**Charges Benchmarking and Financial Modelling Summary**

This is a first draft of modelling work that had been undertaken to date. This work is on-going and will continually inform this detail as it becomes available. This currently does not contain information on benchmarking the setting of our tapers and buffers against other authorities as this is yet to be done.

A report was recently commissioned by Price Waterhouse Cooper which aimed to benchmark where East Lothian Council is with all of its charging in relation to the other authorities. Outlined below are some areas of that benchmarking in summary.

* **As an area East Lothian is in the second least deprived quartile in Scotland.**
* **The average % social work income versus expenditure in Scotland is 25%. East Lothian is at 13%. The highest authority is 50%.**
* **In overall ranking East Lothian ranks 31 out of 32 for the level of its charging and so is the second least charging authority.**

**Below you can see how EL charges compare with an average across Scotland and the lowest and highest in Scotland. These figures are out of date in the PWC report and are accurate in the financial modelling below.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Service** | **East Lothian** | **Average** | **Lowest** | **Highest** |
| **Telecare / alarm per week** | **£2.00** | **£2.78** | **£0.00** | **£5.00** |
| **Care home per week** | **£525** | **£628** | **£150** | **£1,173** |
| **Care at home per hour** | **£11.50** | **£12.55** | **£0.00** | **£17.22** |
| **Night time support per hour** | **£3.20** | **£10.21** | **£0.00** | **£28.00** |
| **Meals per meal** | **£2.90** | **£3.07** | **£1.54** | **£5.20** |
| **Respite per week** | **£874** | **£346** | **£64** | **£1,030** |
| **Day care per day[[1]](#footnote-1)** | **£0.00** | **£29.63** | **£0.00** | **£116.00** |

**This summary illustrates that EL could increase current charges as well as introduce new charges such as day care and legitimately realise further much needed income while avoiding becoming the top charging authority.**

**The following chart shows how EL ranks against other authorities on the level of specific charging service areas.**

|  |  |
| --- | --- |
| **Telecare / alarm** | **EL is 17th lowest out of 21 authorities** |
| **Care homes** | **EL is 13th lowest out of 17 authorities** |
| **Care at home** | **EL is 16th lowest out of 20 authorities** |
| **Night time support** | **EL is 12th lowest out of 13 authorities** |
| **Meals** | **EL is 12th lowest out of 21 authorities** |
| **Day care** | **EL is 22nd out of 22 authorities** |
| **Respite** | **EL is 3rd lowest out of 19th authorities** |

**It is possible to begin from this ranking to determine which charges could best be targeted for the largest increases. For example with regard to charging for meals we are already average as an authority. And for respite we are one of the higher authorities. However for day care we are one of only 5 authorities that does not charge for day care.**

As you will have seen an email from El has been circulated around the 32 H&SCPs via the Chief Officers. Responses are coming in all of the time and like the benchmarking below will continue to enable comparison and help us have confidence in our decision making.

At the point of writing 4 authorities have responded. They are Falkirk, Aberdeenshire, East Ayrshire and Fife. Summary findings are as follows:

* **All charge for day care.**
* **One authority charges for all non-residential care services.**
* **All those authorities levy a mix of flat rate charges and means tested charges.**
* **There is evidence of contributions beginning to be calculated on a person’s Personal Budget which we will explore further.**
* **All those authorities are considering their current charging arrangements including full cost recovery and 100% uplifting**

This again indicates that what we are undergoing is happening in every authority in the country and we will continue to gather further responses.

Other examples that come through the report and other sources:

* Day care charges in Edinburgh, Scottish Borders, Midlothian, Angus and Fife range from £7.50 to £16.00.
* One authority doesn’t apply any Taper.
* One authority has set its Taper at 100%, 2 at 60%.
* Authorities are considering charging for previously free services.

The following table is simply an illustration of the levels of funding that could be generated across existing chargeable services as well as possible chargeable services based on uplifting at various % rates. It is important that this is done as it will be ultimately what is considered by Council. This needs further work as well as financial modelling on the alternative charging models.

**The above illustration is currently being revised and the figure we are looking at is £358,000 for new charges and increases in existing charges.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   |   |   | Increase charges by |   | **Total** |
| **Current services** | **Numbers** | **Current** | **Proposed** | **5%** | **10%** | **15%** | **20%** | **25%** | **30%** |  | **on 30%** |
|   |  |  |  | Additional income |  |   |
| Care Homes full funders | 22 | £659,859 |  | £32,993 | £65,986 | £98,979 | £131,972 | £164,965 | £197,958 |  | £197,958 |
| Care Homes part funders (£200) | 64 | £665,600 |  | £33,280 | £66,560 | £99,840 | £133,120 | £166,400 | £199,680 |  | £199,680 |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Respite  | 1,317 | £114,000 |  | £5,700 | £11,400 | £17,100 | £22,800 | £28,500 | £34,200 |  | £34,200 |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Frozen meals-lunch clubs £3 per meal | 24,500 | £73,500 |  | £3,675 | £7,350 | £11,025 | £14,700 | £18,375 | £22,050 |  | £22,050 |
| Frozen meals-door to door £3 per meal | 40,000 | £120,000 |  | £6,000 | £12,000 | £18,000 | £24,000 | £30,000 | £36,000 |  | £36,000 |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Care at home – clients £13.27 | 22,021 | £292,219 |  | £14,611 | £29,222 | £43,833 | £58,444 | £73,055 | £87,666 |  | £87,666 |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Community alarm - current users £2 to £4 | 1,469 | £152,776 | £152,776 |  |  |  |  |  |  |  | £152,776 |
| Community alarm - clients not previously charged £4 | 631 | £131,248 | £131,248 |  |  |  |  |  |  |  | £131,248 |
| **Total** |  |  |  | **£96,259** | **£192,518** | **£288,777** | **£385,036** | **£481,294** | **£577,553** |  | **£861,577** |
|   |  |  |  |  |  |  |  |  |  |  |   |
| **New services** |  |  |  |  |  |  |  |  |  |  |   |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Transport £4 journey x 2 | 7,500 | £0 | £60,000 |   |   |   |   |   |   |  | £60,000 |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Day centre U65 £5 per session[[2]](#footnote-2) | 22,760 | £0 | £113,800 |   |   |   |   |   |   |  | £113,800 |
| Day centre O65 £5 per session[[3]](#footnote-3) | 1,752 | £0 | £8,760 |   |   |   |   |   |   |  | £8,760 |
|   |  |  |  |  |  |  |  |  |  |  |   |
| Housing support - U65 (assume only 25% can pay) | 8,300 | £27,535 |  | £1,377 | £2,754 | £4,130 | £5,507 | £6,884 | £8,261 |  | £8,261 |
| Housing support - O65  | 1,641 | £21,776 |  | £1,089 | £2,178 | £3,266 | £4,355 | £5,444 | £6,533 |  | £6,533 |
|   |  |  |  | **£2,466** | **£4,931** | **£7,397** | **£9,862** | **£12,328** | **£14,793** |  | **£197,353** |
|   |  |  |  |  |  |  |  |  |  |  |   |
| **Additional income** |  |  |  | **£98,724** | **£197,449** | **£296,173** | **£394,898** | **£493,622** | **£592,347** |  | **£1,058,931** |
|   |   |   |   |   |   |   |   |   |   |   |   |

1. East Lothian Council day centres – i.e. Fisherrow, Port Seton and Tynebank Resource Centres [↑](#footnote-ref-1)
2. East Lothian Council day centres, i.e. Fisherrow, Port Seton and Tynebank Resource Centre [↑](#footnote-ref-2)
3. As above [↑](#footnote-ref-3)