

**AGENDA ITEM**

**REPORT TO CABINET**

**3 DECEMBER 2015**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

## **CABINET DECISION**

**Adult Services and Health – Lead Cabinet Member – Councillor Beall**

### **CARE ACT 2014 – CHARGING POLICY REVIEW**

#### **1. SUMMARY**

The purpose of this paper is to present to Cabinet details of the review of the current Charging Policy, in line with the Cabinet agreement on 12<sup>th</sup> February 2015 to defer consideration of any changes in line with the implementation of the Care Act until later in 2015.

The current charging policy is Care Act compliant, but there are a number of discretionary elements in the new regulations to be considered, as detailed in the Appendix to this report.

Although the proposed Care Act funding reforms have now been deferred until 2020, the Department of Health has confirmed that the Charging Regulations are to be reviewed, for implementation in April 2018.

#### **2. RECOMMENDATIONS**

It is recommended that Cabinet:

- a) Receives this report and notes the progress that has been made in ensuring compliance of the Charging Policy with the legislative changes that came into effect on 1 April 2015, the detail of which is shown in the Appendix to this report.

It is recommended that Cabinet approves the following areas of the Charging Policy for consultation:

- a) The maximum amount payable towards care and support at home.
- b) The extension of the deferred payment scheme to those who do not meet the mandatory criteria, where it is appropriate to do so.
- c) The introduction of administration fees for the deferred payments scheme.
- d) The level of interest rates for the deferred payment scheme.

#### **3. REASONS FOR THE RECOMMENDATIONS/DECISION(S)**

To keep Cabinet informed of progress in relation to the review of the Charging Policy and to seek agreement to the areas detailed where consideration of further consultation is required.

#### 4. MEMBERS' INTERESTS

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

#### 5. DISCLOSABLE PECUNIARY INTERESTS

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code).

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The current charging policy is Care Act compliant, but there are a number of discretionary elements in the new regulations to be considered, as detailed in the Appendix to this report.

Although the proposed Care Act funding reforms have now been deferred until 2020, the Department of Health has confirmed that the Charging Regulations are to be reviewed, for implementation in April 2018.

#### **2. RECOMMENDATIONS**

It is recommended that Cabinet:

- a) Receive this report and note the progress that has been made in ensuring compliance of the Charging Policy with the legislative changes that came into effect on 1 April 2015, the detail of which is shown in the Appendix to this report.

It is recommended that Cabinet approves the following areas of the Charging Policy for consultation:

- b) The maximum amount payable towards care and support at Home.
- c) The extension of the deferred payment scheme to those who do not meet the mandatory criteria, where it is appropriate to do so.
- d) The introduction of administration fees for the deferred payments scheme.
- e) The level of interest rates for the deferred payment scheme.

#### **DETAIL**

1. The Council's Charging Policy has been reviewed and identified as compliant with Care Act (2014) requirements.
2. However, there are areas in which the powers and duties to charge have changed, which provide the opportunity to review the Council's Charging Policy further. As outlined above, it was agreed by Cabinet in February 2015 to defer consideration of this until later in 2015.
- f) The National Association of Assessment Financial Officers sought Counsel opinion regarding the need for consultation on changes and was advised that consultation is not

required if changes to existing policies were not detrimental to current clients. However, the Council's legal team has advised that any changes to the policy or implementation of discretionary areas of the regulations would require consultation.

- g) Each area of potential change has been considered, analysed and a recommendation made by the Adult Board, as detailed in the Appendix to this report. The areas recommended for consultation relate to the maximum charge for care and support at home (non-residential services) and to the detail of the deferred payments scheme.
- h) Although the proposed Care Act funding reforms have now been deferred until 2020, the Department of Health has confirmed that the Charging Regulations are still to be reviewed. The review will focus on the ending of Income Support as a benefit entitlement and full roll-out of Universal Credit in 2018. The removal of discretionary elements for Councils in the regulations and ensuring that implementation is fair and consistent across the country, will also be considered. New draft regulations will be published in Autumn 2016 for consultation, with the final regulations being available in Autumn 2017, for an April 2018 implementation.
- i) Therefore, any changes made to the existing policy will be time limited, until further details are known next year.

#### **NEXT STEPS**

- j) A consultation programme will be established from the approved recommendations and an Equality Impact Assessment completed.

#### **FINANCIAL IMPLICATIONS**

- k) The financial implications are detailed in the appendix to this report.

#### **LEGAL IMPLICATIONS**

- l) All areas of the charging regulations and recommendations have been reviewed by the Council's legal team and consultation advised for recommendations of changes and new discretionary elements, as detailed in this report.

#### **RISK ASSESSMENT**

- m) This report is categorised as low risk. Existing management systems are sufficient to control and reduce risk.

#### **SUSTAINABLE COMMUNITIES STRATEGY IMPLICATIONS**

- n) None

#### **EQUALITIES IMPACT ASSESSMENT**

- o) A full equality impact assessment will be undertaken as part of the review of the charging policy.

#### **CONSULTATION INCLUDING WARD/COUNCILLORS**

- 13.No consultation was undertaken in reviewing the existing charging policy and recommendations contained within the report.

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Education related? No

Background Papers Charging & Assessment of Resources Regulations – Department of Health  
October 2014

Ward(s) and Ward Councillors Not ward specific

Property No property implications

## **APPENDIX A**

**AGENDA NO:**

**ADULT BOARD: Charging Policy Review**

**REPORT OF: Finance Manager  
Client Financial Services**

**Date of meeting: 23 September 2015**

### **REPORT TITLE: Care Act 2015 – CHARGING POLICY REVIEW**

#### **SUMMARY**

The purpose of this paper is to present to Adult Board details of the review of the current charging policy in line with Cabinet agreement to defer consideration of any changes until later in 2015.

Although the proposed funding reforms from April 2016 have now been deferred until 2020 the National Association of Financial Assessment Officers members have been informed that the Department of Health intend to review and rewrite the existing charging framework. No details of when this is planned for have been released but details are expected in November 2015.

#### **RECOMMENDATION**

That Adult Board agrees the recommendations as noted in the paper:

- That residential care continues to be charged for.
- That preventative service charging arrangements continue as present.
- That light touch financial assessments continue as present.
- Carers to continue to be charged for services they receive.
- Security for the deferred payment scheme to continue as is with 1<sup>st</sup> and 2<sup>nd</sup> legal charges accepted as form of security.

That Adult Board agrees to consult on the following, as noted in the paper:

- The maximum amount payable towards care and support at Home.
- To extend the deferred payment scheme to those who do not meet the mandatory criteria where appropriate to do so.
- Administration Fees for deferred payments scheme.
- Interest rates for the deferred payment scheme.

#### **DETAIL**

In assessing the requirements of the final charging regulations and guidance and taking account of the workforce development session on charging and financial assessment it was agreed that the Council's existing charging framework met the requirements as set out in the Act, subject to some minor modifications, in particular the need to update the charging policy. The changes that have already been made ensured that it is consistent with the Care Act but did not make any substantive changes to actual charging policy.

There are a number of areas in which the powers and duties to charge have changed which provide the opportunity to reconsider the Councils charging policy. As outlined above, it was agreed by Cabinet to defer consideration of this until later in 2015.

The National Association of Assessment Financial Officers sought Counsel opinion regarding consultation of changes and were advised that consultation is not required if changes to existing policies were not detrimental to current clients. However in seeking the view of our own Legal Team they advised that any changes or additions to the policy would need to be consulted on with the people living within the Borough.

Each area of change has been considered and details of the review and recommendations are as follows:

## **CHARGING POLICY REVIEW**

### **1. Residential Care**

The Care Act has given local authorities a general power as to what services it chooses to charge for which includes residential care. This has previously always been a duty and therefore now provides the local authority with the discretion on charging.

The financial assessment remains means tested and ensures that clients pay what they are able to afford by providing that they receive, as a minimum, the statutory personal allowance entitlement of £24.90 per week.

The income received from charging in 2014-2015, for residential care was £8.8m.

#### **Recommendation**

**That residential care continues to be a chargeable service and financially assessed under the charging regulations.**

### **2. Preventative Services**

Preventative services, like other forms of care and support, are not always provided for free and charging for some services is vital to ensure affordability, such as Telecare.

The Care and Support Regulations continue to allow local authorities to make a charge for the provision of certain preventative services, facilities or resources. It also makes clear what cannot be charged for the details of which are already contained with the current charging policy.

If a decision is made to charge for preventative services it needs to consider the impact and viability for charging for those services and ensure that people are not asked to pay more than they can afford.

In the case of Telecare people pay for the cost of the service unless they are on low incomes and are entitled to subsidy or meet the eligibility criteria and the service is provided through a care needs assessment and such they receive a full financial assessment.

#### **Recommendation**

**That preventative services, other than those exempt from charging, will continue to be subject to the financial assessment process where that service is provided as an outcome of a care needs assessment.**

### **3. Light Touch Financial Assessments**

The regulations inform that local authorities may choose to treat a person as if a financial assessment had been carried out. In doing so the local authority must be satisfied, on the basis of evidence provided by the person that they can afford and will continue to be able to afford any charges for care and support. This is known as a "light touch" financial assessment.

There are three areas where this can be deemed appropriate:-

- a) Where a person has significant resources and does not wish to undergo a full financial assessment
- b) Where there is a nominal charge for a service which a person would clearly be able to meet leaving them with the minimum income guarantee
- c) Where an individual is in receipt of benefits which demonstrate that they are unable to pay charges.

Client Financial Services already undertakes light touch financial assessment for clients who present with significant savings. Advice and information is provided to those clients on paying for care and support and what to do when savings reduce below the current upper capital threshold.

However, the team has always prided itself on being able to provide home visits to all new clients to ensure that the financial assessment is conducted appropriately, with advice and assistance with benefit entitlements, benefit claims and other signposting that may become appropriate during the appointment.

In doing so we maximise income to the Council and have found that this approach reduces queries and uncertainty around charging. It maximises under claimed benefits for people, ensures that charges are appropriate and accurate and reduces debt through unpaid invoices. Clients are provided with a financial assessment outcome at 95% of all initial visits.

Consideration has been given to desk top financial assessments to reduce costs however evidence from other local authorities such as Sunderland, Durham and Redcar & Cleveland have highlighted that this has increased officer time in checking and verifying information, delaying financial assessment outcomes and results in increased queries and debt with clients.

Those local authorities do not undertake benefit maximisation which has the potential to impact on clients own income and also that available to the Council through charging.

## **Recommendation**

**The current financial assessment process remains as present, with light touch assessments continuing only for those clients who have significant resources.**

## **4. Carers**

The legislation now formalises assessment and provision of support to carers and the resulting charging framework. It is within the current charging policy that carers may be charged for support that they receive in their own right however, prior to the implementation of the Act no such assessments were completed.

It was anticipated that charging carers would not produce significant income as many would be assessed as free given that some would be working carers (wages are disregarded in full), be in receipt of carers allowance and therefore have low incomes or have dependent children which exempt them from charging.

The statutory guidance states that Local authorities should consider carefully the likely impact of any charges on carers, particularly in terms of their willingness and ability to continue their caring responsibilities. Ultimately, a local authority should ensure that any charges do not negatively impact on a carer's ability to look after their own health and wellbeing and to care effectively and safely.

It is very unlikely to be efficient to systematically charge carers for meeting their eligible needs. This is because excessive charges are likely to lead to carers refusing support, which in turn will lead to carer breakdown and local authorities having to meet more eligible needs of people currently cared for voluntarily.



Having asked other Local Authorities how they have proceeded with charging the outcomes are as follows:-

Authority	Charging Carers
Darlington	Currently charging but going to consultation on future
Hartlepool	No
Middlesbrough	No
Redcar & Cleveland	No

There have been 24 financial assessments completed for carers budgets. Of those, 22 have been assessed as nil payers and 2 carers were not entitled to the budget as they had savings over the upper capital threshold of £23,250.

The 22 carer budgets paid out total £4137.00. 15 received a budget of £150.00, 6 received £250.00, and 1 received £387.00.

Within the current charging policy any service that is less than £3.00 per week is not charged for as it is uneconomical to provide the financial assessment and raise invoices below £10.00 per week. Although numbers of carers requesting their budgets is low and there is little income in return, it is difficult to assess the true impact that carers will have in terms of budgets and income. It is equally difficult to gauge if the higher number of £150.00 budgets is due to the fact that care managers are aware that clients are not charged for this service.

#### Option Appraisal

- a) To do nothing and continue to charge carers within the existing charging policy.
- b) To exempt carers from charging on the basis of low income expectations giving consideration to the likely impact of any charges on carers, particularly in terms of their willingness and ability to continue their caring responsibilities.

#### Recommendation

**To continue with the current charging policy for charging carers for support received in their own right, deferring further recommendations until next year once information is available on the true impact of carers.**

### 5. Maximum Charge

The Council adopted the maximum charge approach for non-residential care with the introduction of the Fairer Charging guidance in 2002 which recommended that these be set in order to encourage and facilitate people to remain at home.

It was agreed that the maximum charge would be set at 60% of the cost of a Grade 3 residential care placement. There have been very few clients since that time who have met the criteria and following a review of the maximum charge in 2010 it was agreed to leave it place as it would produce no significant financial gain.

The majority of care homes in the Borough (72%) are now Grade 1 and therefore it would be prudent to consider this when consulting on any proposed changes.

The new statutory guidance states that maximum charges or percentages of disposable income can continue to be used for the same purposes. The government considers that it is inconsistent with promoting independent living to assume, without further consideration, that all of a person's income

above basic levels of Income Support or the Guarantee Credit element of Pension Credit plus 25% is available to be taken in charges. This is the minimum amount that the Regulations state a person should be left with when considering the amount to be charged.

Local authorities should therefore consider whether it is appropriate to set a maximum charge, for example these might be set as a maximum percentage of care home charges in a local area. This could help ensure that people are encouraged to remain in in their own homes, promoting individual wellbeing and independence.

Around the region there are a number of Authorities who also have a maximum charge in place.

Hartlepool	Charge up to the weekly cost of residential care for the client group approx. £475 per week
Gateshead	Charge up to £205.00 per week
North Tyneside	Currently charge up to £200 per week but are looking to increase this to £400 this financial year and then remove from 2016/17
Middlesbrough	Charge full cost of the package
Newcastle	£400 per week
Darlington	Charge full cost of the package
Redcar & Cleveland	Charge full cost of the package

There are currently 13 clients who pay the maximum charge of £225.00 per week. Having reviewed each case file those clients have declined to provide financial information to the Council and agreed to pay the maximum charge for their care packages.

Based on the current personal budgets for those clients if the maximum charge was removed it would increase annual income levels by £95,000 assuming that all 13 clients have capital above the threshold and can pay the full cost of their care package.

A maximum charge could be levied at the rate of the actual cost of residential care for client groups. In reviewing the current 13 clients they are all within the Older People Teams therefore the current maximum charge applicable to the client group would be £441.00 per week and this would increase income levels by £28,300.

However, it would be prudent to note that as capital levels for these clients is unknown increasing or removing the maximum charge could result in those clients requesting financial assessments which could result in them paying less than the current maximum charge once a full financial assessment was completed.

Any capital over the threshold would diminish at a quicker rate, therefore any increases in income maybe time limited and current income levels reduce as financial assessments take effect.

### Option Appraisal

Option	Pros	Cons
Leave the current maximum charge in place on the basis that the funding reforms have been delayed until 2020 and there are no imminent plans to change the existing charging framework	<ul style="list-style-type: none"> <li>• Current income levels maintained</li> <li>• Maximum retained promoting independent living</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of potential increased income if financial assessments requested and no capital available</li> </ul>

<p>Increase the maximum charge to the cost of Grade 1 care home rate currently £441.00 per week, in line with the care home market and rate increases for care home fees.</p>	<ul style="list-style-type: none"> <li>• Increase in income levels by £28,300 based on current details.</li> <li>• Maximum retained promoting independent living</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of potential increased income if financial assessments requested and no capital available</li> <li>• Grading of care homes may change</li> </ul>
<p>Remove the maximum charge so that clients with resources over the savings threshold of £23,250 or higher incomes would pay the full cost of their care packages and would increase income levels. This would also remove some of the complications for clients understanding charging and reduce debt and complaints.</p>	<ul style="list-style-type: none"> <li>• Increase in income levels</li> <li>• By £127,000 based on current details.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of potential increased income if financial assessments requested and no capital available</li> </ul>

## Recommendation

**Seek to consult on charging against the full cost of care packages.**

## DEFERRED PAYMENT SCHEME

### 1. Extension to the Scheme

Currently the mandatory deferred payment scheme is only offered to clients in long term residential care. The local authority now has a power, rather than a duty, to offer the scheme to adults who do not meet the criteria to trigger the duty. This can arise in the case of adults whose needs for care and support are being met or are going to be met by the provision of accommodation, either in an extra care schemes or supported living accommodation.

This would apply where the person moved into extra care or supported living but owned a property and could defer any charges for care against it.

Under the current charging policy they would be classed as self-funding and would be required to contribute the full cost of their care up to the maximum charge.

Local Authorities now have discretion to extend their deferred payments scheme to these clients in order that they can defer some or all of their contributions.

There are 3 new clients who would benefit from this who have are currently been assessed as self-funding and are unable to meet the cost of the care needs forcing them into a debt situation. An extension to the scheme would mean that these clients could opt to defer some of their charges against their properties which would be paid back at the end of the agreement.

## Recommendation

**Seek to consult on extending the deferred payments scheme to those who do not meet the mandatory criteria; where they are living or may move into extra care schemes or supported living and own a property.**

### **2. Obtaining Security**

Deferred Payments are offered to clients who move into permanent residential care who are assessed as self-funding due to property ownership who meet the criteria to be offered the scheme. The local authority assists with the funding of the care home fees pending either the sale of the property or the ending of the agreement and is then repaid the charges which have been made. Under the existing deferred payment scheme only 1<sup>st</sup> and (where sufficient equity remains in the property and the holder of the first charge agrees) 2<sup>nd</sup> legal charges are accepted as forms of security for securing charges arranged under the deferred payment scheme. The Care Act now enables local authorities to extend the forms of adequate security that can be used to defer charges against.

This extends to offering as security:-

- A third party guarantor
- A Solicitors letter of undertaking
- A valuable object ( such as a painting )
- An agreement to repay from a life insurance policy
- 

The extension does bring into question complexity, practicalities, potential costs and high levels of risk. It may mean in these cases, where the form of security is not linked to land, that it is likely that the Consumer Credit Act comes into effect and staff would need to be registered with the Financial Conduct Authority to be able to discuss such forms of security and enter into the agreements. There remains a risk that failure to comply with the complex consumer credit regulations may mean the agreement is not valid and the security is lost.

A third party guarantor would require the third party to pay any debts in the event that the resident or his/her estate failed to do so. We may seek a charge against the third party's property in the same way as a first (or second) charge as set out above but would entail officers ascertaining that no-one else had an interest in the land which may affect the guarantor agreeing to a charge. It may be more difficult in these circumstances to ensure that the third party did not weaken the security provided by the property. It would also put the third party at risk of selling their property when the deferred payment becomes payable.

A solicitor's letter of undertaking would require the resident to deposit the full amount of the anticipated care costs with their solicitor. The solicitor, upon giving the undertaking, becomes personally liable to pay the monies when they become due. There is a risk (albeit minimal) that the funds may be misused, or, for example, if the solicitor or firm becomes bankrupt, not be available, or severely delayed, when they become payable.

The security could be in the form of a valuable object such as a painting or jewelry, which would require the authority to obtain a reliable valuation of the item, proof of the ownership of the item and a means of securing the item.

A life insurance policy may become invalid or not attain the value anticipated.

The National Association of Assessment Officers sought Counsel advice regarding the Consumer Credit Act and where it applies. Any other form of security other than a 1<sup>st</sup> or 2<sup>nd</sup> legal charges would likely engage the Consumer Credit Act .

Advice was also obtained from our legal team who advised that it would not be appropriate to adopt a policy with a blanket refusal of a DPA if other means of security are offered but that these should be considered on their own individual merits on a discretionary basis.

I have contacted other local authorities and it is clear from their policy decisions that concerns over risk and the complexity of the Consumer Credit Act that they have decided against accepting valuable objects as security. The responses from within the region are as follows:

<b>Authority</b>	<b>Response</b>
Darlington	Not currently being looked at
Hartlepool	Property Only
Middlesbrough	Not currently being looked at
Redcar & Cleveland	Property Only
Gateshead	Property Only
Sunderland	Property only
Newcastle	Property only

## **Recommendation**

**To continue accepting 1<sup>st</sup> and (where appropriate) 2<sup>nd</sup> legal charges to the scheme as forms of security.**

### **3. Administration Fee**

No fee is currently applied to deferred payments however the Care Act enables Local Authorities to apply a fee for the cost of the setting up of the scheme to be added to the deferred payment charges due. The fee reflects the up front and termination work required. There are also annual changes to be made to charges, re-evaluations and statements therefore a recurring annual fee could also be implemented.

Based on the following factors the suggested initial fee is £ 563.00 calculated as follows:-

Valuers Costs	£250.00
Legal Costs as per J Butcher	£120.00
Land Registry Fee	£20.00
Client Financial Services officer time	£173.00
<b>Total Cost</b>	<b>£563.00</b>

A recurring annual fee of £50.00 is appropriate to cover new work associated with the provision of annual statements and re-evaluations.

In the Tees Valley the administration charges to be levied by those Authorities are;

<b>Authority</b>	<b>Costs</b>
Darlington	Will be looking to implement but need to go out to consultation
Hartlepool	£550 one off fee
Middlesbrough	£250 subject to review
Redcar & Cleveland	costs levied by the Legal Department dependent on the value of the property

There have only been two cases that have requested to use the deferred payment scheme since 1 April therefore income from an administration fee would be minimal based on these figures within the first 4 months of the new scheme.

**Recommendation**

**Seek to consult on whether to charge an administration fee and if the level of fee is appropriate.**

**4. Interest Rates**

The Care Act introduces the discretionary application of interest rates to deferred payment agreements but where local authorities choose to implement them the maximum interest rate has been set nationally due to significant variances of interest rates applied in the past.

Interest rates have previously only been able to be applied to existing deferred payment agreements from 56 days after the end of the agreement, per day; until such time that the debt is paid back to the local authority. The current rate is the Bank of England interest rate plus 4%.

The Care Act sets the national maximum interest rate, derived from the 15-year average gilt yield, as set out by the Office for Budget Responsibility (OBR) twice a year in their Economic and Fiscal Outlook report. The maximum interest rate chargeable is set every six months on 1 January and 1 July of each year.

For the first period from the policy's inception on 1 April 2015 until 30 June 2015, the maximum interest rate was 2.5%.

For the second period from 1 July 2015 – 31 December 2015, the maximum rate is 2.1%. The interest rate is to be applied to all deferred payment agreements from 1 April 2016 on a compound interest basis based around the payment frequency to residential care providers for the length of time they are in care or they have the resources available. Therefore interest would be applied on a monthly basis.

The regulations also extend the payment arrangement following the end of the agreement from 56 to 90 days to enable families and executors time to make appropriate arrangements to repay the local authority.

The Local Authority can apply the maximum rate of interest or choose to set this at a lower rate based on this information.

In the Tees Valley the following interest rates have been applied by the Local Authorities;

Authority	Interest rate
Darlington	Maximum rate proposed but will consult
Hartlepool	Maximum rates set
Middlesbrough	Maximum rates set
Redcar & Cleveland	Maximum rates set

It is difficult to compare the current interest and proposed interest in terms of income to the local authority however based on the 82 existing clients who are in receipt of a deferred payment agreement it would produce additional income of £53,000 from interest only based on 2.65%.

Interest changes and additional income would only apply to any new deferred payment agreements effective from 1 April 2016.

Option Appraisal

- a) Charge no interest on deferred payment agreements.
- b) Charge the specified maximum interest rate as detailed above
- c) Charge a reduced interest rate

**Recommendation**

**Seek to consult on whether to charge interest and if charge, the level of interest rate to be applied to deferred payments as detailed above.**

**Next Steps**

Consultation programme and Equality Impact Assessment developed based on decisions made

**FINANCIAL IMPLICATIONS**

Financial implications are detailed in the paper above

**RISK ASSESSMENT**

None

**IMPACT ASSESSMENT**

None

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