

A Study into Local Authority Charging for Non-Residential Social Care Services

Contract: 35/2008/09

Main Report



December 2008

LE Wales

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Acknowledgements

Many people provided us with invaluable assistance throughout the course of the research described in this report. Members of the stakeholder task & finish group, alongside staff in the Older People and Long Term Care Policy Directorate of the Department for Health & Social Services, Welsh Assembly Government, played a key role in directing the work and providing insights from their own varied experiences. We are also grateful to those stakeholders who met us and who all made a positive contribution; to those who organised consultation events for us, sometimes at short notice; and to staff at local authorities across Wales who provided us with data on services users, expenditure and income and analyses of that data. In addition, particular thanks are due to one of the Welsh local authorities that provided us with estimates of the impact in their area of changes in the financial assessment process. We are also grateful to Dr Peter Watt of the Institute of Local Government Studies at the University of Birmingham who worked closely with LE Wales on this research.

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1 Introduction

1. A stakeholder task and finish group was formed in order to provide advice to Welsh Assembly Government Ministers on the options for introducing more consistency to non residential social care charges in Wales. This group has representation from service users, the Coalition on Charging Cymru, providers, local authorities, the Welsh Local Government Association and the Welsh Assembly Government.
2. This report for the stakeholder task & finish group was prepared by LE Wales under Welsh Assembly Government Contract 35/2008/09.
3. The main aim for this study was to inform the stakeholder task and finish group and Ministers of the current arrangements local authorities have in place to set charges for non residential social care services and to consider the options for introducing greater consistency. The research findings were used by the group to provide advice to Ministers as to the options it feels will achieve the Welsh Assembly Government's aims to best effect.
4. This report focuses on identifying and assessing policy options aimed at achieving greater consistency in charging for non-residential social care services in Wales. It also includes a summary of the views of some stakeholders. Throughout the text a number of case studies are included. These are based on real service users and are intended to give a flavour of their experiences of living with charges for the non residential social care services they receive.
5. An accompanying report, the Baseline Assessment, provides an overview of current policies and charging arrangements as well information on income from charges, expenditure on non residential social care services, and the numbers and characteristics of users of these services. The Baseline Assessment also includes an Annex that details the charging policies of each of the 22 Welsh unitary authorities.

2 Stakeholder views

2.1 Outline of consultation activity

6. Discussions about charging for non-residential social care services were held with a number of stakeholders during October and November 2008.
7. We spoke to about 80 people altogether. They were a mix of service users, carers and care workers. Many were older people and some were younger adults with physical impairments and/or learning difficulties. They were not intended to be a representative sample of stakeholders. Discussions provided a useful insight into the range of views held by stakeholders on a number of issues relevant to charges for non-residential social care.
8. The organisations and groups that were involved in this consultation process are listed below.
 - a. Arfon Carer's Forum (Gwynedd)
 - b. Maes y Wennol Day Centre, Llanidloes, Powys
 - c. Westwood Day Centre, Welshpool, Powys
 - d. Monmouth Action 50+ Group
 - e. Rhondda Cynon Taf Older People's Forum
 - f. Bridgend Older People's Forum
 - g. National Pensioners Convention
 - h. Gwynedd Disability Core Group
 - i. Cardiff & Vale Coalition for Disabled People
 - j. A group of care workers in Blaenau Gwent

2.2 Overview of stakeholder views

9. In this section we provide an overview of views expressed by stakeholders. Except where specified, the views are those of service users rather than carers or care workers.

General points

10. Many people we spoke to either did not express a clear view or did not express a very strong view on the issues that were raised.

11. A small number were not very clear about what charges they paid, often because a relative organised financial matters for them.
12. The summary of views expressed reflects the mix of people with whom discussions were held and also will naturally tend to better reflect the views of those who were more able and willing to express their views clearly.
13. Most seemed of the view that it was fair to make a payment towards non-residential social care services and that it should be means tested. This was felt more strongly in relation to services that directly substituted for costs that would need to be incurred in any case (e.g. meals).
14. Some felt strongly that all non-residential social care services should be free for service users. Reasons for this included:
 - a. Older people, and others had already paid for this right through previous tax and national insurance contributions. The point was made that these services should be paid for from the National Insurance Fund;
 - b. Charges could put those who are less well off in great difficulty, and deter some from taking up necessary services. This can put additional strain on carers as well as service users [carer]. Reference was made to a day centre in Bridgend losing 10-12 clients following the introduction of attendance charges.
 - c. It is not fair to put additional pressure on those in the middle of the income/wealth range, who are normally older people i.e. in between those who received free care because of low savings levels and those who received free care because earnings are not taken into account in the means test.

Case study 1

A young disabled woman lives with her parents because she needs 24 hr. support. Both parents are full time carers, although only one claim for Carers' Allowance is possible and that is lost anyway because the main carer has to claim Income Support.

The family have needed support from Social Services for some years but until direct payments became an option the support offered was of no use to them. Under direct payments Amelia now employs two Personal Assistants for a total of 27 hours per week which enables her to experience greater independence and removes a little of the workload from her parents.

The family have successfully made a case for waiving charges each year so far but are extremely fearful that as their local authority raise charging levels and tighten eligibility criteria that a charge may be demanded which they will have no way of paying.

15. Concern was expressed about the impact of changes in the charging regime on the availability of services and eligibility for those services.
16. At one forum it was felt that in considering the need to charge, account should be taken of the benefits non-residential care has in terms of savings for the NHS and savings in residential care costs. In another group it was also suggested that carers should not be charged because their work saves a lot of public money.
17. As some local authorities were making more and more use of private contractors for non-residential social care services, any new charging regime should ensure that private contractors are covered by the requirements in these circumstances.
18. It was pointed out that consistent charges would not make sense unless they were applied to consistently defined (and available) services.
19. One person made reference to a family who had moved to a different local authority in order to pay lower charges.
20. It was suggested that charges should be assessed more quickly. The time interval between the care assessment and the financial assessment means that the service user's charging liability can build up unexpectedly during this time. It was felt that service users should not become liable for charges until after they have received the outcome of their financial assessment [care worker].

Case study 2

A service user with learning difficulties, who accepted non residential social care service following a care assessment, found that she already owed social services £2,500 by the time she understood her financial assessment. Her position was made more difficult because her local social services department did not take account of the fact that her learning difficulties meant that she was unable to read letters that she received from them.

Consistency across Wales

21. Most expressed support for the idea that it would be fair if people across Wales were charged in a consistent way for services. In two fora this view was expressed strongly in respect of the financial assessment in particular.

22. Many did not feel very strongly about this point however. Some were more interested in the charges they paid than in the charges paid by others elsewhere.
23. Stronger views were expressed by a small number who felt that charges were relatively low in their own county and so did not want consistency because of the risk that this would increase charges for them.
24. It was also suggested in more than one forum that more consistency would aid transparency because a common understanding across Wales about service availability and charging would develop [care worker].

Simplicity/transparency

25. Some did not feel that there was any problem with lack of transparency or over-complexity in charging. This group included some who were in receipt of homecare services and some that were paying for meals and transport only at day centres.
26. Our impression was that a significant minority were not wholly clear about the services that were available and whether or not they were entitled to them.
27. Problems in understanding financial assessments were raised on a number of occasions:
 - a. One service user found it very hard to understand her financial assessment even after extensive investigation;
 - b. Care workers in day centres reported clients asking for help with understanding/checking their bills for homecare.
 - c. Some care workers felt that they did not understand the financial assessment process themselves and that different levels of charge were applied to service users in apparently similar circumstances.
 - d. Some service users felt strongly that there was a lack of clarity about entitlements to services and that charges and billing practices for those services were not sufficiently transparent to service users and their carers.
28. A number commented that vulnerable adults were reluctant to be pushy about finding out more – they didn't want to "rock the boat".

Maximum weekly charges

29. Of those who expressed a clear opinion, all felt that a maximum weekly charge could be helpful, particularly for those who were in need of a number of services. It was also pointed out that many people did not pay the maximum charge and so would not be assisted by this.
30. Some of those who wanted to see zero charges felt that a maximum weekly charge, depending on how high it was set, would be a step in the right direction.
31. A number of the people we spoke to were not really affected by the maximum weekly charge issue because they were only attending day centres in Powys and paying for meals and, sometimes, transport.

Financial assessments

32. See paragraph 13 above for general comments on the means test.
33. One stakeholder suggested the following charging approach: a consistent financial assessment across Wales, with a £5/week charge for those on lower incomes and a £15/week charge for those on higher incomes. They felt that everyone should pay something and that this would mean that some would place more value on the service they receive.
34. In two fora the point was made that it was unfair that there were step changes in charges paid even if a service user were only marginally above the savings threshold.

Case study 3

A 78 year old recently broke her arm and due her health the healing process is very lengthy. She qualified for 6 weeks free weeks home care due to being discharged from hospital but her expected recovery time will be in excess of 12 weeks. Her 'free' 6 weeks have now ended and a charge assessment has been carried out.

The service user and her husband receive the couples state pension and private pensions and she also receives attendance allowance. She was assessed as needing 10 hours per week day and night care but she has reduced this herself to 7 hours - 1 hour per day in the morning. The couple were assessed as having £110.12 spare per week to pay for this care. The cost of the care they receive results in a charge of £78.40 per week, which exceeds the AA even if no disregard is given. They intend to have this care only for the next 6 weeks due to the cost, although her need for care is likely to be longer. This task will then fall to her husband who is 83 years old.

35. A further comment was that it was unfair that receipt of a war pension was sufficient for someone to fail the means test and to have to pay charges.
36. The suggestion was made that if service users receive benefits/grants that are intended to cover elements of care or mobility, that these benefits/grants should be included in the financial assessment and not disregarded [care worker].

3 Options for changes to charging systems

3.1 Introduction

37. In this chapter we outline a range of options for changes to the current systems for setting charges for non-residential social care services.
38. In the first section below, we outline a number of specific changes to the charging system, calling these 'options'. In the subsequent section we draw together different combinations of these options into packages. Neither the options nor the packages described are the only potential options or packages, but are intended to provide a broad indication of the range of possibilities.
39. In this chapter we make no comment on the feasibility or the advantages and disadvantages of the options and packages. That assessment is made in the next chapter.

3.2 Individual options

40. At present, there is wide variation in the way that local authorities set charges for non-residential social care services. The potential changes to the current systems are almost limitless.
41. In this section we discuss a relatively small number of potential options which, it is hoped, will illustrate the main types of change. In the subsequent section we discuss how these specific options might be combined into a number of packages of options that might be introduced together. The Task & Finish Group discounted any option that involved imposing charges on all service users.
42. The main types of option have been categorised as follows:
 - A. Service types
 - B. Client categories
 - C. Financial assessments
 - D. Charge levels
43. A number of specific options associated with each of these categories is listed in Table 1. These options are discussed in the text. The options listed in the table are in a sense illustrative. It is clear that it would be

possible to develop many variants of these options by adjusting the numerical values in the options, e.g. adjusting savings thresholds up or down, or by adjusting specific charges up or down.

44. In addition, there are a number of associated changes that it might be desirable to introduce alongside the options outlined in the table. These include introducing more consistent, complete and clear information for service users about charges, financial assessments and processes for payment; and to introduce more consistent appeals processes.

The services for which charges are set

45. The focus of this research is on non-residential social care services. The baseline assessment suggests that there is wide variation across local authorities in the services that are defined as chargeable and the services which are defined as charge-exempt.
46. The most common charge-exempt services are packages of services provided to carers (e.g. respite care). The second most popular service to be exempted is reablement or rehabilitation services. Other popular services for charge exemptions include: mental health services, day care services, supported employment schemes, services to ILF recipients, equipment/assistive technologies, supported living and Supporting People.
47. The most common chargeable services are Home Care services, which is defined as chargeable by all LAs and tends to be charged at an hourly rate. This is followed by Day Care, which is charged for by 15 LAs. In general, the services of meals, laundry and transport are chargeable, and are charged at a flat rate.
48. In order to illustrate the potential effects of introducing more consistency across Wales into the list of services that is chargeable, we examine two potential options:
 - a. **Exclude all services except for home care and day centres from charges.** This option picks out the two services with the highest levels of charges and suggests that these are the only two services to be chargeable. Whilst all LAs charge for home care, a number do not charge for attendance at day centres.
 - b. **Exclude transport to day centres from charges.** This change is proposed by the Coalition on Charging Cymru.

Table 1: Potential options for changes to existing charging systems

Category	Option
A. Services	1. Exclude all services except home care and day centre attendance from charges
	2. Exclude transport to day care from charges
B. Client categories	3. Exclude children from charges
	4. Exclude carers from charges
	5. Exclude those aged over 80 from charges
C. Financial assessment	6. £50K savings as the only threshold
	7. Disregard first £50K savings
	8. Disregard all disability benefits
	9. Disregard all pensions
D. Charge levels	10. Require maximum weekly charges for all LAs
	11. Determine a common maximum weekly charge for all LAs
	12. Determine all charge levels for all LAs
	13. Set a flat rate charge of £15/week for all those who pay charges

Client groups

49. Our understanding from LA charging schemes is that none of the LAs charge for services to children. LAs do however have the freedom to charge for these family support services should they wish to do so. Some local authorities also exempt carers from charges.
50. We consider three potential options in relation to introducing further consistency into the client groups that are charged for services:
- a. **Exclude children from charges.** Children are currently excluded from charges by all LAs.
 - b. **Exclude carers from charges.** It was agreed by the Task & Finish Group that this should exclude from charges all services to carers that are the outcome of a carer assessment. Carers are already excluded from charges in many LAs.
 - c. **Exclude those aged over 80 from charges.** This option was proposed by a member of the Task & Finish Group on the grounds that people of this age made significant contributions and sacrifices for the UK during the Second World War and in the development of the welfare state subsequently. The baseline assessment shows that in Wales at 31 March 2008, over half (54%) of adult service users were aged over 75.

Case study 4

Dennis sustained a war injury which now, in his 80's, severely limits his mobility and endurance. He lives with his wife who has been his carer for more than 15 years to a growing extent but this has strained the relationship and she does not wish to continue with caring responsibilities.

In assessing Dennis for community care services the local authority persist in assuming that Dennis' wife is the main carer despite her frequent protestations. Arrangements made by the local authority with a care agency frequently fail, leaving Dennis' wife with no alternative but to resume her caring role.

The couple have very little money but Dennis has a small war pension. The local authority takes this pension into account for calculating the level of charge and this is pushing the couple increasingly deeper into debt. They feel trapped and frustrated that they do not receive the service that they need but have to pay more than they can afford and the wife is repeatedly forced back into a caring role.

Financial assessment

51. Whilst the fairer charging guidance ensures that there is a degree of consistency across LAs in the way that financial assessments are undertaken, there remains a high degree of variation in the detail.
52. We consider four options for introducing further consistency in financial assessments across Wales.
 - a. **£50k savings as the only financial assessment threshold.** This option was proposed by a member of the Task and Finish Group. The idea is that the calculations of net income involving various disregards would be avoided and replaced with this simple savings threshold.
 - b. **Disregard the first £50K of savings as part of a wider financial assessment.** This option was proposed by the Coalition on Charging Cymru (COCC). Unlike the previous option, it is not intended to replace the existing financial assessment approach.
 - c. **Disregard all disability benefits.** This option was proposed by the Coalition on Charging Cymru. At present, the treatment of disability benefits varies considerably across the LAs. Seven LAs disregard at least a proportion of DLA and six of those seven also disregard some proportion of AA. The majority of service users are likely to be eligible for at least one type of disability benefit.¹
 - d. **Disregard all pensions.** This option was proposed by the Coalition on Charging Cymru. Pensions include occupational pensions and personal pensions. COCC consider that the current difference between the treatment of earnings and the treatment of pensions is unfair.

Charge levels

53. The baseline assessment highlights the high degree of variation in charge levels for individual services. It also shows significant differences in the levels of maximum weekly charges. Seven LAs do not apply a maximum weekly charge at all.
54. We consider five options for increasing the consistency of charge levels across Wales.

¹ The total number of recipients of DLA and AA in Wales, for example, is far in excess of the number of service users.

- a. **Require maximum weekly charges for all LAs.** Local authorities have the option of stipulating a maximum weekly charge that their service users will face. This limits the charging liability of those users that are in need of a number of services. The baseline assessment shows considerable variation in the use of maximum charges. Fourteen of the LAs set a maximum weekly charge, but the charge level varies considerably (for example, for home care it varies between £16.20 and £200). Some of these maximum weekly charges apply to all non residential social care services, some apply only to home care services. This option would require all LAs to set a maximum weekly charge to cover all of their non-residential social care services.
- b. **Determine a common maximum weekly charge for all LAs.** This goes further than the previous option through introducing further consistency by stipulating what the common maximum charge across Wales should be.

Case Study 5

A married man's financial assessment took account of his incapacity benefit, private pension and DLA. A disregard was given for part of the DLA, and allowances were made for having a child and for mortgage and council tax payments. His wife's income was not included in the financial assessment and half the mortgage costs and council tax was considered to be hers. No money received directly for having a child, i.e. tax credits or child benefit, was included in the financial assessment. The couple appealed the assessment, claiming that as her income and carer's allowance only amounted to only one third of their joint income, she should only be responsible for one third of the mortgage and council tax and that her husband should be considered as responsible for two thirds of these amounts.

The couple were initially assessed as having £35 spare a week for care. The maximum charge weekly charge for home care in their local authority area (Rhondda Cynon Tâf) is £16.20 and so this was the charge applied for the husband's care. However, on appeal this was reduced to £8 per week as the couple's argument in respect of the one third/two thirds split was accepted. The husband was assessed as needing nine 45 minute periods of care per week, for which the couple contribute £8 per week. The couple previously lived in the Vale of Glamorgan where there is no maximum charge. If they still lived there and had to pay £35 per week for care they would not be able to afford the charges and so the wife would have to stop working to care full time for her husband as his disability means his care needs are long term.

- c. **Determine all charge levels for all LAs.** The baseline assessment shows that there is very wide variation in the levels of charges set across local authorities. Hourly charges for home care, for example, vary between £5.60 and £15.32. This option introduces a very high level of consistency across Wales by ensuring that all charges are the same.
- d. **Set a flat rate charge of £15/week for all those who pay charges.** This option was proposed by a member of the Task & Finish Group. The financial assessment would determine whether service users paid no charge or the fixed charge of £15 per week. Some consideration would need to be given to whether this should include smaller items. It could be stipulated, for example, that if the total cost of providing services is less than £15/week then there should be no charge.

3.2.1 Packages of options

55. In this section we combine some of the options described above into packages of options that could be introduced together. We assess the potential impacts of these packages in the next chapter.
56. The number of possible combinations of options is very large. We restrict the number of packages presented to a relatively small number which is aimed to illustrate the possibilities. The packages and their constituent options are summarised in Table 2.

3.2.2 Package A

57. Package A involves a combination of the following options:
 - Option 3 - Exclude children from charges
 - Option 4 - Exclude carers from charges
 - Option 8 - Disregard all disability benefits
 - Option 11 - Determine a common maximum weekly charge for all LAs
58. For illustrative purposes, in assessing impacts we will assume that the common maximum weekly charge is £100/week. Only six of the twenty two LAs currently have maximum charges that are lower than this.²

² For three of those six LAs, the maximum weekly charge relates to home care services only.

59. In this package the financial assessment is required to be consistent in all respects across Wales, meeting the minimum requirements of the fairer charging guidance and in addition, disregarding disability benefits from the net income calculation.

60. Introduction of Package A should enable the following type of statement to be made:

"Wherever you live in Wales, for a given set of service needs, the factors that determine whether or not you pay charges will be the same, and nobody, whatever their needs, will pay more than £100 per week for non-residential social care services."

3.2.3 Package B

61. As Package A, but with the addition of:

- Option 5 – Exclude those aged over 80 from charges

3.2.4 Package C

62. As Package A, but with the addition of:

- Option 1 – Exclude all services except home care and day centre attendance from charges

3.2.5 Package D

63. As Package A, but with the addition of

- Option 12 – Determine all charge levels for all LAs

3.2.6 Package E

64. This is the package proposed by the Coalition on Charging Cymru. It encompasses Package A and includes in addition the following options:

- Option 2 – Exclude transport to day care from charges
- Option 7 – Disregard first £50K of savings
- Option 9 – Disregard all pensions

65. In this case, the common maximum weekly charge is set at £16.20.

Case Study 6

A disabled person who works is assessed at a nil contribution because he works. His job contract finishes and he has no further employment having now to rely on the state pension and pension credit as well as DLA. Not only has his income dropped by two thirds, he is now charged for his care at the rate of £35 a week.

3.2.7 Package F

66. This was proposed by one of the members of the Task & Finish Group. It involves a combination of the following options:

- Option 6 - £50K savings as the only financial assessment threshold
- Option 13 – Set a flat rate charge of £15/week for all those who “fail” the means test

Table 2: Summary of option combinations that constitute each package

Option/Package	A	B	C	D	E	F
1. Exclude all services except home care and day centre			✓			
2. Exclude transport to day care from charges			✓		✓	
3. Exclude children from charges	✓	✓	✓	✓	✓	
4. Exclude carers from charges	✓	✓	✓	✓	✓	
5. Exclude those aged over 80 from charges		✓				
6. £50K savings as the only threshold						✓
7. Disregard first £50K savings					✓	✓
8. Disregard all disability benefits	✓	✓	✓	✓	✓	✓
9. Disregard all pensions					✓	✓
10. Require maximum weekly charges for all LAs	✓	✓	✓	✓	✓	✓
11. Determine a common maximum weekly charge for all LAs	✓	✓	✓	✓	✓	✓
12. Determine all charge levels for all LAs				✓		✓
13. Set a flat rate charge of £15/week for all those who pay charges						✓

✓ indicates that this option is one of the main components of the package.

✓ indicates that the package has the effect of including this option.

4 Approach to option assessment

4.1 Policy objectives

67. The main objective of the proposed Assembly Measure will be to achieve more consistency across local authorities in the way that they charge for non-residential social care services.
68. In assessing the options there is also a need to take account of other impacts, in addition to their contribution to increasing consistency. The main criteria for assessing the options are set out below.

4.2 Assessment criteria

69. The main criteria for assessing the option packages, as agreed with the Task and Finish Group are set out in Table 3. The table also gives an indication of how each criterion is interpreted. A more detailed discussion of each criterion is provided in the following text.
70. Before assessing each of the option packages against these criteria we considered whether it would be feasible to implement them in practice, taking on board the views of the task and finish group. Three of the seven packages were not considered feasible in practice. In consequence, scores for each assessment criterion were not assigned to each of these packages. These three packages, and their potential impact, is however discussed further in Section 5.1.

Table 3: Proposed option assessment criteria

Criterion	Interpretation
Consistency	Same practice across the LAs
Simplicity	Less or non-complex charging structure Transparent processes Clear communication with service users
Fairness	Lower income groups likely to pay less than those in higher income groups Service users in different client groups are treated similarly Promotion of equality and human rights Avoidance of discrimination
Efficiency	Cost of administering charging system not high relative to revenue raised
Other impacts on service users	If there are losers, who are they and how do they lose? <ul style="list-style-type: none"> • Number and type of service users who pay charges • Average/maximum charges paid Intrusiveness of charging assessment
Other impacts on LAs and providers	Demand impacts on local authorities and providers
Other impacts on WAG	Financial impacts for WAG Support of wider WAG strategic aims Consistency with expected policy developments

4.2.1 Consistency

71. The baseline assessment illustrates the wide variation in charging practices across the 22 local authorities.

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72. Greater consistency will avoid, or reduce the “postcode lottery” problem, where service users pay different charges because they live in different local authority areas. It is important to recognise that there are also other consequences to this type of greater consistency. It gives rise to another form of inconsistency in that subsidies will need to be higher in high cost areas. Equal charges lead to unequal subsidies between different areas. Equal subsidies lead to unequal charges. One form of inequality can only be eliminated by increasing the other form of inequality. A centrally determined charging system also reduces the scope for local policies to be adjusted to reflect local preferences and circumstances – an argument that is at the heart of the case for local government.
73. In our discussions with stakeholders it has been suggested that consistency is likely to have the additional benefit of leading to a common, and hence wider, understanding of which services are charged and how they are charged.

4.2.2 Simplicity

74. We treat simplicity as being a relatively broad concept that includes reducing or eliminating complexity in charging structures as well as transparency and clear communication with service users and carers. It is about services users easily understanding what they are being (or about to be) charged and why.

4.2.3 Fairness

75. Fairness is a concept that can mean different things to different people. In this context, here are four different paraphrased views of the concept of fairness. Each one was put to us by a number of service users and/or other stakeholders.
1. *Achieving consistency across the 22 LAs, thus avoiding the “postcode lottery” problem would be fairer than the current wide variation in charges.*
 2. *My local authority has chosen to set low charges. It would be unfair if these were to arise just so that consistency in charges could be achieved across Wales.*
 3. *Having to pay at all for vital care services is not fair and so all charges should be removed.*
 4. *I can afford to pay for my care services and it is fair that I should do so; and that others, who cannot afford charges, should not have to pay.*
76. Other relevant concepts of fairness that have been discussed by the Task and Finish Group include:

5. *Service users in different client groups are treated similarly*
 6. *The promotion of equality and human rights*
 7. *The avoidance of discrimination.*
77. All of these concepts of fairness are relevant in the consideration of charging options. However, some of these concepts of fairness are already taken into account in other criteria or are not useful ways of distinguishing between the options:
- Concept 1 does not add anything to the consistency criterion, which is already present for assessing the options;
 - Similarly, Concept 2 can be considered as a negative effect of the consistency criterion and so separate consideration is not justified;
 - Concept 3 is not relevant in the sense that all of the options are constrained to include charges, so that this concept cannot be used to distinguish between them;
78. Our judgement on the fairness of each option package will thus be based on concepts 4 - 7 above.

4.2.4 Efficiency

79. Our original perspective on this criterion was that it embodied the concept that charges should not be imposed if the administrative costs of imposing charges were high relative to the income from charges. An extension of this concept might also be that it should take account of other impacts of charges. These might, for example, include the demand impacts of charges.
80. We considered the possibility that this criterion should include the idea that the charging system should be responsive to the needs of service users. Our discussions with service users suggest that the needs of service users include the need to be able to afford to pay the charges, the need to only pay charges where it is fair to do so and the need to understand what and why they are being charged. As these concepts are already covered by other criteria, we prefer to focus on the first concept as a reflection of efficiency.

4.2.5 Other impacts on stakeholders

81. This criterion includes a range of important impacts on stakeholders. The main types of potential impact on each category of stakeholder are listed in the table below.

Case study 7

Edith manages a direct payment for her daughter, who has learning difficulties. They use the money to employ Personal Assistants (PAs) to help the daughter learn to socialise, shop, cook and manage her money. The recent increase in hourly charge has meant that they have had to reduce the number of hours that they employ the PAs to the point where both PAs have given notice because they cannot earn enough in the reduced number of hours. The daughter has developed trust in the PAs and is distraught that she is losing them and Edith is devastated that the progress that her daughter has made will almost certainly be lost.

Table 4: Types of impact on stakeholders

Stakeholder	Types of potential impact
Service users	Number and type of service users who pay charges Average/maximum charges paid Ability to understand and anticipate charges Intrusiveness of charging assessment
Local authorities and other service providers	Demand impacts on local authorities and providers
Welsh Assembly Government	Financial impacts for WAG Support of wider WAG strategic aims Consistency with expected policy developments

4.3 Weights

82. The Task & Finish Group propose the following allocation of weights to each of the main criteria:

Table 5: Weights for each criterion

Criterion	Weight
Consistency	30%
Simplicity	15%
Fairness	30%
Efficiency	10%
other impacts on service users	5%
other impacts on LAs & providers	5%
other impacts on WAG	5%

83. In the sensitivity analysis we test the effects of adjusting these weights.

5 Assessment of the option packages

5.1 Introduction

84. In this Chapter we provide an assessment of each of the option packages. These assessments are based on a number of factors:

- the data we have on numbers of service users and local authority income and expenditures;
- the views of stakeholders
- the views of members of the task and finish group
- an analysis undertaken by one of the Welsh local authorities of the impacts in their own area of the proposed changes to the financial assessment in the various packages.³

85. In the next section below we outline the impacts of each option package, describing them as pros or cons; and in the subsequent section we use a technique called multi-criteria analysis to combine these impacts to arrive at an overall assessment of each option package relative to the other assessed packages.

5.2 Package A

Key features

- a. Option 3 - Exclude children from charges
- b. Option 4 - Exclude carers from charges
- c. Option 8 - Disregard all disability benefits

³This analysis is based on data for actual service users in that local authority area. The LA in question has a financial system that enables analysis of the data in such a way that the impact of changes to the financial assessment process can be assessed. The LA in question has charges for home care and day care that are higher than the median charge across all Welsh LAs, but that are not amongst the three highest charges for either service. In our assessment of impacts we provide an indication of the effects of grossing up the impacts for this LA across Wales. Any such estimates can only be approximate since the characteristics of service users, as well as existing financial assessment procedures, vary across Wales.

- d. Option 11 – Determine a common maximum weekly charge for all LAs
- e. the common maximum weekly charge is £100/week.
- f. the financial assessment is consistent in all respects across Wales, meeting the minimum requirements of the fairer charging guidance, including the disregard for earned income. In addition, all disability benefits are disregarded from the net income calculation.

Pros

- 86. **Reduces any uncertainty over whether children may be charged in future.** Across Wales, there were 4,816 disabled children and young people in receipt of a service in 2007-08.⁴
- 87. **Benefits to carers.** Analysis of LA charging policies and of responses to the LE Wales questionnaire on charges suggests that very few carers pay charges in respect of care provided directly to them following a carer's assessment.⁵ Most local authorities do not charge for these services. Across 21 of the local authorities a total of 39 carers paid charges for these services in 2007-08. The remaining LA was not able to provide data on how many clients in each category paid charges. In that LA a total of 46 carers received services in 2007-08. This suggests that a maximum of 85 carers paid charges in respect of care provided direct to them following a carer's assessment in 2007-08. Some stakeholders have suggested that there is a need to ensure that more carers are aware of their right to receive a carer assessment so that more carers do receive a carer assessment.
- 88. **Improves the financial position of those on disability benefits.** We do not know how many service users are in receipt of disability benefits across Wales, though it seems likely that a significant proportion of them are. The number of people in Wales in receipt of Disability Living Allowance (DLA) and Attendance Allowance (AA) for example, is significantly higher than the total number of service users. Across Wales there were 357,880 people in receipt of DLA or AA in February 2008. There were 66,523 service users aged 18 or over on 31 March 2008.⁶ Analysis undertaken by one of the Welsh local authorities suggests that a disregard for DLA and AA would reduce the number of service users

⁴ Source: Local authority PMI returns.

⁵ LAs tend to treat respite care, involving personal care for service users, as a service to the service user not a service to the carer. In many cases charges are applied for respite care.

⁶ There were 88,878 users who received a service at some point during the year (2007-08).

paying charges in that LA by around 60%.⁷ Across Wales, a similar effect could reduce the numbers of service users paying charges at some point during the year by around 14,000 people. A disregard for all disability benefits would be expected to reduce the number of service users paying charges by a larger proportion.

89. **Some service users will benefit from lower maximum weekly charges.** Service users in eight LAs will be subject to a lower maximum weekly charge and service users in a further eight LAs, where there is currently no maximum weekly charge, will have a maximum weekly charge introduced. In total, there were 61,082 service users in these 16 LAs in 2007-08.⁸ Most of these will not directly benefit from this change either because they do not pay charges or because their weekly charges are too low to be constrained by the £100 maximum. We know that on average across ten of these 16 LAs, 75% of service users did not pay charges in 2007-08.
90. **Reductions in charges may enable some excluded users from taking up services.** If there are people who currently meet eligibility criteria but do not take up services, or limit the extent of services which they do take up, as a consequence of charge levels, these users may benefit from being able to take up more services if charges fall.
91. **Introduces full consistency in the financial assessment.** Discussions with stakeholders suggest that full consistency in the financial assessment would contribute to a feeling of greater fairness and may also contribute to more transparency as it could enable a common understanding across Wales about the financial assessment process to develop.

Cons

92. **Reduces size of potential future charging base.** Although few children and carers are charged at present, the exclusion of this as a future possibility limits the size of the potential future charging base and so, for a given total income from charges, may tend to put upward pressure on charges for those client groups who are subject to charges.
93. **The disregards for disability benefits may cause problems for those in receipt of Independent Living Fund payments.** Those service users who receive both local authority services and ILF funding, and whose local authority charges are reduced, will be required to pay a corresponding

⁷ Based on those service users who disclose their financial details.

⁸ This is the number of users who accessed services at some point during the year.

increase in contributions to the Independent Living Fund.⁹ This suggests that they will not benefit from any reduction in charges.

94. **Reduces scope for catering to local needs.** A common financial assessment would mean that LAs were unable to adjust the financial assessment to reflect the priorities of local voters and service users.
95. **Some service users will lose through higher weekly maximum charges.** Service users in six LAs would be subject to a higher maximum weekly charge. For some, e.g. those in Rhondda Cynon Tâf, it could be significantly higher. The maximum of £16.20 in RCT applies to home care services only though, so users in receipt of more than one service in RCT could currently be paying more than this per week. In total, there were 21,980 service users in these 6 LAs in 2007-08.¹⁰ Most of these will not directly lose from this change either because they do not pay charges or because their weekly charges are too low to have been constrained by the current maximum. We know that on average across these 6 LAs 73% of service users did not pay charges in 2007-08.
96. **Charging income for LAs will fall.** Analysis undertaken by one of the Welsh local authorities suggests that a disregard for DLA and AA could reduce charging income in that LA by 40% to 60%.¹¹ A disregard that included all disability benefits could be expected to have a bigger impact on LA incomes.
97. **Demand for services may rise.** Since charging income for LAs is expected to fall under this package, then it is possible that demand from service users would rise. The extent of this effect is very difficult to predict. There appears to be no hard evidence in Wales that there is significant unfulfilled demand as a result of the level of existing charges. However, many stakeholders believe that there is a significant effect and there is survey evidence that this factor is important in England. Any increase in demand for services will obviously have implications for resources and for the capacity of local authorities and other service providers to accommodate any increases.

⁹ "A decrease in the charge the LA makes to a Fund user will have the effect of decreasing the Funds' award" See section 6.9, Professional User Guide for the Independent Living Fund (2006). <http://www.ilf.org.uk/policies/pug/index.html>

¹⁰ This is the number of users who accessed services at some point during the year.

¹¹ The precise impact depends on the behaviour of those who currently do not disclose their income. If they all continue not to disclose (and hence pay full charges) the reduction in charging income is about 40%. If on average they have similar income to disclosers, and they all disclose, then the overall reduction in charging income is about 60%. In practice, the outcome is likely to fall somewhere within this range.

5.3 Package B

Key features

98. As Package A, plus
 - a. Option 5 – Exclude those aged over 80 from charges.
99. All of the pros and cons listed for Package A will also apply to Package B. In addition, service users aged over 80 will benefit from not having to pay charges and local authorities will lose charging income from this category of service users - see below.

Pro

100. **Those aged over 80 benefit from no charges.** This option was proposed by a member of the Task & Finish Group on the grounds that people of this age made significant contributions and sacrifices for the UK during the Second World War and in the development of the welfare state subsequently. Currently there are 36,182 service users aged over 75 that receive services.¹² Across all service users, around one quarter pay charges. The nature of the financial assessment process means that it is likely that a higher proportion of older people pay charges. Responses to the LE Wales questionnaire from 17 LAs suggest that 34% of service users aged over 65 pay charges. Applying this proportion across Wales would suggest that around 12,000 users would benefit if the threshold were set at 75 years old. The lower total numbers of people aged over 80, suggests that a slightly smaller number would benefit from this option.

Con

101. **Reduction in LA income from charges.** Two thirds of LA income from charges derives from adults aged over 65 and around 75% of those aged over 65 are aged over 75. Assuming that those aged between 65 and 74 pay the same, on average, in charges as those aged 75 and over, the loss in income to LAs across Wales from the exclusion of these users from charges is likely to be around £15m to £20m (based on data for the year 2007-08).
102. **Inconsistent treatment of those aged under and over 80.** In spite of the clear rationale for treating those aged over 80 differently (see above) it could be argued that this package is less fair than some others in the sense that service users in different client groups are not treated similarly.

¹² As at 31 March 2008. We do not have separate data for those aged over 80.

Case study 8

Edward uses a wheelchair since a near-fatal road traffic accident. He now has a stable, reliable staff of PAs who are with him 24 hrs. per day. He had to take legal action to get the support he needed because his local authority were at loggerheads with the local health body as to who should pay for which areas of his care. He has many skills but the arrangements and management of his care package take up all his time and energy and he cannot therefore take on any paid employment.

5.4 Package C

Key features

- a. Option 1 - Exclude all services except home care and day centre attendance from charges
 - b. Option 3 - Exclude children from charges
 - c. Option 4 - Exclude carers from charges
 - d. Option 8 - Disregard all disability benefits
 - e. Option 11 - Determine a common maximum weekly charge for all LAs
 - f. the common maximum weekly charge is £100/week.
 - g. the financial assessment is consistent in all respects across Wales, meeting the minimum requirements of the fairer charging guidance, including the disregard for earned income. In addition, disability benefits are disregarded from the net income calculation.
103. This package is the same as Package A, but with the addition of option 1. Hence all of the pros and cons listed for Package A will also apply to Package C. In addition, more users (i.e. those who pay for services other than home care or day care) will pay reduced charges, or no charges. In 2007-08, there were 53,921 user/service combinations for these other services. The total number of clients in receipt of one or more of these services is less than this because some clients receive more than one service. LA income from charges will also fall further - across Wales around 40% of income comes from services other than home care and day care.

104. The main issue for this package however is the problem of reaching agreement on the definitions of homecare and day care services across Wales. Services vary across Wales and previous intensive efforts to agree a consistent definition of home care have not been successful. On this basis the task and finish group advises that this option package is not feasible in practice. As a result, this package is not assessed further using multi-criteria analysis in the next section.

Case Study 9

A service user who is a single parent disabled since birth and in receipt of DLA from the age of twelve is assessed for care. She cannot afford the charge as she has had to live to the full extent of her income support and disability benefits to cover the cost of her impairments and the costs of being a disabled parent. She is asked to “prove” her disability expenditure, but has no “before” and “after” situation to compare. She has not suddenly had an increase in state benefits to cover her charge.

5.5 Package D

Key features

- a. Option 3 - Exclude children from charges
 - b. Option 4 - Exclude carers from charges
 - c. Option 8 – Disregard all disability benefits
 - d. Option 11 – Determine a common maximum weekly charge for all LAs
 - e. Option 12 – Determine all charge levels for all LAs
 - f. the common maximum weekly charge is £100 per week.
 - g. the financial assessment is consistent in all respects across Wales, meeting the minimum requirements of the fairer charging guidance, including the disregard for earned income. In addition, disability benefits are disregarded from the net income calculation.
105. This package is the same as Package A, but with the addition of option 12. Hence all of the pros and cons listed for Package A will also apply to Package D. In addition, there will be impacts on service users and LA

income from the setting of all charges centrally. The nature of these impacts depends on the levels at which charges are set.

106. The process of setting and agreeing all charges for all of the different services across Wales would be a major exercise. It would also need to include a central definition of all of the services to which charges are applied. The problem of reaching agreement on the definition of individual services is discussed for Package C above. On this basis the task and finish group advises that this option package is not feasible in practice. As a result, this package is not assessed further using multi-criteria analysis in the next section.

Case study 10

An older person is charged £2.90 per week for a telecare alarm service, but is able to receive a discount if he is in receipt of a certain benefit. However in order to receive the discount he has to complete a very intrusive form. He refuses to do this and as a result, he does not receive the charge reduction that he is entitled to.

5.6 Package E

Key features

- a. Option 2 – Exclude transport to day care from charges
 - b. Option 3 - Exclude children from charges
 - c. Option 4 - Exclude carers from charges
 - d. Option 7 – Disregard first £50K of savings
 - e. Option 8 – Disregard all disability benefits
 - f. Option 9 – Disregard all pensions
 - g. Option 11 – Determine a common maximum weekly charge for all LAs
 - h. the common maximum weekly charge is £16.20/week and applies to all non-residential social care services.
107. The impacts of options 3, 4, 8 and 11 are described in the discussion of Package A above. All of the pros and cons that apply to Package A also

apply in this case, but the financial impact on LAs will be different. The additional impacts of this package from the remaining options that make up this package are described below.

Pros

108. **More consistency with WAG's wider policies on charging older and disabled people for transport.** WAG currently has a policy of providing free bus travel to disabled people and to those aged over 60.
109. **Reduces any uncertainty over whether children may be charged in future.** Across Wales, there were 4,816 disabled children and young people in receipt of a service in 2007-08.¹³
110. **Improves the financial position of those with savings between £19,000 and £50,000.** We do not know how many service users have savings at these levels across Wales. Analysis by one of the Welsh local authorities suggests that in their area, about 5% of those who pay charges would no longer pay charges as a result of this change in threshold. Applying this proportion across Wales would suggest that between 750 and 1,000 service users might benefit.¹⁴
111. **Improves the financial position of those with age-related pensions.** We do not know how many service users have age-related pensions across Wales. Analysis by one of the Welsh local authorities suggests that in their area, about 35% of those who pay charges would no longer pay charges if occupational and private pensions and annuities were disregarded. Applying this proportion across Wales would suggest that around 6,000 service users might benefit.¹⁵
112. **Reductions in charges may enable some excluded users from taking up services.** If there are people who currently meet eligibility criteria but do not take up services, or limit the extent of services which they do take up, as a consequence of charge levels, these users may benefit from being able to take up more services if charges fall.

Cons

113. **Potential additional costs of transport to day centres.** We do not know how many service users currently pay for LA transport to day centres. Discussions with stakeholders suggest that many people attending day

¹³ Source: Local authority PM1 returns.

¹⁴ Based on the number of service users on 31 March 2008.

¹⁵ Based on the number of service users on 31 March 2008.

centres use alternative forms of transport, often because they are cheaper. This suggests the possibility of increases in demand for the free LA transport services. This could lead to additional costs if additional capacity is required to meet the demand.

114. **Charging income for LAs will fall.** Analysis of the combined financial impact of options 7, 8 and 9 in their area was undertaken by one of the Welsh local authorities.¹⁶ This analysis suggested that there would be an overall loss in charge income of 84%. The vast majority of service users are in receipt of either disability benefits and/or an age-related pension. Under arrangements between the Welsh Assembly Government and the local authorities in Wales, local authorities expect to be compensated by the Welsh Assembly Government for the financial effects of any WAG policies that impact on local authorities.
115. **Demand for services may rise.** Since charges for service users are expected to fall under this package, then it is possible that demand from service users would rise in response to this change. The extent of this effect is very difficult to predict. We are not aware of any significant investigation of the extent of unmet demand in Wales and so there is little hard evidence that there are high levels of unfulfilled demand as a result of the level of existing charges. However, many stakeholders believe that there is a significant effect and there is survey evidence that this factor is important in England. Any increase in demand for services will obviously have implications for resources and for the capacity of local authorities and other service providers to accommodate any increases.

5.7 Package F

Key features

- Option 6 - £50K savings as the only threshold for the financial assessment. Those with less than £50k in savings pay no charges.
- Option 13 - Set a flat rate charge of £15/week for all those who pay charges.

¹⁶ Disability benefits included in the option 8 disregard included DLA, AA and SDP only. Pensions included in the option 9 disregard included private and occupational pensions.

Pros

116. **A major feature of this package is its simplicity.** The financial assessment is much simpler than the current approaches used by LAs and the flat rate charge is also a very simple charge structure.
117. **A high level of consistency.** Both the financial assessment and the charge level would be consistent across Wales.
118. **Improves the financial position of those with savings between £19,000 and £50,000.** We do not know how many service users have savings at these levels across Wales. Analysis by one of the Welsh local authorities suggests that in their area, about 85% of those who pay charges would no longer pay charges as a result of this new simplified financial assessment. Applying this proportion across Wales would suggest that between 14,000 and 15,000 service users might benefit.¹⁷
119. **Reduces charges for those with savings over £50,000.** We do not know how many service users have savings at these levels across Wales. Analysis by one of the Welsh local authorities suggests that in their area, about 15% of those who pay charges have savings over £50,000. Some of these may be paying less than £15 per week and so would not benefit.
120. **Reductions in charges may enable some excluded users to take up services.** If there are people who currently meet eligibility criteria but do not take up services, or limit the extent of services which they do take up, as a consequence of charge levels, these users may benefit from being able to take up more services if charges fall.
121. **Savings in the administrative costs of operating charging systems.** Based on responses from 20 LAs to the LE Wales questionnaire total administrative costs for charges across Wales might be in the region of £3m p.a.¹⁸ Many of these costs will still be incurred with a much simplified financial assessment procedure however and so the cost saving is likely to be less than this figure.

Cons

122. **Charging income for LAs will fall.** Analysis by one of the Welsh local authorities suggests that in their area, over 90% of charging revenue would be lost under this package. Under arrangements between the Welsh Assembly Government and the local authorities in Wales, local

¹⁷ Based on the number of service users on 31 March 2008.

¹⁸ See the Baseline report for a discussion of the uncertainties around the estimate of administrative costs of charging.

authorities expect to be compensated by the Welsh Assembly Government for the financial effects of any WAG policies that impact on local authorities.

123. **Demand for services may rise.** Since charges for service users are expected to fall under this package, then it is possible that demand from service users would rise in response to this change. The extent of this effect is very difficult to predict. We are not aware of any significant investigation of the extent of unmet demand in Wales and so there is little hard evidence that there are high levels of unfulfilled demand as a result of the level of existing charges. However, many stakeholders believe that there is a significant effect and there is survey evidence that this factor is important in England. Any increase in demand for services will obviously have implications for resources and for the capacity of local authorities and other service providers to accommodate any increases.

5.8 Summary of financial impacts for the public sector in Wales

124. The range of packages outlined in this report have the potential to affect both local authority expenditure and local authority charging income. Under arrangements between the Welsh Assembly Government and the local authorities in Wales, local authorities expect to be compensated by the Welsh Assembly Government for the financial effects of any WAG policies that impact on local authorities.

125. There are three main potential financial impacts on local authorities from the packages discussed in turn below. They are:

1. An impact on the costs of administering charging systems.
2. A reduction in local authority income from charging.
3. A potential impact on the quantity, and hence expenditure on services provided.

5.8.1 Costs of administering charging systems

126. Based on responses from 20 LAs to the LE Wales questionnaire total administrative costs for charges across Wales might be in the region of £3m p.a.¹⁹ Discussions have not been held with the local authorities on

¹⁹ See the Baseline report for a discussion of the uncertainties around the estimate of administrative costs of charging.

the potential impact of the packages on these administrative costs. Since packages A, B and E all retain a financial assessment procedure that will be similar to the current approach, it seems unlikely that there will be cost savings arising from the introduction of these packages. Changes to the financial assessment may mean some additional costs as systems are changed to accommodate any revised financial assessment.

127. As Package F involves a significant simplification of the financial assessment process, some cost savings should be achievable if this package is introduced. These savings may not be large however as many of the existing administrative activities will still need to be undertaken. Local authorities will still need to assess service users' savings levels and will continue to need to have accounting and billing systems in place.

5.8.2 Reduction in local authority income from charging

128. The potential impacts of each package on local authority revenues from charging have been discussed earlier in this chapter. Table 6 below summarises the impact for each package.

129. The estimates in the table can only provide an indication of the broad order of magnitude of impacts and of the relative impact of each option. The estimates are largely based on an analysis of the impacts of changes to the financial assessment process that was undertaken by one of the Welsh local authorities. Data about service users in their own area was used to estimate the percentage decline in income in that local authority area. LE Wales then grossed up the figures for percentage income loss to the all Wales level. Clearly the characteristics of services users and the nature of existing charges vary across Wales and so the financial impacts of the packages will also vary across Wales. These estimates make no adjustments to reflect any change in demand for services as a consequence of price changes. Demand issues are discussed below.

Table 6: Indicative estimates of all Wales income from charges to service users assuming no change in demand for services

Packages:	Status quo	A ¹	B ²	E ³	F
All Wales income from charges to service users	£36m	£15m	£8m	£6m	£3.2m
Implied income loss	-	£21m	£28m	£30m	£32.8m

Notes

¹ This estimate is based on the impact of a disregard for DLA and AA only. It does not take into account the impact of disregards for additional disability benefits or of a maximum weekly charge of £100.

² This estimate is based on removing income from those aged over 75 and applying the same adjustment as for package A to the income from other service users.

³ This estimate is based on the impact of changes in the financial assessment procedure and does not take account of the impact on income of introducing a maximum weekly charge of £16.20.

Variations for Package F

130. Further analysis was also undertaken of the impacts of varying the savings threshold and the weekly charge for package F. The results of this analysis are shown in Table 7. Package F(1) in the table is the form of Package F that is used in the analysis above.

131. The results in the table show that, for the range of thresholds examined (£25k - £50k) and the range of weekly payments (£10 - £25) the impacts on income are significant in all cases. These estimates make no adjustments to reflect any change in demand for services as a consequence of price changes. Demand issues are discussed below.

Table 7: Impacts of Package F variations on all Wales income from charges assuming no change in demand for services

Variations	Threshold	Weekly charge	% reduction in income	Implied all Wales income	Implied all Wales income loss
Package F (1)	£50k	£15	91%	£3.2m	£32.8m
Package F (2)	£50k	£25	86%	£5.1m	£30.9m
Package F (3)	£35k	£15	88%	£4.3m	£31.7m
Package F (4)	£35k	£25	80%	£7.0m	£29.0m
Package F (5)	£25k	£15	85%	£5.5m	£30.5m
Package F (6)	£25k	£25	75%	£9.0m	£27.0m
Package F (7)	£25k	£10	90%	£3.7m	£32.3m

5.8.3 Demand effects of changes in charging policies

132. Packages that reduce the number of people subject to charges and/or that reduce the level of charges paid by those who do pay charges may lead to increases in demand for services. As services become free or cheaper for more people, those people may chose to use more services. The increase might come from those who previously had not been using services or it might come from those who were paying for some services but would be willing to pay for more services at the lower price.
133. Predicting the demand effects of a change in charges is very difficult as it involves judgements about how people might change their behaviour in response to the price change. The size of any change in demand will depend on a number of factors. These include:
- The extent to which there are potential service users, who would pass current eligibility criteria, but who, dissuaded by existing charges, are either not currently taking up services or who are only taking a portion of the services for which they are eligible;
 - The extent to which such service users are sensitive to price changes. This might be determined by a number of factors including income levels; the size of the price change; how beneficial new or a greater level of services would be to their daily lives; the availability (and price) of alternative sources of assistance, e.g. family assistance, private care services.

- c. The response of other stakeholders, such as local authorities and service providers, to price changes and to any initial impacts on demand. If, for example, local authorities are not adequately funded for any initial increases in demand, or if in the short term they have difficulty in adjusting to increased demand because of the time it takes to expand workforce and other capacity, then they may use other methods to limit any increased take up of services. For example they might raise eligibility thresholds.
134. There has been some assessment of the demand impact of reducing or eliminating charges for non residential social care services outside Wales. However evidence often arises in the context of introducing free care for some types of service and results seem to be mixed. In Scotland, for example, Audit Scotland found that the numbers of people receiving public funding for personal care at home had increased from 27,337 in 2002 to 41,386 in 2007 following the introduction of free personal care in the home for older people in 2002. In the USA and the Netherlands research has suggested that the introduction of free personal care does little to cause people to switch away from more informal care.
135. Any demand effects in Wales will depend on the specific circumstances of services users, charging systems and policy changes in Wales and so it is difficult to draw any direct conclusions on the basis of experience elsewhere. Nevertheless consideration of demand effects is likely to be a key part of arrangements for the Welsh Assembly Government to compensate local authorities for any losses in charging income arising as a result of policy changes in this area.

6 Multi-Criteria Analysis

6.1 Introduction

136. Multi-Criteria Analysis (MCA) is used to rank the options. MCA provides consistency in the evaluation of the options and enables testing of the sensitivity of the ranking of options to the input assumptions.
137. Using this approach, each of the packages is scored against each criterion. This involves the use of scores of 0 - 100 (e.g. 0 = worst package on that criterion, 100 = best package on that criterion).
138. Each criterion needs to be assigned a weight that indicates the relative importance of the criteria. The weights proposed by the Task & Finish Group are provided in Table 5 above.
139. Following these steps the options can then be evaluated, with the assignment of a score for each option against each criterion. The MCA software then ranks the options using the information on weights and scores.
140. Whilst there is a subjective element to the choice of criteria, weights and scores, the value of this type of decision tool is that it enables a clear and consistent approach to option appraisal and provides an insight into the trade-offs between various options, through the analysis of the sensitivity of outcomes to changes in inputs. The approach does not provide any “magic answers” and is certainly no substitute for careful consideration of the impacts of each option package.

6.2 Scores

141. In Chapter 5, we provide an assessment of the pros and cons of packages A, B, E and F.²⁰ We find it helpful to include the status quo as one of the “packages”. This provides a useful baseline for comparison. We draw on that assessment to assign scores against each criterion for each package.
142. For each of the criteria we make a judgement on which package performs most poorly against that criterion and assign a score of zero to that package for that criterion. Similarly, we make a judgement on which

²⁰ As discussed in Chapter 5, the Task & Finish Group determined that packages C and D were not feasible in practice and so scores were not assigned to these packages.

package performs best against that criterion and assign a score of 100 to that package. For intermediate packages we assign scores proportionately, making judgements about where in the range 0 to 100 they lie.

143. Clearly there is a significant element of judgement in determining scores, though they are based on the quantitative evidence as far as possible. Hence, we have aimed to explain our reasoning below. Others may make different judgements. We show the impact of changing scores (and weights) in the sensitivity analysis that is presented below. These show the impacts on the ranking of packages of changes in those judgements about scores and weights.

144. We discuss scores against each criterion below.

Case Study 6

A service user has been told that unless she pays her contribution i.e. her charge, which is deducted at source from her direct payments, her care hours will be reduced because she “obviously “ does not need them - otherwise she would be paying her assessed contribution. She has 12 hours assessed care – her contribution would cover 3 hours. When she is reduced by 3 hours to nine hours and still cannot pay her contribution or charge they say they will reduce it further until she receives no care at all. They are saying that by not paying her charge she is deliberately depriving herself of care.

Consistency

145. We judge that the status quo (“no change”) has the lowest score (0) on consistency and that Package F has the highest score (100). This has a wholly consistent financial assessment and a wholly consistent charge. Packages A, B and E all lead to consistent savings thresholds (though the threshold is different for Package E). In addition, Package E includes a consistent treatment of disability benefits. We judge that all three packages provide a significant amount of additional consistency relative to the status quo – we assign a score of 50 to Packages A and B, and a score of 75 to Package E.

Simplicity

146. We judge that the status quo (“no change”) has the lowest score on simplicity and that Package F has the highest score by a significant

margin. The remaining three packages all retain a similarly complex financial assessment though the common maximum weekly charge applied in each introduces a little more simplicity relative to the status quo. On this basis we assign a score of 20 for each of options A, B and E.

Fairness

147. We found this criterion hard to apply. It is based on a number of factors – the similar treatment of different client groups, application of the idea that those who can afford to contribute should do so, and avoidance of discrimination and promotion of equality and human rights.
148. Package A treats children and carers differently in that it excludes them from charges. In addition Package B also excludes those aged over 80. They both include a means test that spreads charges over a relatively wide range of clients, though less so than the status quo. Package F treats all users the same, though the financial assessment means that very few will pay charges. Giving slightly more weight to the similar treatment of users we judge that Package F (100) performs better than Package A (60), which in turn performs better than Package B (40). In our view, Package E (70) does not score quite as well as Package F because, although the means test is not quite so restrictive, it excludes carers and children from charges.

Efficiency

149. This criterion links administrative costs with income from charges. Packages A, B and E are unlikely to have a significant impact on the costs of administering charges, though the introduction of a maximum weekly charge in all LAs, might lead to a very small reduction in the costs of calculating charges. The impact on income of these options varies however. They all reduce income relative to the status quo, with Package E leading to the biggest reductions, followed by Package B. Of these four options, we judge that the status quo ranks best, followed by Packages A, B and then E.
150. Package F should lead to a much more significant reduction in administrative costs than the other options. However, it may also reduce charging income by as much as 90%. On the basis that administrative costs are unlikely to fall as significantly, we judge that this option also performs less well against this criterion than the status quo.

Other impacts on service users

151. In order to assign scores for each package on this criterion we focus on the numbers of service users who no longer pay charges as a result of the changes specified in each package. Packages B, E and F remove very similar numbers of services users (around 14,500) from charging and are assigned scores of 99, 99 and 100 respectively.²¹ Package A removes fewer service users (just under 8,000) from charging and is assigned a score of 55. All the packages improve on the status quo and so we assign the lowest score (0) to the status quo.

Other impacts on LAs and service providers

152. The main impacts on LAs and service providers derive from the potential increase in the demand for services from those who are either no longer paying charges or who are paying lower charges.²² As this effect is likely to be broadly the inverse of the measure of benefits to service users used above, we have scored the packages against this criterion accordingly.

Other impacts on WAG

153. We assess the main impact on WAG by judging the relative cost of the options in terms of changes in income from charges. The status quo scores best (100) as all other options lead to a reduction in income from charges. The highest reduction in income is from Package F, which scores worst (0), very closely followed by Package E (9) and Package B (14). Package A also leads to a significant reduction in income (38).

6.3 Ranking of options

154. Table 8 and Figure 1 below provide our initial ranking of options based on the scores discussed above. It shows the outputs of the weighting and scoring approach. Subsequently, a further analysis of these relative rankings shows how they can change in response to changes in judgements about weights and scores.

²¹ Scores assigned against this criterion are assigned proportionately to the estimated numbers of service users removed from charging.

²² In addition to the potential consequences for the capacity of local authorities and service providers to meet increases in demand, there may also be downward pressure on service provide prices with consequent financial issues for the sector.

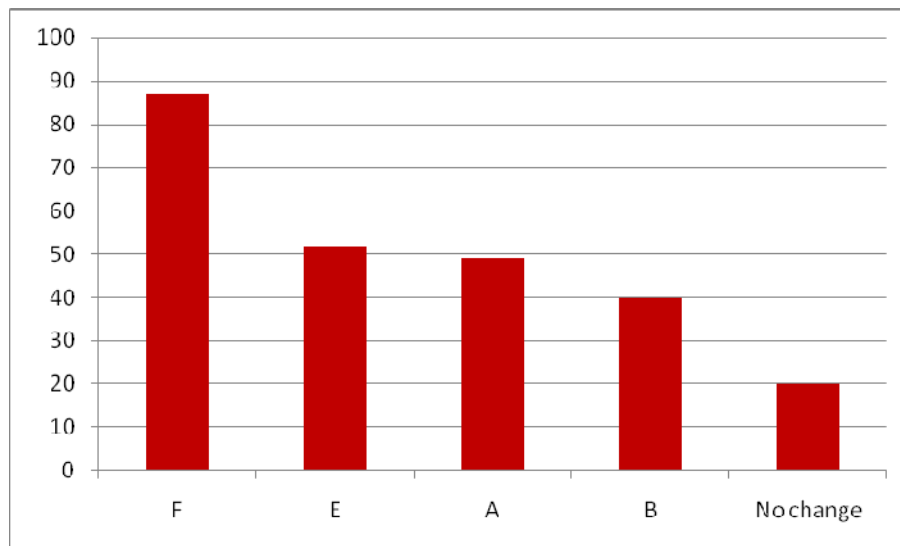
Table 8: Initial package scores and ranking

Main criterion	weight	Option Packages				
		No change	A	B	E	F
Consistency	30%	0	50	50	75	100
Simplicity	15%	0	20	20	20	100
Fairness	30%	0	60	40	70	100
Efficiency	10%	100	60	40	0	70
Other impacts on service users	5%	0	55	99	99	100
Other impacts on LAs & SPs	5%	100	45	1	1	0
Other impacts on WAG	5%	100	38	14	9	0
Total package score		20	49	40	52	87

Note: For each criterion, the best performing package is assigned a score of 100 and the worst performing package is assigned a score of zero. Other packages are assigned intermediate scores.

155. The total scores for each package in the table above are illustrated in the chart below, showing the ranking of the packages.

Figure 1: Packages, ranked by initial scores



6.4 Sensitivity analyses

6.4.1 Sensitivity 1 – Zero weighting for fairness and efficiency

156. Scores for the fairness and efficiency criteria were particularly difficult to apply. By setting the weights for these criteria to zero, it is possible to see whether these difficulties are likely to have a significant impact on the ranking of the packages. The combined weight for fairness and efficiency was redistributed evenly across the other criteria.

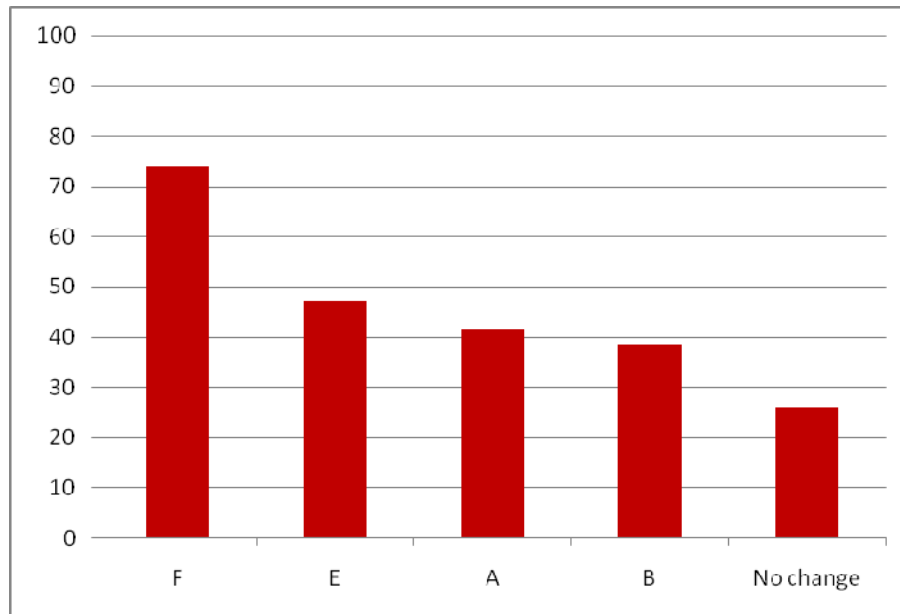
157. The table and chart below show that there is very little change in the rankings with Package F still clearly ranked in first place.

Table 9: Zero weighting for fairness and efficiency – Sensitivity 1

Main criterion	weight	Option Packages				
		No change	A	B	E	F
Consistency	38%	0	50	50	75	100
Simplicity	23%	0	20	20	20	100
Fairness	0%	0	60	40	70	100
Efficiency	0%	100	60	40	0	70
Other impacts on service users	13%	0	55	99	99	100
Other impacts on LAs & SPs	13%	100	45	1	1	0
Other impacts on WAG	13%	100	38	14	9	0
Total package score		26	42	38	47	74

Note: For each criterion, the best performing package is assigned a score of 100 and the worst performing package is assigned a score of zero. Other packages are assigned intermediate scores.

Figure 2: Packages, ranked by scores - Sensitivity 1



6.4.2 Sensitivity 2 – Greater weight for other impacts

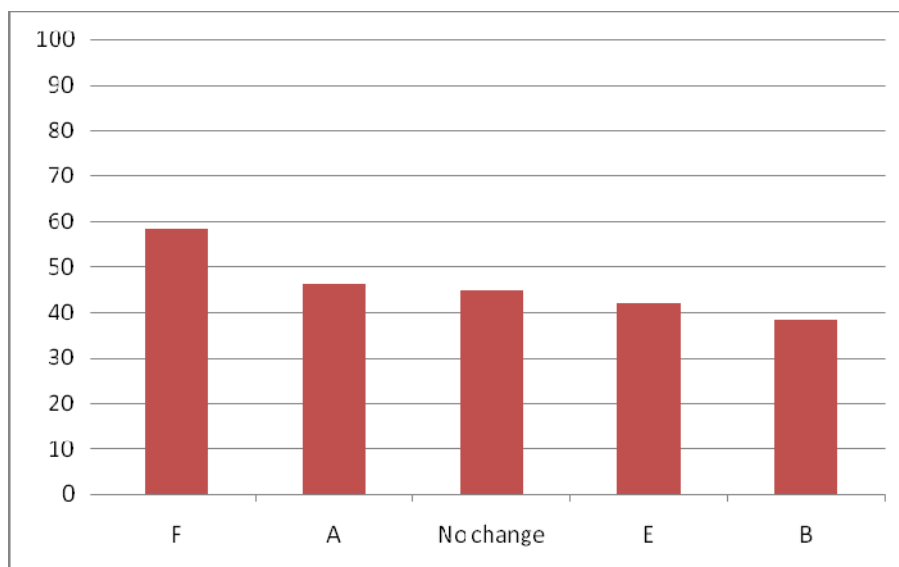
158. As an alternative, we redistributed weights in order to give a much higher weighting to the impacts on service users, LAs/providers and WAG. As can be seen from the table and chart below this evens the scores up much more though Package F still has the highest score.
159. Interestingly the ranking for the status quo overtakes Packages B and E. This is because the status quo option scores well on the impacts on LAs/providers and on WAG because all of the other packages imply losses in charging income and the possibility of increased demand for services.

Table 10: Greater weight for other impacts – Sensitivity 2

Main criterion	weight	Option Packages				
		No change	A	B	E	F
Consistency	15%	0	50	50	75	100
Simplicity	10%	0	20	20	20	100
Fairness	10%	0	60	40	70	100
Efficiency	5%	100	60	40	0	70
Other impacts on service users	20%	0	55	99	99	100
Other impacts on LAs & SPs	20%	100	45	1	1	0
Other impacts on WAG	20%	100	38	14	9	0
Total package score		45	46	38	42	59

Note: For each criterion, the best performing package is assigned a score of 100 and the worst performing package is assigned a score of zero. Other packages are assigned intermediate scores.

Figure 3: Packages, ranked by scores - Sensitivity 2



6.4.3 Sensitivity 3 – Change to Package F

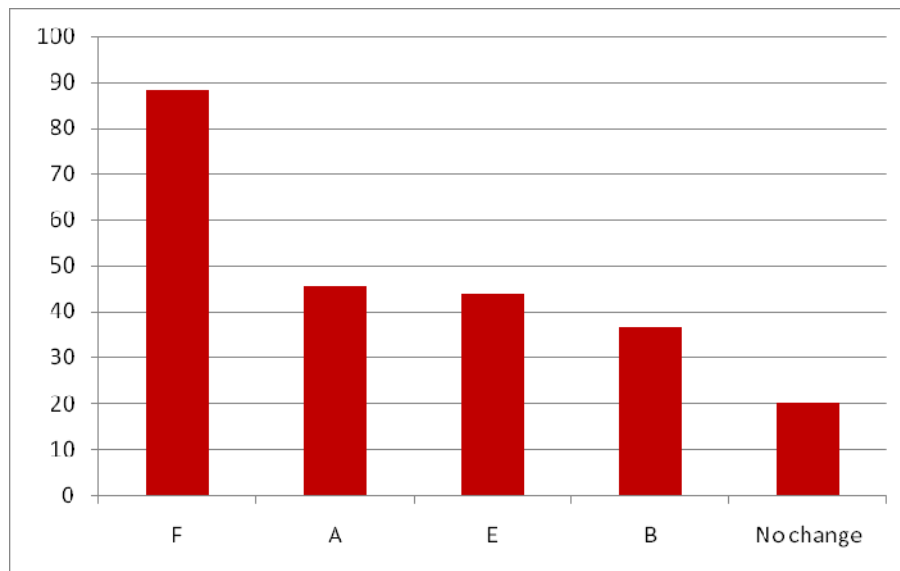
160. Package F performs consistently well in the alternative weighting approaches outlined above. This is because it has the best score in five out of the seven assessment criteria, including the three criteria with the highest weights under the initial weighting scheme.
161. In order to better understand the performance of this package, the impact of changing the parameters of this package has been investigated. If, for example, the financial assessment threshold were reduced from £50,000 to £25,000 (not very far above the current threshold of £22,000) and the weekly charge were raised to £25, how would this effect the ranking of this option?
162. With these changes, the scores for consistency and simplicity would remain the same as these are still strong features of the revised package. We judge that the score for fairness would improve slightly relative to the other packages as the means test is less restrictive and charges are spread across a wider group of users. Note that Package F previously received the best score on this criterion in any case. The score for efficiency would also improve slightly as the loss of income would not be so great, but the savings in administrative costs would be similar.
163. The impacts on stakeholders would also change. The number of service users who would benefit falls and packages B and E now score better than Package F. Package F now scores a little better than package E in terms of the loss in charging income.
164. The revised scores and rankings under this sensitivity analysis are provided below. In spite of the significant changes to the financial assessment and the weekly charge, Package F still clearly outranks the other options, showing that these elements of the package are not crucial to its success.

Table 9: Change to Package F – Sensitivity 3

Main criterion	Weight	Option Packages				
		No change	A	B	E	F
Consistency	30%	0	50	50	60	100
Simplicity	15%	0	20	20	20	100
Fairness	30%	0	50	30	60	100
Efficiency	10%	100	60	40	0	80
Other impacts on service users	5%	0	55	100	100	87
Other impacts on LAs & SPs	5%	100	45	0	0	13
Other impacts on WAG	5%	100	32	14	0	11
Total package score		20	46	37	44	89

Note: For each criterion, the best performing package is assigned a score of 100 and the worst performing package is assigned a score of zero. Other packages are assigned intermediate scores.

Figure 4: Packages, ranked by scores - Sensitivity 3



6.5 Interpretation

165. Overall, it is clear that Package F includes some very desirable features. These include the degree of consistency that it introduces, fairness and its simplicity. The last sensitivity analysis undertaken shows how even quite significant changes to the financial assessment threshold and to the weekly charge under this option make very little difference to the performance of this option under the initial set of weights proposed by the task and finish group.²³ Nevertheless, these changes to Package F would have significant impacts for many service users and are also likely to be significant for LAs and providers.
166. An important distinction can be made between criteria such as consistency, fairness and simplicity on the one hand and the financial impacts on service users and other stakeholders on the other hand. Package F performs well against the former criteria, regardless of the financial assessment threshold and the weekly charge. Changes to these figures make a big difference in the balance of impact between service users on the one hand and LAs, service providers and WAG on the other hand.
167. Against the consistency, fairness and simplicity criteria, significant improvements over the current system could be made through the introduction of a package of options such as Package F. The indicative analysis provided in this report also shows that on a range of alternative thresholds and weekly charges, introduction of Package F could lead to a loss in charging income for LAs across Wales in the region of £27m to £30m per annum. If Package F were to be introduced, a judgement would need to be made about where the financial assessment threshold and the weekly charge lie. This would need to balance the needs of service users; the capacity of local authorities and service providers to respond to any increases in the demand for services; and the resources available in Wales to fund any shortfall in local authority charging revenues and any increase in service provision that is required.

²³ Note that even a large change in the distribution of weights (see Sensitivity 2) still leaves the revised Package F performing relatively well.



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