Charging within a personalised system
London Resource Allocation System support programme: Guidance series

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What is the topic and why is it important?
This paper concerns the way in which Fairer Charging is applied under a personalised system of support. Although there is no legal obligation on any Local Authority to charge for non-residential services provided, those that choose to do so must base their policy on national guidelines as set out in the 2003 Fairer Charging Guidance, and updated in the 2009 Fairer Contributions Guidance.

This paper offers a set of practical solutions for local authorities to implement an approach to contributions and move away from a system of charging – which, in a personalised system is no longer fit for purpose. The solutions offered are firmly linked to the principles of Putting People First and are ultimately where all local authorities should be heading.

This paper represents the views of the London Authorities who participated in this work. It is not policy, but a summary of the practical views of London Authorities working on issues relating to personalisation and charging. This document should be read in conjunction with the latest version of the Fairer Contributions Guidance.

Background
Between September 2009 and April 2010 the London Joint Improvement Programme (JIP) delivered a programme of bespoke support to authorities in relation to Resource Allocations Systems. During the delivery of this support authorities requested practical guidance on 4 common topics affecting their organisations.

This paper relates to one of these topics - Financial assessment and charging. It is 1 of 4 papers (see box 1) that offers tangible, practical and relevant guidance for London authorities. Each paper defines the topic and why it is important. It details the key issues that authorities believe are important and offers practical solutions and a way forward. Each paper should be seen as practical guidance and advice not competing with any policy, but trying to interpret existing policy and make practical implementation suggestions for London authorities.

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<td>1. Financial assessment and charging</td>
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Each paper was developed with input from London authorities and utilises their experience and knowledge.
Priority areas and ways forward

Six priority areas were identified by authorities:

1. Contribution is the new language
2. Principles
3. A contributions system that works
4. Collecting contributions
5. Ensuring contributions match final personal budget spend
6. Other important areas for consideration

Each of these is described below and practical guidance offered.

Priority Area 1: Contribution is the new language
Under a personalised system of support the term charging is no longer appropriate. The underlying structure of the traditional system of charging is that it is linked to services. Within a personalised system of support this link is no longer appropriate. The focus has shifted to supporting choice and control and enabling people to adjust their support at the point of delivery to meet their needs and achieve their outcomes. Therefore a contributions focussed system should be linked to an individual’s personal budget and their ability to pay not the services that they ultimately utilise to meet their needs.

So, in summary, under personalisation an individual will make a contribution towards their personal budget which has been calculated as appropriate to meet their needs and achieve their outcomes. This will be set out in an agreed support plan.

Priority Area 2: Principles
A shift to a contributions based system requires a refocusing of the principles that underpin the approach. The following 4 principles are felt to be important if a contribution based system is to be successful:

1. The system should be built on equity and fairness
   Equalities legislation requires that any discriminatory practice is identified and removed. Any approach to contribution should be fair and equitable for all, irrespective of care group, age, gender and also the services that they ultimately choose to spend their personal budget on

2. The system is based on people making contributions towards their personal budget
   Everyone makes contributions towards meeting their needs throughout their lives. In adult social care, some people, even those with high needs, may have the financial resources to contribute to meeting those needs. The role of the state is to ensure that there are sufficient resources available in the personal budget from the local authority and the service user to meet an individual’s assessed needs. The Fairer Contribution system should ensure that there is a fair system is in place to calculate the contribution an individual can be required to make towards their personal budget.

3. The system should be linked to your ability to make contributions
   Some people have a greater ability to contribute than others. Any system of contributions needs to ensure fairness across all financial situations. This is set out in the Fairer Contributions Guidance.
4. **The system should not restrict the choices people can make**
   A service user should not be deterred from opting for one type of service or support over another on the grounds that they will be financially disadvantaged. Currently some services are not charged for e.g. in house day services. Ultimately, in a more personalised self directed support system, there should not be a distinction between chargeable and non chargeable services.

**Priority Area 3: A contributions system that works**

Below is a system map of a personalised based approach to contributions. This outlines the key steps that any Authority should follow.

The system begins when a service user becomes known to the Authority. At this point questions can be asked and information and advice offered. This will include outlining the possibility that the person may need to contribute to their personal budget if they are eligible for ongoing support. It is important to be transparent and open at this point and offer as much information as required for people to make informed choices. This may include discussing the likelihood that a person may have to contribute to their personal budget – based on any financial information that a person shares. It is important to note that anyone, who may be eligible for community care services regardless of their financial situation, is entitled to a Community Care Assessment under the NHS and Community Care 1990.
Service user becomes known

Re-ablement / universal offer

Ongoing eligible need
  yes
  Supported Self Assessment of Needs
  Calculation of upfront gross allocation
  Total transparent picture of resources*
  Support planning
  Final financial elements agreed ***
  Sign off support plan and Live life

Emergent and proportionate financial assessment.
  This should start early and be open and transparent
  Should be asking questions about capital, savings etc

Information and advice

Required to contribute?
  no
  ..
  yes

Willing to contribute?
  no
  ..
  yes

Calculate likely personal contribution to personal budget **

Information and advice
Notes on process map:
* This should include:
  1. Authority contribution
  2. Personal contribution

** There are 2 parts to this calculation:
  1. What portion (%) of the PB can a contribution be applied to?
  2. What % of the portion is the contribution?

*** This includes:
  1. Authorities contribution
  2. Personal contribution
  3. Other contributions (i.e. Other funding streams, benefits etc)

Once a person has accessed any reablement / universal services, further financial assessment based on their levels of savings and capital should be undertaken. This should result in a decision as to whether a person is likely to be required to contribute to their personal budget.

In parallel, a person will have a Supported Self Assessment which summarises their ongoing needs and have an indication of the gross resources which are available via a RAS which they can then use to begin support planning. At this point we don’t know what services someone may choose but we do need to offer information on the possible contribution (or indicative contribution) that the person may be required to make.

In line with current national policy, to calculate this amount it is recommended that a percentage of the gross indicative PB be used. This percentage could be set at anywhere from 0% (no contribution) to 100% (full contribution). This % will be based on a decision made by individual Authorities based on their financial situation and local priorities.

National policy also describes how Authorities can adopt a policy that defines a financial limit on an individual’s contribution. This would be represented as a maximum weekly contribution. For example an Authority may set a 100% contribution level but never more than £250 per week.

Therefore, at this point in the process an individual should know:
- the indicative gross PB likely to be required to meet their eligible needs
- how much the Authorities contribution towards this is likely to be
- what their personal contribution is likely to be.

Essentially, the Authority and the person will know, as early as possible, the financial resources available to them in order to begin support planning with all the relevant information in place.

Once support planning is complete and the final overall PB is agreed by the Authority then the final contributions should be agreed as well. This financial information should be documented in the support plan and any other formal agreement/s between the service user and the Authority.

Priority Area 4: Collecting contributions
There are a number of situations where consideration needs to be given to how contributions are to be collected. The three main situations are:
1. Authorities contribution towards a PB is fully paid via a Direct Payment
2. Authorities contribution towards a PB is fully paid via provision of in-house or Authority commissioned services
3. A mixture of 1 and 2 above

Wherever possible any contribution should be netted off the personal budget before the resources are paid to the service user. This is relatively straightforward where the user receives a DP for all or part of their personal budget.

When someone wants the authority to manage their entire budget then there are a number of possibilities. The authority can invoice the person for their contribution, and commission/contract for the totality of the support arrangements that have been agreed. Or the authority can arrange support to the level of the net budget and assist the individual to commission the remainder of their support themselves with their contribution to the personal budget amount. Personalised systems should also be efficient systems and multiple invoicing processes must be avoided.

If authorities do end up in a position where they are collecting contributions rather than paying net, it is recommended that Authorities give careful consideration to the minimum contribution which will be collected, when a service user chooses an in-house, or Authority commissioned service. There may well be a lower limit where it becomes more costly to collect the contribution than the amount collected. Therefore, Authorities should know the unit cost of collecting contributions.

**Priority Area 5: Ensuring contributions match final personal budget spend**

At the point of validating a support plan, the agreed PB moves from being an indicative planning value with which to plan support, and becomes an agreed amount of money. At the same time the contribution that it is deemed that an individual should pay is also fixed.

However we know that plans evolve, circumstances change, and costs fluctuate. At the point of reviewing someone’s plan it may be also necessary to check that the original level of contribution is still accurate and appropriate. This needs to be built into the reviewing activity which is still necessary within a personalised system. For example it may be that someone finds out that they need less money than they thought and than was agreed to meet their needs and provide support. Agreements may then be reached to claw back some of the money or reduce the total annual amount. Whenever decisions of this kind are reached the contribution should also be checked.

How a person chooses to manage their personal budget will not affect the level of contribution. They make take it wholly as a direct payment, ask the council to manage it on their behalf, or choose a mix. In all cases the calculation about contributions will be the same, and in all cases it will be necessary to review the accuracy of this as time elapses.
Priority Area 6: Other important areas for consideration

How should the potential impact of the new policy be tested?

- In updating a Contributions/Charging Policy, it is important to consider what will be the impact on existing Service Users
- Authorities should carry out a desktop analysis to determine the impact of changes to the policy on both individuals and income to the authority as a whole
- Authorities should ensure that any new policy is co-produced with citizens
- Authorities should identify who will be most impacted upon by changes, and whether there are any particular groups who might be impacted on, e.g. as a result of the withdrawal of subsidies, and as with all policy changes undertake an equality impact assessment
- Authorities should consider what (if any) transitional arrangements may be needed where the level of any individual’s contribution changes significantly.

Is Consultation Required?

- Consultation on updates to any policy is essential. However, authorities should consider the form in which consultation needs to take place, and how people can be helped to understand the impact. As part of any consultation on financial assessments and contributions, people must be helped to understand what a personal budget actually is, if they are to appreciate how changes to the charging policy might affect them. One approach may be to consult on charging at the same time as consultation on the approach to personal budgets generally, so that both concepts can be discussed together.

How Should Free and Subsidised Services be taken into account?

- Fairer Contributions Guidance should be referred to in relation to this issue. Authorities in this work however felt that some important points to make include:
  - By framing the discussion around contributions the concept of free or subsidised services no longer exists. People make a contribution to a personal budget, they are not paying towards the cost of specific services.
  - From the Authorities point of view, managing a system that includes free and subsidised services creates additional complexity in the administration of personal budgets. The collection of contributions can only be finalised once the details of the support plan have been taken into consideration. The Authority would then require a method to reduce the contribution of users choosing subsidised or free services; this would be unfair to other services users and could be open to challenge.
  - Where authorities currently offer some services free or with a subsidy, consideration should be given to the removal of such subsidies, unless they may be included as part of a universal offering, outside the RAS and Personal Budget process.

Should people contribute towards reablement?

- No. People should not have to contribute towards reablement.

How does a contributions approach link with CRAG?

- Fairer Contributions Guidance should be referred to in relation to this issue. Authorities in this work however felt that some important points to make include:
  - If an authority currently charges for residential respite under CRAG rules they may see a reduction in income by switching to SDS Contributions Policy (essentially because the value of a first property will not be counted in the financial assessment).
  - It is important to model the likely impact of any changes to inform decision making.
How does a contributions approach link with DRE?

- A longer term solution could be to ensure that those circumstances that have previously attracted DRE are dealt with in a Supported Self Assessment Questionnaire. Essentially, a Supported Self Assessment is needs based and therefore will cover the needs previously dealt with by DRE. If these needs are included in the assessment, then a personal budget can be allocated and a support plan developed to meet these needs. It is therefore unnecessary to allow for them again in a contributions calculation.

- In the shorter term it is important to make the system as simple as possible, i.e. by exploring banded approaches to calculating DRE. You should also model the likely impact of any changes to inform decision making.

How do we manage transitional arrangements from charging to SDS Contributions Policy?

- Any transitional protection should compare the amount that an existing client currently pays under the existing Fairer Charging Policy against the amount they are assessed to pay under the SDS Contributions Policy.

- It should compare the absolute amounts that someone has to pay and not seek to compare the individual services.

- Transitional protection should have a clear timeframe which should be transparent and recorded in a policy.

- It should be consistently applied so as to be fair and adhere to the principles set out in this paper.

- The purpose of transitional protection is to allow people to adjust to their new financial situation.