

### Third-party top-ups: the charity perspective

The Association of Charity Officers (ACO) is the national network of charities and benevolent funds that help individuals. Our 200+ members, all registered charities, together spend some £125 million each year on some 200,000 people, living in their own homes and in registered settings.

Many ACO member charities provide residential and nursing care, and/or give grants towards the cost of care. Thus they make an enormous contribution to the welfare and quality of life of hundreds of thousands of people every year.

ACO members are routinely approached to help beneficiaries with the costs of their care both in their own homes and in registered care-home settings. In many cases family members are also helping or have been put under pressure to sign third-party agreements that they can ill afford or cannot sustain. This paper relates to those beneficiaries who are resident in registered homes providing residential or nursing care and the part our member charities pay in funding that care.

Each year ACO considers the costs of members who are providers of residential and nursing care, the experience of those member charities who are “topping-up” fees and the rates Local Authorities pay when entering contracts. The information is used to assist charity trustees who must consider carefully all grant aid to make sure it is in accordance with their governing documents and that it is actually helping the beneficiary rather than relieving the state. Why would people donate to charities if they felt their gifts were simply going to replace taxes?

ACO is thus well placed to see the wider picture:

- the dilemma for charitable providers – how far can/should they subsidise a statutory service when it is not a stated object in their governing documents to relieve rates and taxes;
- the problems for charities asked to top up unrealistically low local authority payments that do not take full account of all the assessed needs but assume that the standard rate can be applicable across the board.

To add insult to injury, ACO sees that local authorities regularly ask member charities to sign third-party agreements, demonstrating a startling lack of understanding about the difference between a charitable grant and a contractual payment. In a recent survey ACO found that 17 per cent of members had been asked by a local authority to sign a third-party agreement – for a charity grant! A grant is given at the discretion of the trustees, is regularly reviewed and can be withdrawn at any time. A contract is a contract!

In 1991/2 ACO undertook research about the extent of charitable top-ups for older people. The amounts routinely requested from charities were from £20 to over £100 per week. When the funding system changed in 2002 for those people with Preserved Rights to Income Support (PRIS) ACO agreed it was right that older people should have their needs assessed and that adequate funding should be provided by the state to meet those assessed needs. At that time Ministers stated that no ex-PRIS person should have to leave their care-home due to inadequate local authority funding on transfer. Should the fees charged at the time of transfer be higher than those the local authority normally paid this was not to be a reason for eviction. ACO therefore advised member charities at that time to cease “top-up” funding for these people for whom adequate statutory funding should have been available with effect from April 2002. There

were difficulties in some areas where local authority rates were inadequate and did not take adequate account of individual circumstances, whilst in other areas local authority rates were more realistic. Some charities were faced with hard decisions about “topping-up” fees and this situation remains unchanged.

ACO believed that it was not possible to provide quality care for older people for less than the then DSS/DWP former Preserved Rights to Income Support levels. With the cessation of central government guidance regarding fees and the constraints upon local authority finances, unrealistic standard rates have continued to be set by some local authorities. ACO maintains that local authorities must undertake thorough individual assessments and fund care for each individual according to their specific care needs and local market rates.

In 2006 we are still asked to find charitable funding for care-home fees for older people and the amounts are staggering – from £50 per week to over £150 and sometimes over £200 per week. In some cases the families, overwhelmed with guilt and anxiety, approach charities for amounts above the local authority contracted rate – how can local authorities monitor the true costs of care in the absence of comprehensive knowledge about these practices in their areas?

ACO will continue to make the case for realistic assessment resulting in adequate funding. Cross-subsidies should not be required and neither should charity grants be routinely needed for a statutory service. This is not the impression given by local authority literature provided to older people and their families about entering a care-home. We find people directed to charities by local authority staff. Some local authorities now expect contributions from families and charities as a matter of routine. Frequently, people are misled by statements that the local authority may provide some help with the cost of care but it is normal to seek a top-up. It is true that the older person must pay for their care according to their means. However, the amount the local authority pays should depend upon their assessed needs and the costs of local services and it should not be the norm, and neither should it be presented as the norm, that top-up is routinely required. Families are left with the impression that this is the system. They are told by statutory staff to contact charities and often given ACO’s contact details – this is how the system works! Surely this is not what Ministers intended?

Many charity providers of care regularly subsidise those people who are funded by the state. Our research has suggested that income deficits vary between 16 per cent and 20 per cent. In some cases enhanced subsidies of up to 27 per cent have been reported. This is not sustainable in the long term. It places pressure on charitable fund raising for services which the general public believes to be totally funded by the state and will surely impoverish our society in the long term if charities cease to operate in this field – or indeed at all. It is tragic that those charitable providers who wish to provide services on the sole basis of need increasingly find themselves having to accommodate a proportion of residents who can fund themselves at the full economic fee, in order to sustain the service. Over time, this risks distorting services and seeking to stick to targets – perhaps, 70 per cent state-funded and 30 per cent self-funded residents – can conflict with the values and objects of the charity to provide services to those in need.

Some charities will help with fees only in private care-homes and refuse help to beneficiaries in charitable homes. This is for a variety of reasons. Some have their own charitable provision and seek to accommodate their own beneficiaries and may already be subsidising the cost of fees in these homes. Others, struggling to raise funds for non-statutory services, believe that the provider charity should fundraise to cover its own deficits or charge economic fees. This creates still more problems for older people and their families.

Fee levels that exceed local authority standard rates, although often justifiable, exclude many frail older people from accessing the care that they need unless additional funding is provided by relatives or charities. This creates a dilemma for grant-aiding charities that recognise the needs of beneficiaries but do not wish, and neither do they have objects which include this, to perpetuate statutory under-funding of residential and nursing care by continuing to “top-up” fees.

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