



Shetland Islands Council

REPORT

To: **SERVICES COMMITTEE**

3 February 2000

From: **DIRECTOR OF SOCIAL WORK**

RESIDENTIAL CARE - PRICING AND CHARGING ARRANGEMENTS

1. Introduction

This report sets before members for consideration arrangement for prices paid by the Council for residential care and for charging clients for this care for financial year 2000/2001.

2. Background

- 2.1 Members will recall that under community care legislation, which came into effect on 1st April 1993, the Council is responsible for the purchase of residential care in the independent sector on behalf of clients who require this provision. This must be arrived at through a full assessment of need by the social work department taking into account the client's choice. The client, according to their financial circumstances, must contribute to the cost of care whether provided by the independent sector or by the local authority.
- 2.2 Residents who were in care in the independent sector prior to 1st April 1993 remain the responsibility of the Department of Social Security ("DSS") under preserved rights and the rates payable are set by the Government annually. There is some recognition by the Government that there is a gap between the cost of care in the independent sector and the DSS rates. This has been considered in the allocation of resource transfer from the DSS, which is reflected in the Grant Aided Expenditure Assessment.
- 2.3 The current provision of residential care in the independent sector in Shetland is provided by the Shetland Welfare Trust and the Church of Scotland. In certain individual circumstances the local authority may need to purchase a residential or nursing home place outwith Shetland for a person in need across a variety of client groups.

- 2.4 In purchasing residential care places, the local authority is responsible for paying the care costs and for recouping contributions from the resident.
- 2.5 It is for the local authority to set the price it is willing to pay for care purchased in the independent sector. The pricing arrangements should reflect the physical standards of care provided and the needs of the individual being admitted. It must also be recognised that the cost of providing care in an island community is more expensive than on the Scottish mainland, due to cost of living and island allowances.
- 2.6 There is a facility for the Director of Social Work to approve costs over this price in the exceptional circumstances where, for example, care requested is not available at this price. (Minute reference 19/97.)

3. Proposal

3.1 Pricing Arrangements

- 3.1.1 It is proposed for 2000/2001 to continue to adopt as a benchmark the DSS levels in setting pricing arrangements. In addition to these it is proposed to continue to pay enhancement for specific accommodation types and in respect of additional costs in providing care.
- 3.1.2 It is proposed that temporary care should be priced in line with DSS benefit rates plus enhancement where applicable.
- 3.1.3 An exception to 3.1.1 and 3.1.2 above is the arrangement made with the Shetland Welfare Trust where an inclusive price to the local authority of £274 per week has been agreed for both permanent and temporary care, irrespective of client group.
- 3.1.4 The prices for the foregoing are detailed in Appendix I of this report.

3.2 Charging Arrangements

- 3.2.1 Under community care legislation the authority must charge residents according to their means as per National Assistance (Assessment of Resources) 1992 ("the Regulations"). From 8th April 1996 those residents in permanent care with savings/assets assessed at over £16,000 are responsible for meeting the full weekly cost.
- 3.2.2 In accordance with the legal obligation under Section 26(2) of the National Assistance Act 1948, the Council must charge the client for permanent care purchased from independent and voluntary organisations at the cost charged to the Council.

- 3.2.3 Local authorities are required by legislation to charge for their own provision of residential care at the full economic rate.
- 3.2.4 The revenue estimates report contains proposals for charges for permanent care and temporary care for financial year 2000/2001.
- 3.2.5 Charges for permanent residential care are subject to legislation and must reflect the true economic cost of the service.

As noted in the Revenue Estimates report by the Director of Finance, the Council's external auditors have advised that charges for residential care must include capital charges. Up until now, due to a different interpretation of the legislation, capital charges have not been included in the calculation of charges for residential care.

- 3.2.6 The weekly charge for permanent care in this authority's residential homes for 2000/2001 will be:

£463	Kantersted Home
£473	Viewforth House
£570	Edward Thomason House

It should be noted that a sizeable proportion of the residential care for the elderly in Shetland covers those whose level of dependence would elsewhere be assessed as requiring nursing home levels of care.

- 3.2.7 The charge to the resident for temporary care is at the discretion of the Council. If approved as part of the revenue estimates for 2000/2001 a charge of £125 per week will be made for temporary care, irrespective of client group or provider. This figure is based on the range of DSS benefits available to users. This will ensure equal access to temporary care across Shetland irrespective of ability to pay whilst ensuring maximum return to the local authority of benefits available.
- 3.2.8 Scottish Office guidance on financial assessment for temporary residential care makes provision for the local authority to 'disregard' an additional amount which appears 'reasonable' to meet the cost of continuing home commitments. It is proposed to increase the weekly amount for 2000/2001 by 4% as follows

£24.00	person living alone
£16.50	person sharing home

£16.50 sheltered housing tenant living alone

£12.00 sheltered housing tenant sharing home

to apply from week 1 of care.

4. Financial Implications

Provision for these proposals form part of the social work department's revenue estimates report for 2000/2001 which forms part of today's agenda.

5. Policy and Delegated Authority

- 5.1 All social work matters stand referred to the Services Committee.
- 5.2 There are no delegated powers for the Director of Social Work to set pricing arrangements for the Council or to set the level of home commitments for disregard when charging for temporary care.
- 5.3 The Services Committee does not have authority to approve these proposals. However, it can recommend these proposals to the Council.

6. Conclusion

- 6.1 The proposals outlined in paragraph 3.1.1 continue the practice of adopting as a benchmark the DSS levels in setting pricing arrangements, with enhancements where appropriate.
- 6.2 An exception to this practice has been agreed with Shetland Welfare Trust setting a flat rate of £274 per week.
- 6.3 Client charging arrangements for the provision of residential care must include a charge for local authority provided residential care at the full economic cost, whilst discretion can be employed by the authority in setting client charge for temporary care. This means that the charge for local authority residential care, will be as laid out in paragraph 3.2.6 of this report. All temporary care, regardless of provider, a weekly charge of £125 will be made provided these proposals are agreed as part of the revenue estimates for 2000/2001.
- 6.4 Scottish Office guidance allows a disregard for home commitments when financially assessing ability to pay for temporary care. The allowances have been updated by 3% in line with Council policy set for revenue estimates.

7. Recommendations

I recommend that the Services Committee recommend that the Council -

1. approve the pricing arrangements as detailed in Appendix I of this report and accept the charges for permanent residential care as outlined in paragraph 3.2.6 of this report.
2. approve the upgrading of disregard for home commitments detailed in paragraph 3.2.8 of this report.

Divisional Manager Service Planning

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SHETLAND ISLANDS COUNCIL SOCIAL WORK DEPARTMENT

PRICING ARRANGEMENTS FOR RESIDENTIAL CARE

(Using agreed Department of Social Security 2000/2001 levels as a benchmark)

<u>CLIENT GROUP</u>	<u>REGISTERED RESIDENTIAL HOMES</u>	<u>REGISTERED NURSING HOMES</u>
	£	£
Old Age	221	330
Very Dependent Elderly	256	330
Mental Disorder	234	331
Drug/Alcohol Abuse	234	331
Physical Disablement (over pension age)	221	330
Physical Disablement (under pension age)	303	373
Mental Handicap	266	337
Terminal Illness	256	330
Other	221	330

ENHANCEMENTS

Single Room	£30.50 per week
Single Room with en suite facilities	£41.50 per week
Island Allowance (Shetland placement only)	£22.00 per week

SHETLAND WELFARE TRUST

Negotiated price inclusive of enhancements for all client groups	£274 per week
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Shetland Islands Council

REPORT

To: **Services Committee**

Date: 18 February 2000

From: **Divisional Manager - Accountancy**
Department of Finance and Housing

ESTIMATES - 2000/01
Report No: FH-147-F

1.0 Introduction

- 1.1 On 29 September 1999 the Council approved the Budget Strategy to be adopted for the 2000/2001 estimates process.
- 1.2 Members agreed, inter alia, the following points:-
 - a) the Budget Strategy for 2000/2001 should be a standstill basis in real terms, but such an overall strategy does not preclude the ability of the Council to vary expenditure between services, or indeed to finance extra (or new) service expenditure by increased income (charges);
 - b) the complete Budget Strategy for 2000/01 (which includes the identification of additional resources on the Reserve Fund) should be applied to all of the Council funds, including the Council-created Trusts.
- 1.3 On 7 January 2000, the Council agreed to amend the targets of the Social Work Department and the Department of Education and Community Services to accommodate "hypothecated" and "earmarked" GAE's. Accordingly, targets have been amended as follows:

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	Original Target £000	Revised Target £000	Target Adjustment £000
Social Work:			
Child Care Strategy	0	104	104
The Very Young	29	67	38
Community Care Action Plan	21	30	9
Children's Services Action Plan	21	28	7
Carers' Service and Respite Care	0	40	40
Total	<u>71</u>	<u>269</u>	<u>198</u>
Education:			
Excellence Fund - Core	524	622	98
Excellence Fund - Special	0	12	12
Child Care Strategy	50	0	-50
Total	<u>574</u>	<u>634</u>	<u>60</u>

2.0 Format of the Report

- Section 1 - Introduction
- Section 2 - Format
- Section 3 - 2000/01 Revenue Estimates compared to target for the Services Committee General Fund (Appendix A)
 - 2000/01 Cost Centre Comparison (Appendix B)
 - Review of Charges (Appendix C)
 - 2000/01 Reserve Fund Bids
- Section 4 - Policy and Delegated Authority
- Section 5 - Conclusions
- Section 6 - Recommendations

3.0 2000/01 Estimates Compared to Target

3.1 General Fund

- 3.1.1 Appendix A(i)-(iii) compares the 2000/01 estimates put forward by the Director of Social Work, Director of Finance and Housing (Housing Divisions) and the Director of Education and Community Services against the target set by the Council. The position is summarised in the following tables:

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Table 1 Social Work	Target £'000	Budget £'000	Variance £'000
Employee Costs	5,456.7	5,461.7	(5.0)
Operating Costs	3,696.8	3,688.6	8.2
Income	(2,426.9)	(2,325.1)	(101.8)
Net Dept. Expenditure	6,726.6	6,825.2	(98.6)
Net Recharges	1,791.4	1,630.4	161.0
Capital Financing Costs	373.6	352.1	21.5
Total Net Expenditure	8,891.6	8,807.7	83.9

Table 2 Housing	Target £'000	Budget £'000	Variance £'000
Employee Costs	403.2	412.7	(9.5)
Operating Costs	560.7	535.0	25.7
Income	(638.2)	(627.5)	(10.7)
Net Dept. Expenditure	325.7	320.2	5.5
Housing Benefit Costs	111.6	111.6	0.0
Net Recharges	870.6	837.4	33.2
Capital Financing Costs	14.7	28.1	(13.4)
Total Net Expenditure	1,322.6	1,297.3	25.3

Table 3 Education & Com Servs	Target £'000	Budget £'000	Variance £'000
Employee Costs	17,444.9	17,315.4	129.5
Operating Costs	8,806.8	8,586.2	220.6
Income	(2,596.6)	(2,449.2)	(147.4)
Net Dept. Expenditure	23,655.1	23,452.4	202.7
Net Recharges	4,535.9	4,607.6	(71.7)
Capital Financing Costs	4,220.0	4,092.8	127.2
Total Net Expenditure	32,411.0	32,152.8	258.2

Table 4 Total Services Committee	Target £'000	Budget £'000	Variance £'000
Employee Costs	23,304.8	23,189.8	115.0
Operating Costs	13,064.3	12,809.8	254.5
Income	(5,661.7)	(5,401.8)	(259.9)
Net Dept. Expenditure	30,707.4	30,597.8	109.6
Housing Benefit Costs	111.6	111.6	0.0
Net Recharges	7,197.9	7,075.4	122.5
Capital Financing Costs	4,608.3	4,473.0	135.3
Total Net Expenditure	42,625.2	42,257.8	367.4

3.2.2 The above tables show a number of significant variances which are detailed below. Overall, the Net Departmental expenditure

on controllable items is £109,600 lower than the target set by the Council.

- 3.2.3 There is a favourable variance on Employee Costs of £115,000. The most significant variances are a reduction in staffing costs resulting from the closure of the Bruce Hostel and a reduction in staffing costs at Kantersted in anticipation of the required staffing levels to provide residential and day care services at Taing House. This has been partly offset by an increase in pension costs as the Superannuation rate has increased following a review of the Pension Fund employer's contributions and the reinstatement of a Housing Support Worker for Fair Isle as the Sheltered Housing units have been let.
- 3.2.4 At Services Committee on 3 February 2000, Members requested that consideration be given to the reinstatement of the post of Trainee Social Worker. Unfortunately, it is not possible to include this extra expenditure in these estimates at this time as any savings which have been identified within the Social Work Department's budgets have been directed towards the Learning Disabilities Project.
- 3.2.5 There is a favourable variance on Operating Costs of £254,500. As far as Education is concerned, in addition to a reduction in expenditure relating to one-off projects during 1999/00, some of the expenditure on pre-school items funded from the Rural Grant has been reallocated from operating costs to employee costs. A reduction in pupil numbers has resulted in a slight decrease in amounts devolved to schools on a formula basis rather than the increase allowed for in the target. Further energy conservation works and the negotiation of more advantageous tariffs has allowed for a slight reduction in the budget required for energy costs in school premises. Provision was made during 1999/00 for contracting a consultant at the Training Section and this will not be required during 2000/01.
- 3.2.7 Other variances include a reduction in DSS Top Up Budget, which reflects a change in administration of payments and receipts for Church of Scotland and the necessary budget to meet costs of Top Ups for Unst Care Centre in future.
- 3.2.8 A number of voluntary groups are supported by the Social Work Department each year for service provision, and accordingly a sum of £251,000 has been included in these estimates.
- 3.2.9 During the past two years a number of Government initiatives have been launched, identifying priorities of service development in relation to the protection, well-being and quality of life experiences of children who are 'looked after' by the local authority, children's rights and the enhancement of support services for families of very young children, including pre-

school education and childcare. Additional funding has been made available from the Government in support of these initiatives, this is detailed in paragraph 1.3.

3.2.10 Estimated income is £259,900 less than target. The main variances are the reduction in income in relation to DSS Top Ups as detailed above and one-off 'events' budgeted for in the 1999/00 financial year which will not occur during 2000/01, eg. the Books for School Libraries project funded by the SEED, a European funded Childcare Project, a reimbursement of start up funding from the Symbister Arts Project and income generated at the Halls of Residence during the Tall Ships event. The reduction in expected income for these items is matched by a reduction in budgeted expenditure for 2000/01. In addition, a general reduction in the budgeted income from the letting of school premises to more accurately reflect the actual income during the previous two financial years has been included in the estimates, as has a reduction in the income for meals at the hostel due to the reduction in pupils resident.

3.2.11 Income receivable from the Government in respect of Mental Illness Specific Grant and Social Work Training Grant is lower than originally anticipated, therefore, savings have been made elsewhere in order to continue to maintain these services at the current level.

3.2.12 Appendix B shows a comparison by Cost Centre between 1999/00 and 2000/01 for information.

3.3 Review of Charges

3.3.1 The detailed review of charges is contained in Appendix C, and built into the estimates shown in Appendix A under income.

3.3.2 The detailed review of Housing charges was approved by Services Committee on 3 February 2000 (min ref: 5/00), and subsequently ratified by the Council. This was done in conjunction with the report on the Housing Revenue Account charges in order to meet the statutory period of notice to tenants, and are therefore not included in Appendix C of this report. In addition, at the same meeting of Services Committee, it was agreed that the charges levied on readers' requests, overdue and inter-library loans be abolished (min ref: 20/00).

3.3.3 Following advice from the Council's External Auditors, the charges for residential care at Kantersted, Viewforth and Edward Thomason House must include capital charges in order to reflect the 'true economic cost' of providing residential care. Up until now, due to a different interpretation of the legislation, capital charges have not been included in the calculation of

charges for residential care. This will result in a substantial increase in the weekly cost of residential care in 2000/01, as detailed in Appendix C. If we were not required to include capital charges in the calculation, the residential charges would be as follows:

Kantersted	£425
Viewforth	£458
Edward Thomason House	£469

3.4 Reserve Fund

3.4.1 Table 5 below sets out the Reserve Fund budget in comparison to target for this Committee:

Table 5 Reserve Fund Bids	Target £'000	Budget £'000	Variance £'000
Project:			
Millenium Co-ordinator-Grants	71.6	171.6	(100.0)
Millenium Co-ordinator	26.9	26.9	0.0
Housing Initiatives	77.7	77.7	0.0
Tenant Participation	13.3	13.3	0.0
Market Value Compensation	20.1	20.1	0.0
Shetland Women's Aid	67.5	67.5	0.0
Total Reserve Fund	277.1	377.1	(100.0)

3.4.2 The above table shows that the Reserve Fund bid for this Committee is £100,000 over target. The Millenium Grants budget was originally programmed across 2 years, namely, 1999/00 and 2000/01. It has become apparent that a reprogramming of the grant budget is necessary to more accurately follow projected expenditure.

4.0 Policy and Delegated Authority

- 4.1 There are no delegated powers for the Directors of Social Work, Finance and Housing, and Education and Community Services to determine the level of revenue resources required to provide the Services Committee's services. The Services Committee is asked to initially recommend the revenue estimates put forward in this report and forward this to the Council meeting at which the ultimate decisions on the budget are taken.
- 4.2 The Services Committee has no authority to approve the revenue estimates report. Therefore, any motion approved by the Services Committee will form a recommendation to the Shetland Islands Council for their overall consideration within the resources available.

- 4.3 The ultimate decision on approving the revenue estimates lies with the Council on 9 March 2000.

5.0 Conclusions

- 5.1 In summary this report sets out the proposed General Fund and Reserve Fund estimates for this Committee for the 2000/01 financial year, as put forward by the Directors of Social Work, Finance and Housing, and Education and Community Services and detailed in Appendices A and B. These estimates have been compared against the targets set by the Council's budget strategy and explanations of any major variances from target have been given.
- 5.2 A review of charges has also been undertaken and the proposals are detailed in Appendix C.

6.0 Recommendations

- 6.1 I recommend that Members:-
- a) consider and approve the 2000/01 estimates contained in Appendices A and B;
 - b) consider and approve the review of charges contained in Appendix C;
 - c) consider and approve the Reserve Fund bids as detailed in Table 5;
- 6.2 Subject to the above, these estimates should be forwarded for consideration by the Council at the final budget setting meeting on 9 March 2000.

Date: 10 February 2000

Our Ref: MT/MT/E/1/X

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