Local authority charging policies for community care

Local authorities have discretionary powers to charge for domiciliary care services and since the implementation of the NHS and Community Care Act (1990) most authorities have revised their policies and increased charges for domiciliary care. In this study of six local authorities, Sally Baldwin and Neil Lunt examined the development and operation of these charging policies. They discovered a complex and varied pattern, with financial pressure very much the factor driving change.

- The charging systems emerging are variable and complex for everyone, particularly users, to grasp.

- Very different approaches were taken to determining whether service users could afford to contribute to their service costs. Costs arising from disability were not allowed for in ways that reflected individual circumstances.

- Financial pressure was the most important factor driving change. Social services authorities wanted to deliver the highest standards of service to as many people as possible. Demands were rising and tight financial settlements had reduced the amount available for community care. Authorities looked to charges to ease pressures on their budgets and minimise service cuts.

- There was little strategic thinking to ensure that new policies fitted with community care objectives or corporate anti-poverty strategies. Decisions about charging policies were usually taken in response to immediate financial pressures.

- Policies were developed from a poor information base and drew on rules and procedures from Income Support and residential care, with little reflection on their appropriateness for people living in community settings.

- The implementation and administration of charging policies were poor. Staff and users lacked information on policies and on users' rights. Users rarely received clear written information on how charges had been calculated. Review and appeal systems were poorly publicised.

- Widespread concern was expressed about the possible effects of charging users, including: reduced use of services; increased financial hardship; poorer quality of life; bad effects on user-professional relationships. However, few authorities were monitoring the impact of their charging policies.

Introduction

Charging users of local authority domiciliary care services is becoming a major policy issue for the 1990s. The Health and Social Services and Social Security Adjudications Act (HASSASSA) 1983 - gives local authorities discretionary powers to charge - and prescribes only that:

- charges are 'reasonable'
- authorities review them when circumstances make payment difficult, if necessary waiving or reducing the charge
- services should not be withdrawn in the event of non-payment.

Local authorities have powers to charge adults for services such as home care, day care, meals-on-wheels, and aids and adaptations. Whether and how to charge are matters for local choice. Central government doesn't require authorities to charge although it assumes that they will levy charges for domiciliary services from users who can afford to contribute.

Why are the policies changing?

All six authorities in the study had been actively reviewing and changing their charging policies since the enactment of the NHS and Community Care Act in 1990. Full implementation of the Act in 1993 was followed by even greater activity. Only one of the six had completed the process; for the others developing new policies was an on-going task. Senior officers identified financial and non-financial reasons for the changes:

Financial reasons included:
- perceived inadequacy of the levels of grant given to local authorities via the annual financial settlement from central government (through the Revenue Support Grant);
- perceived shortfall in money given for new community care responsibilities (through the Special Transitional Grant for community care) and changes in the formula for distributing it;
- increasing demand for services, rising expectations, and 'cost-shunting' by health authorities as they redefined community services as 'social' care.

Non-financial pressures included:
- aspirations to provide the highest standards of services possible within available resources;
- desire to introduce 'fairer' policies;
- concern to simplify existing policies, making them easier to administrate, operate and understand;
- concern to stay within HASSASSA.

Interviewees identified financial pressures as the leading factor encouraging the development of new policies. Authorities perceived raising more revenue from charging as an important element in their strategy for managing stretched financial resources: in minimising the need for service cuts; tightening eligibility criteria; and preventing increased waiting lists.

Types of policy

Policies across the six fieldwork authorities varied enormously but all were very complicated and difficult to grasp:

- no two policies were identical (and one authority operated two charging systems simultaneously);
- only one authority calculated a charge for all services received, the others charged for each service individually;
- most authorities used a mix of flat rates and means-tested charges;
- two authorities used simple means tests with the charge depending on what other benefits were being received ('passporting') or whether individuals had a certain amount of savings;
- four authorities used complex means tests that calculated income, subtracted outgoings and applied a formula to decide the final charge. Within these authorities:
  - there were great differences in how they defined income
  - different judgements were being made about whether and how to take account of disability benefits
  - all took account of income from savings, but in different ways
  - the treatment of demands on income arising from disability varied greatly
  - approaches to setting the charge also differed.

These examples suggest that one difficulty in devising policies is getting a balance between simplicity and sensitivity. Passporting systems are less complicated to understand and administrate than complex means tests, but less sensitive to ability to pay. There are likely to be trade-offs between policies that are more and less sensitive to individual circumstances and policies that are simple to understand and operate.

How did authorities go about deciding a new policy?

Members took final policy decisions, while responsibility for developing proposals lay with officers. This task was typically devolved to a senior officer, who then formed a working group from within the authority. These groups usually incorporated administrators, welfare rights officers, and service managers.

Because of time constraints and the pressures of yearly budget settlements, it is difficult for local authorities to think ahead and develop policies in a systematic and reflective manner. Even so, the way most of the six authorities went about developing their charging policy was surprisingly poor. The study found:

- *a lack of strategic approaches to policy development.* It was rare for charging policy to be reviewed as an integral part of implementing community care or of authorities' anti-poverty plans. Policies were usually rushed through to meet immediate, or looming, financial shortfalls.

- *no attempt to build from first principles - use of 'off-the-shelf' systems.* Authorities often based policies on pre-existing national benefit systems and rules, with no detailed consideration of why or how appropriate these were.
- *that policies were built on a poor information base.* The information was often patchy and sometimes inaccurate. Authorities made little attempt to use demographic data to predict demand, or to consider the amount of income any policy change would yield.
- *little attempt to consult about policy changes* with those most affected - users, disability and welfare organisations, and health authorities.
- *no prior commitment to monitoring the impact of policy.*

Local influences on policy
Local factors also influenced the final shape of each authority's policy, including local politics, the current situation in relation to charging policies, and opposition from users and professionals.

Users' contributions to costs
The legislation requires that charging policies be 'reasonable', both in general and as they affect individuals. Since 'reasonableness' cannot be measured objectively the study set out working assumptions about what might constitute a reasonable policy against which authorities' policies were then assessed.

The central assumption was that reasonable charging policies should reflect an individual's true capacity to contribute to the cost of services. This implies that authorities make appropriate assumptions about users' incomes and take account of unavoidable commitments - particularly when these arise from disability. A second key assumption was that decisions about how savings were viewed should be based on considered reflection about the needs of people living in community settings. These assumptions are open to debate. However, using them as a yardstick, the study found that policies operating in all six areas fell short of reasonableness at a great many levels.

Assessing income
- Most authorities assumed that part of Attendance Allowance or Disability Living Allowance (Care) was available to contribute towards individual care costs, without considering how such benefits were actually used.
- All assumed that savings-income was available to pay for care and typically calculated the level of income using unrealistic tariffs drawn uncritically from the Income Support system.

Capital cut-offs
All but one authority adopted a capital cut-off point beyond which users paid the full costs of any services received. There was no consideration of the appropriate levels of saving necessary for people to remain in their own homes. Cut-off points were invariably drawn from the benefits system or residential care assessments.

Assessing the income 'available' for charges
All authorities based their assessments on standard amounts for basic living costs and expenses related to disability.
- None sought to cost these from first principles, for example, by using budget standards.
- All used Income Support figures to calculate basic living allowances, disregarding research that questions their adequacy.
- Only two authorities allowed for the extra costs incurred by most disabled people to be included in the assessment process. Most others added a 'buffer' to the basic living allowance, but had no rationale for the figure they chose. This buffer was partly given in recognition of extra costs but bore no relation to individual circumstances.

The charge
Most authorities levied minimum charges for all users; this meant that those receiving Income Support were left below a level of income intended to meet basic living expenses. Some authorities sought to recover the full cost of providing services, disregarding the fact that users had already contributed through Council Tax.

Effects of policies
There is not yet sufficient information to assess the full effects of new charging policies, but most respondents were concerned about the possible consequences of accepting charging as the norm - both as a general principle and because of the effects on individuals. Charging was thought to undermine important principles - notably of collective responsibility and entitlement to care services which are free at the point of use.

A possible positive consequence of charging was thought to be the greater choice and control users assumed as paying customers - but this was not thought to be happening yet.

More commonly, people predicted negative consequences, some of which they thought were already happening:
- Take-up and use of services would decline.
- For some, paying the charge would lead to greater hardship and poverty. Other equally essential items would be sacrificed.
- Relationships between professional staff and service users would suffer. Collecting sensitive financial information and assessing liability were already damaging relationships between individuals and professionals.

These views were common but expressed particularly strongly by front-line staff. However, there was virtually no systematic monitoring of the effects of new policies.

Delivering policies
Good information
In most authorities information was poor or non-existent, with relatively few examples of clear and comprehensive information on policy and how it worked. When information was available this was usually only in written English. No opportunity was built into the service for individuals to receive a

verbal explanation about how the charge had been calculated, what the policy was, and how to appeal against a decision. Authorities' formal policies did not allow services to be withdrawn from individuals who refused to pay or fell into arrears. However, their duty to continue providing services in these circumstances was not well-publicised; front-line staff were often not aware of it.

Reviews and appeals
The existence and clarity of procedures for reviewing assessed charges varied. In some authorities discretion appeared to operate without any clear framework. Clear and well-publicised review procedures were rare.

Professionals and financial assessments
Social workers and care managers typically had responsibility for gathering financial information, a task with which they often felt ill at ease, untrained and lacking in up-to-date information. Indeed, policies were often so difficult to understand that individuals working at different levels within authorities held contradictory views of what the policy was and how it operated. Consequently, giving users accurate information was problematic.

Conclusions
Social service authorities clearly have a difficult task in managing demands upon their resources for community care. The pressures to add to those resources by levying charges appeared irresistible to the authorities in this study. However, the study also suggested that there are good reasons for questioning this development. We therefore need to ask whether, nationally, sufficient resources are committed to community care, and what the appropriate balance between personal and collective responsibility should be.

If charging is to remain part of local authorities' policy landscape, this study indicates that they now need to review strategically both the substance and administration of charging policies. This includes paying particular attention to the affordability of charges, improving standards of delivery and administration, and monitoring the effects of charging policies.

About the study
Sixty-five in-depth interviews and detailed telephone conversations were undertaken across six local authorities, chosen to reflect a mix of political circumstances, financial situations, socio-demographic characteristics, traditions of and approaches to charging. Interviews were conducted with senior finance and policy officers, staff involved in putting policies into operation, and local welfare rights and disability groups.

Further information
The full report Charging Ahead: Local Authority Charging Policies for Community Care, by Sally Baldwin and Neil Lunt, is published by the Policy Press with the support of the Joseph Rowntree Foundation (price £11.50).

Related Findings
The following Social Care Findings look at related issues:

Social Care
55 User perceptions of a 'mixed economy' of care (Sept 94)
61 Employing personal assistants (Jan 95)
63 Local authorities' use of the Independent Living money (Feb 95)
80 The impact of charging policy on the lives of disabled people (Feb 96)
83 Towards a national system for continuing assessment in care homes (Mar 96)
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Social Policy
64 Direct payments for personal assistance (Nov 94)

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