

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	14 February 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC1908 – Non-Residential Charging Policy
REPORT NUMBER	IA/AC1908
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on the Non-Residential Care Charging Policy.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 Internal Audit has completed the attached report which relates to an audit of the Non-Residential Charging Policy.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Internal Audit report AC1908 – Non-Residential Care Charging Policy.

10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01467) 537861



Internal Audit Report

Health & Social Care Partnership

Non-Residential Care Charging Policy

Issued to:

Sandra Ross, Chief Officer, Aberdeen City Health & Social Care Partnership (ACHSCP)

Alex Stephen, Chief Finance Officer, ACHSCP

Martin Allan, Business Manager, ACHSCP

Jonathan Belford, Chief Officer – Finance

Claire Duncan, Lead Social Work Officer

Alison MacLeod, Lead Strategy & Performance Manager

Paul Hewitt, Finance Support Officer

Trevor Gillespie, Performance Manager

Sarah Macaskill, Service Income Team Leader

External Audit

EXECUTIVE SUMMARY

Although there is no 'duty' placed upon councils to charge for community care services, they are currently empowered by statute to make decisions about whether or not to charge for community care services, and, if they choose to, to develop and administer local charging policies. Financial and demographic pressures across the public sector increase the need to focus on potential revenue streams. Guidance and principles have been set out by CoSLA, and are updated annually, to assist in developing local policies.

Aberdeen City Council's Social Work non-residential charging policy was last updated in 2011 and is based on the principle that the level of services provided should be based on the service user's need, not their ability to pay and that a free service should continue to be provided to people on low incomes.

Aberdeen City Health and Social Care Partnership has ultimate responsibility for the delivery of the Charging Policy. Assistance in the delivery of the policy is provided by the Carefirst Team, the Financial Assessment Team, and the Business Services Transaction Team, within the Council.

In 2018/19, non-residential charging income of £7.5m was achieved against a budget of £8.3m.

The objective of this audit was to provide assurance that there is a clear charging policy and that it is being complied with.

In 2015 the Education and Children's Services Committee agreed that the basis for charging should be adjusted, from the previous policy agreed in 2011 based on set rates for different services, so that individuals would contribute proportionally towards the cost of their care in the same way, regardless of how those services were provided, subject to a financial assessment of their ability to pay, and a limited number of exceptions. As previously reported (Internal Audit report AC1617 Self-Directed Support (October 2016)) this was not implemented as planned. This, and delays in identifying and invoicing for chargeable services may (depending on the outcome of financial assessments) have resulted in material sums of income being foregone.

Some delays in concluding financial assessments were also identified, and there is limited evidence in support of cases where charges have been waived. The Service has agreed to review the evidentiary requirements, monitoring and escalation process.

Approval for a new policy is being sought from the City Growth and Resources Committee in June 2019, and the Service has agreed to progress with further development and implementation of new systems and process changes to ensure charges under the new policy are raised correctly and timeously.

1. INTRODUCTION

- 1.1 Although there is no 'duty' placed upon councils to charge for community care services, they are currently empowered by statute to make decisions about whether or not to charge for community care services, and, if they choose to, to develop and administer local charging policies. Financial and demographic pressures across the public sector increase the need to focus on potential revenue streams. Guidance and principles have been set out by CoSLA, and are updated annually, to assist in developing local policies.
- 1.2 Aberdeen City Council's Social Work non-residential charging policy was last updated in 2011 and is based on the principle that the level of services provided should be based on the service user's need, not their ability to pay and that a free service should continue to be provided to people on low incomes.
- 1.3 In 2018/19, non-residential charging income of £7.5m was achieved against a budget of £8.3m. In 2017/18 the actual income received was £8.9m against a budget of £8.8m.
- 1.4 The objective of this audit was to provide assurance that there is a clear charging policy and that it is being complied with.
- 1.5 The "Service" referred to in the report is Aberdeen City Health and Social Care Partnership. Whilst other areas assist, the Partnership has ultimate responsibility for the delivery of the Charging Policy. Assistance in the delivery of the policy is provided by the Carefirst Team (for process and system maintenance and development), the Financial Assessment Team within Accounting (for procedures and processes relating to assessing and enacting charges), and the Business Services Transaction Team (for raising invoices and arrears management).
- 1.6 The factual accuracy of this report and action to be taken regarding the recommendations made, have been agreed with Alex Stephen, Chief Finance Officer – AHSCP, Jonathan Belford, Chief Officer – Finance, Claire Duncan, Lead Social Worker, Alison MacLeod, Lead Strategy & Performance Manager, Paul Hewitt, Finance Support Officer, Trevor Gillespie, Performance Manager, and Sarah Macaskill, Service Income Team Leader.

2. FINDINGS AND RECOMMENDATIONS

2.1 Charging Policy

- 2.1.1 The 2011 charging policy was based on levying set charges for specific services. Since the roll out of Self-Directed Support was commenced in 2014, increasing numbers of service users have been offered and taken up alternative options for the management of their care, including personal budgets. Therefore, in June 2015 the Education and Children's Services Committee agreed that the basis for charging should be adjusted so that individuals would contribute towards the cost of their care in the same way, regardless of how those services were provided, subject to a financial assessment of their ability to pay, and a limited number of exceptions.
- 2.1.2 The 2015 policy was based on COSLA guidance, which includes different allowances applied to individuals and couples within financial assessments of their ability to pay towards their care. The Council continues to treat all service users as separate individuals, resulting in a higher combined allowance for couples than set out in the guidance.
- 2.1.3 In addition, whilst the Council agreed that notional income from capital would be applied at £1 for each £500 over £10,000, COSLA guidance includes an option to use £1 for each £250 over £6,000 for individuals under the state pension age.
- 2.1.4 Although, as set out in the COSLA guidance, there are potential equalities issues to consider in applying separate rates based on age and marital status, further income could be generated if more restrictive allowances were applied.

Recommendation

The Service should consider whether it remains appropriate to include more generous allowances than set out in the CoSLA guidance.

Service Response / Action

Agreed. We did consider the level of allowances when revising the policy however rates have not been increased for a number of years and we were conscious of the impact on service users. We are committed to reviewing the policy annually and are proposing a phased approach to future changes. The level of allowances will be considered at one of the annual reviews.

Implementation Date

April 2020

Responsible Officer

Lead Strategy and
Performance Manager

Grading

Important within audited
area

- 2.1.5 The new policy was to be implemented as part of the programme of roll-out of self-directed support, managed by the SDS Project Manager and overseen by the SDS Programme Board, and was to include a transition period whereby any increase in charges to individuals would be subject to a phasing in period over the 3 years to 2017/18. The policy included an intention to charge 70% of the cost to the Council of care provided, subject to a limit of 67% of a person's available income after allowances were taken into account.
- 2.1.6 Internal Audit report AC1617 Self-Directed Support (October 2016) noted that this policy had not yet been implemented, and the Service agreed to complete and implement the policy and associated guidance by March 2017. Whilst a new project was commenced to review charging and implement an appropriate policy, subject to approval by the Integration Joint Board (IJB) and the Council, it was not possible to conclude this work in time to implement a new policy from April 2019. Approval was sought and obtained for the new Policy from the City Growth and Resources Committee in June 2019.

2.1.7 Charges until this time were therefore still largely based on rates for specific services, last updated in 2011: contrary to the Committee's decision that this methodology should be discarded. Whilst costs have increased with inflation, charges have not. There is a risk of increasing pressure on Council and IJB budgets as a result. However, as charges are based on ability to pay, overall potential increases in income may be constrained.

2.2 Application of Charges

2.2.1 Review of a sample of records showed that in general the rates set out in the 2011 policy are being applied where a chargeable service has been recorded.

2.2.2 However, not all payments to or on behalf of service users fit into one of the specific service charge categories. The main charging categories are home care, respite care and housing support. The 2015 policy stated that except for statutory services and those delivered free in accordance with national policy, everything else must be considered for charging. The Service has stated that the existing 2011 policy, and indeed the 2015 revised policy, was not clear or explicit on all aspects of charging. As a result, the Service considered that there was no basis for charging, and has not done so.

2.2.3 This included 330 service users recorded on CareFirst as in receipt of 1:1 day care support. Although the 2015 policy identified this as 'in scope for charging', the Service considered that there was no basis to charge under the 2011 policy for this type of care. A decision could have been made to charge between £4.20 per hour and £15.05 per hour. The number of hours was not available from the Service.

2.2.4 A further 647 service users have been in receipt of sheltered housing support services, which have not been charged for. Charges of £12.78 per week were to have been phased in during 2015 and 2016. Letters have been sent to affected service users in January 2019 to inform them of the cost and to invite them to complete a financial assessment. Up to £430,000 of chargeable income may therefore have been foregone per annum.

2.2.5 In addition, 667 respite charges of £73.50 per week had not been invoiced since January 2018, totalling £81,385. Whilst the Service intends to issue invoices some of the service users are now deceased or cannot be traced. For those to whom invoices can be sent, any delays could impact on ability and willingness to pay.

2.2.6 If charges are not applied in accordance with policy, or payment is not sought promptly, there will be increased pressure on the Service's finances.

Recommendation

The Service should ensure all chargeable care and support is charged for, and invoiced timeously following its delivery.

Service Response / Action

Agreed. From 1 April free personal care will not be chargeable providing the eligibility criteria is met for service provision. A practice note is to be issued to staff summarising implementation and recording of FPC packages on Carefirst for under 65's.

Regarding the 1:1 day care support, there is provision in the new charging policy for this service to be chargeable. A timeline is currently being drawn up for the implementation of the systems and process changes for that new policy.

Regarding the sheltered housing support services, the affected service users have been informed and charging commenced. Checks are now being built into the process to cross match chargeable clients monthly to ensure that these charges are correctly and timeously raised.

Regarding the respite charges, these were in relation to information transfer from local authority homes and are now being issued. A cross check report is now being prepared that will enable checks to ensure that these are correctly and timeously raised and will be reviewed monthly.

Improving systems and processes for charging (particularly in relation to the new approved charging policy) is a priority for both the Social Care Partnership, Carefirst Team and Finance. Improvements are being made to interface automatically with the financial system and a six sigma review is being undertaken. Ensuring the resourcing of these improvements is being prioritised by the service. This work is being linked with the digital programme for the council.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2020	Service Manager; Controls Accountant (Financial Assessment Team Manager); Performance Management Team Manager	Major at a Service Level

2.2.7 It was established that financial assessments are not always being submitted by Care teams promptly following agreement to provide a chargeable service, therefore delaying invoices being raised by Finance for service users' contributions. Whilst ability to pay should not affect a service user's right to receive support, the Service needs to ensure that where charges can be applied, this is progressed timeously. Otherwise, debts may accrue, or service users may be treated inequitably.

2.2.8 Regular monitoring of chargeable services which have not yet been financially assessed could assist in highlighting cases where this needs to be escalated.

Recommendation

The Service should ensure that where new chargeable services are agreed, and an individual consents to a financial assessment being undertaken, this is completed and submitted to Finance promptly.

Service Response / Action

Agreed. Ongoing work between Social Care Service Managers and the Financial Assessment team in liaison with the Legal team is underway regarding the implementation and escalation process to address delayed or non-compliance with return of paperwork. The level of requirement by clients to submit evidence to support information is being reviewed along with measures when this is not completed.

Financial workstream outputs will deliver a more streamlined assessment process between council teams involved.

Both the service and the Finance Team will actively monitor the timescales for the progress of assessments and will escalate any issues to the Charging Policy Monitoring Group.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2020	Service Manager; Controls Accountant (Financial Assessment Team Manager)	Significant within audited area

2.3 Financial Assessment Reviews / Appeals / Waive of Charges

- 2.3.1 Whilst there is staff guidance on application of the charging policy, including how to undertake reviews (where a service user requests an updated financial assessment), appeals, and “waive of charges”, this was last updated in 2011. It therefore pre-dates health and social care integration, and the Council’s Transformation programme, and references practices, officers / post titles, and locations, which are no longer relevant.
- 2.3.2 Policy indicates that charges may be waived for service users who have a progressive disease where death as a consequence of that disease can reasonably be expected within 6 months, as evidenced through a DS1500 form or a letter from the General Practitioner or Hospital Consultant. The service user is assigned a separate category within CareFirst, however there is no written procedure for receipt and recording of this evidence, undertaking assessments as relevant, or reviewing the case after 6 months has passed.
- 2.3.3 From a sample of six cases, there were two individuals identified where end of life care had been in place for some time: one for nearly 3 years and the other for 1 year. The Service was unable to produce evidence to support the end of life care, for example a copy of the DS1500 or letter from the doctor and whether the individual has been reviewed after 6 months.
- 2.3.4 The policy also allows for situations where a waive of charge may be requested, for a limited period, in light of extenuating circumstances. There was one waive of charge during 2018, authorisation for which was requested 88 days after the chargeable service commenced, and was retrospectively approved by the Chief Finance Officer 87 days later after being considered by various officers - though charges were suspended in the interim. There are no system records or procedures in place to ensure cases are reviewed at the end of the agreed period, however in this instance the time limited waiver was superseded by a revision to the level of service and a charge is now being applied.
- 2.3.5 It is important that waive of charges are authorised promptly in order to avoid hardship for an individual where appropriate, logged onto CareFirst where appropriate, noting a date for a review to be undertaken, establishing whether the waiver still applies and subsequently collecting any contributions where necessary.

Recommendation

The Service should update procedures for the approval, recording and monitoring of financial assessment reviews, appeals and waive of charges.

Service Response / Action

Agreed. As part of the review of the Contributing to your Care Policy we will review the evidence requirements for end of life care provision and the timescales for Waiving of Charge decisions. Procedures for staff will also be updated and distributed.

Implementation Date

September 2019

Responsible Officer

Lead Strategy and
Performance Manager

Grading

Significant within audited
area

- 2.3.6 There had been no service user requests for financial assessment reviews or appeals received during 2018.

2.4 Chargeable Services Debts

- 2.4.1 The City Growth & Resources Committee agreed debt recovery and service income policies in November 2018. These include collection and recovery methods and explain that debts can only be written off by the Chief Officer – Finance, or the Chief Officer –

Customer Experience, up to £25,000, in accordance with the Council's Financial Regulations.

- 2.4.2 Whilst the latter may delegate this authority to nominated officers this does not currently extend to the Chief Finance Officer (AHSCP). As noted above at 2.3.4, if authorisation requirements are unclear or cross service boundaries, this can lead to delays.

Recommendation

The Service should ensure appropriate officers have delegated authority to write off debts and / or waive charges.

Service Response / Action

Agreed. The Chief Finance Officer (AHSCP) has received a delegation from the Council's Chief Officer – Finance to write off debts and / or waive charges for adult social care.

Implementation Date

Implemented

Responsible Officer

Chief Finance Officer

Grading

Important within audited area

- 2.4.3 There were over 2,800 Social Care Charging debts overdue by 30 days or more as at 6 December 2018 totalling just over £1.6 million, some of which date back to 2012. None were written off during 2018.

- 2.4.4 The policy sets out that the Business Services Transaction Team Leader has discretion to defer recovery action in circumstances where the debtor is a vulnerable person or in respect of services essential to well-being – including social care, with application of this discretion to be reported on a monthly basis. However, there is currently no link between the Business Services Transaction Team, Finance and Social Work Teams to ensure service users accruing debts are adequately supported at appropriate stages – before further debts accrue.

Recommendation

The Service should ensure appropriate procedures are in place to monitor debts and where appropriate provide support to service users in their management of them.

Service Response / Action

Agreed. Group to be established to maintain oversight of monitoring and recovery. Group will consist of stakeholders from ACHSCP and ACC Finance and Business Services. The Group will meet to review progress quarterly.

Actions to ensure sensitive and timely recovery of Social Care Charging debts are being implemented in response to the findings of the Debtors System Audit AC1902 and the Service Income improvement plan.

Implementation Date

December 2019

Responsible Officer

Lead Strategy and Performance Manager

Grading

Important within audited area

AUDITORS: D Hughes
C Harvey
J Galloway

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.