency Direct Payment rate:
 - Clearly outlining the council's responsibility to ensure individual employers are able to cover (SSP, SMP, Redundancy, Employer Pension contributions, Employer NI contributions, Payroll and Employer Liability Insurance)
 - To remove PA expenses and PPE costs, currently factored into the hourly DP rate and to add these to the Support Plan

Recommendations

1. Remove the different adults and children's DP rates and agree a rate which is reflective of current employment and legislative requirements
2. Differentiate between the rates paid to employed and self-employed PA's
3. Reduce the DP rate to £8.50 per hour for an employed PA
4. Reduce the DP rate to £10 per hour for a self-employed PA
5. Add the annual cost of payroll and employer liability insurance to the customers DP bank account
6. Additional costs to cover PA expenses/PPE and PA holiday arrangements to be added to the Support Plan
7. A contingency to be held by the council to cover redundancy pay, statutory maternity pay, statutory sick pay, employer pension contributions, employer NI contributions and recruitment costs
8. When engaging an agency the DP rate should be paid at the rate set by commissioners
9. For existing clients who employ a PA, the new rate should be enacted at annual review where lawful to do so

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10. Briefing will be required for social care staff re changes to DP rates and the impact on business processes (i.e. reviews, support plans), new and existing clients
11. Communication with DP recipients, payroll agencies and DP support agencies
12. Re-write relevant Fact Sheets

Target Operating Model – alignment to key principles

1. We understand and manage demand	x
2. We enable people to help themselves	x
3. We use intelligence to target resource to best effect	
4. We Maximise income and reduce long term cost	x
5. We work in partnership to improve outcomes	
6. We are innovative and utilise technology to improve outcomes	

3. Financial Implications

Net Savings / Income	Cost Centre & Subjective	Part year? (months)	18/19 (£000s)	19/20 (£000s)	20/21 (£000s)
PART 1 income	03067		£60k		
Part 2 Charging policy change			£100k	£100k	£100k
Part 3 Review Direct Payment Rate			£100		
Total			£260k		

Financial Analysis 2018/19

Expenditure/Income Line	Value (£000s)
Employees	
Total	

4. Staffing Implications

Affected FTE [Reduction (-), Increase (+)]	2018/19	2019/20	2020/21
Total			

5. Delivery Plan, Risks and Outcomes

Key Milestones

Milestone	Lead Officer	Completion Date
PART 1 Consultation with all affected clients	Ellie Anderson	January 2018
Information clearly stated in terms of the offer and charges on My Care and	Ellie Anderson/comms team	February 18

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Council website		
Consultation on impact of proposed changes to the charging policy for non-residential services	Alison Tombs	February 2018
Consultation on the changes to direct payment rates	Alison Tombs	February 18

Risk	Risk Score	Mitigating Actions
Part 1 Income could be affected if people decide to manage relatives finances themselves or appoint solicitors		Review of the team structure
Part 2 Support for individuals due to an increase in charge / contribution		Individual financial assessment will be completed to determine actual level of contribution for each individual. This would include taking steps to maximise income and benefits individuals are in receipt of and links to other welfare services as appropriate
Part 3 There is a risk attached regarding PA's contracts, if the individual is paying a higher rate of pay to their PA. However the money they are currently receiving is for contingency issues e.g. redundancy or sick pay and shouldn't be used for general pay rates		Consultation process will be required
Part 3 There is a risk of complaint about the reduction of rates		Consultation process will be required
Part 3 Thought should be given to decisions regarding implementing this for existing customers or just new Direct Payment recipients		May reduce complaints but will also reduce the savings

Performance Indicators

Indicator	Baseline	Target
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6. Other Requirements / Dependencies

Technology Requirements

None

Client / Customer Implications

Current clients are unlikely to be happy about significant increase in service charges particularly where the service is currently being provided free of charge.

Partner / Stakeholder Implications

Consultation will be required with service providers who may need to support their customers to make alternative arrangements. Advocates may be required to ensure that customers with disabilities relating to cognition understand the implications.

Equality and Diversity Implications

PART 1 All affected customers will have or be connected to someone with a protected characteristic predominantly around disability. There are other methods for people to use in terms of safe financial management. This proposal surrounds asking people to pay for a non statutory service. The costs of the service however will experience significant increases and primarily target people with a disability.

PART 2 –All clients involved in services provided will have a protected characteristic and will be left with a reduced amount of disposable income. In mitigation the Council is still applying an 18% buffer in terms of personal finance and would be applying national guidance but there is a likelihood of complaints

Part 3 – All affected customers will have or be connected to someone with a protected characteristic predominantly around disability. Money for contingency will still be available for customers who require it but the contingency is held and drawn down from the Council. Some customers may be paying preferential rates of pay to personal assistants, and may argue that their experienced team will leave if pay rates are reduced. We believe the reduced rate still allows staff to be paid a reasonable salary. In addition there is some recent case law that supports local authorities not having to support inflated wage bills (R vs Davey)

Is this project also included/supported by Capital Investment?

Yes

7. Sign Off

Mayor / Cabinet Member(s)

Head of Service(s)

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Finance Manager	
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