

Report for: Cabinet Member Signing – 20th June 2017

Item number:

Title: Priority 2 MTFS Proposal: Disability Related Expenditure:
Public Consultation

Report authorised by : Beverley Tarka: Director – Adult Social Services

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Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key Decision

1. DESCRIBE THE ISSUE UNDER CONSIDERATION

The Mid-Term Financial Strategy (MTFS) seeks to address the challenging financial climate faced by the Council over the coming years due to reducing funding and increasing demand.

As part of the Council's MTFS 2017 – 2019, approved by Cabinet on 14th February 2017 and Full Council on 27th February 2017, proposals to reduce Disability Related Expenditure (DRE) disregard to levels more in line with other Local Authorities, were set out subject to consultation with stakeholders.

People who are allocated a personal budget for care and support funded by Haringey Council, have a financial assessment to see how much they should contribute towards the cost of their care and support. The financial assessment looks at the money an individual has coming in as well as their expenses. The expenses also include Disability Related Expenditure (DRE).

DRE is the extra costs people have each week because of a disability, illness or age. For example, people may pay extra laundry costs or extra heating because of their disability. It is important that the Council takes this expenditure into account in order to ensure service users retain income to meet these costs.

Haringey currently operates a 65% (£35.82) DRE disregard and this policy has remained the same since 2011. Other authorities have reduced the DRE and the range is from a flat rate of £10.00 to a rate of 35% (£19.00). The MTFS proposal for Adult Services is *to operate a DRE of 40%, (£22.04 per week) by 2019/20 to deliver £328k savings.*

This paper seeks Cabinet approval to consult with service users, carers and other stakeholders on this proposal and to report back on the outcome of the consultation for a final decision to be made.

2. INTRODUCTION

- 2.1 People who are allocated a personal budget for care and support funded by Haringey Council, have a financial assessment to see how much they should contribute towards the cost of their care and support.
- 2.2 The financial assessment looks at the money an individual has coming in as well as their expenses. The expenses also include Disability Related Expenditure (DRE). DRE is the extra costs people have each week because of a disability, illness or age. For example, people may pay extra laundry costs or extra heating because of their disability. It is important that the Council takes this expenditure into account in order to ensure service users retain income to meet these costs.
- 2.3 People have the option of an individual assessment to review these costs, but this is often seen as a very personal and sensitive discussion. Therefore Councils, including Haringey, offer the option to have a percentage or flat rate of their DRE disregarded from the financial assessment, to ensure they retain income for these expenses.
- 2.4 The proportion currently disregarded in Haringey equates to 65%, which is on average £35.82 per week.
- 2.5 Haringey Council has reviewed the level of DRE disregard operated by other Councils and have identified that Haringey is an outlier. As an example the range offered by other Councils varies from a £10.00 flat rate to 35% (£19.29) per week.
- 2.6 Therefore to address the disparity and meet the financial challenges faced by the Council the MTFs proposal is to introduce a phased reduction in DRE disregard to 40% (£22.04) by 2019/20. The offer of the individual financial assessment will remain in place ensuring that those who wish to take this option can take it.
- 2.7 We recognise that this will have an impact on some adults who receive care and support from Haringey Council so therefore we will consult on the proposal with service users, carers and other stakeholders and bring the findings back to Cabinet for a decision.

3. RECOMMENDATIONS

The Cabinet Member is asked to:

- a) Approve for consultation with service users, carers and other stakeholders the proposal to decrease the disability related expenditure disregard to 40% (£22.04) by 2019/20.
- b) Agree that a report on the findings of the consultation and the proposed recommendation be brought back to Cabinet for a decision.

4. REASONS FOR DECISION

- 4.1 Haringey currently operates a 65% (£35.82) disregard and this policy has remained the same since 2011. Other authorities have reduced the DRE and the range is from a flat rate of £10.00 to a rate of 35% (£19.00).
- 4.2 The MTFs proposal for P2 agreed by Cabinet on 14th February 2017 is *to operate a DRE of 40%, (£22.04 per week) by 2019/20*. Therefore the proposal seeks to bring the disregard for DRE more in line with other London Boroughs and will seek to deliver £328k savings.
- 4.3 The reduction will result in an increase in charges for service users who are currently making a contribution and have a DRE disregard included in their financial assessments. In addition, when DRE reduces to 40%, this will result in some service users of working age, who are currently assessed not to contribute, having to make a small contribution.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The options available to the service are limited, due to the scale of the financial reductions required, however the proposal will ensure compliance with our statutory responsibilities and we are committed to the continued delivery of high quality service provision that supports the needs of the people we support.

An additional option is not to make the budget savings agreed in the Medium Term Financial Plan; however this would result in serious financial gap of £328,000, which would jeopardise the sustainability of services in the future.

6. BACKGROUND INFORMATION - DISABILITY RELATED EXPENDITURE

6.1 Financial Assessment

- 6.1.1 People who are allocated a personal budget for care and support funded by Haringey Council, have a financial assessment to see how much they should contribute towards the cost of their care and support. The approach to the financial assessment is set out in the Council's Fairer Contributions Policy which is based on guidance set out in the Care Act 2014.
- 6.1.2 The financial assessment looks at the money an individual has coming in as well as their expenses. The expenses also include Disability Related Expenditure (DRE). DRE is the extra costs people have each week because of a disability, illness or age. For example, people may pay extra laundry costs or extra heating because of their disability. It is important that the Council takes this expenditure into account in order to ensure service users retain income to meet these costs.
- 6.1.3 To ensure that the financial assessment process for Disability Related Expenditure is as easy and discreet as possible for service users, the Council uses a flat rate disregard. The use of a flat rate reduces the need for quite personal and sensitive discussions. This approach is to ensure that there is equitable treatment between service users. While a flat rate is applied as part of

the financial assessment, individuals are also offered the opportunity to complete a detailed individualised DRE assessment and any additional DRE above the standard level is also disregarded, to bring a lower contribution.

6.2 Eligibility Criteria

- 6.2.1 To be eligible for DRE, people must be in receipt of Attendance Allowance or the care components of Disability Living Allowance or Personal Independence Payment. In addition to the DRE disregarded income, the financial assessment also disregards an amount for 'minimum income guarantee' as set out by the Department of Health.
- 6.2.2 At present, where a disability benefit is considered as income in the charge calculation, a standard proportion of this benefit is disregarded in the assessment with the offer of a detailed Disability Related Expenditure assessment to identify any additional expenditure above the standard proportion. Examples of disability benefits include; Attendance Allowance, Disability Living Allowance Care Component or the Personal Independence Payment Daily Living Component
- 6.2.3 The proportion currently disregarded equates to 65%, which is on average £35.82 per week, where the lower rate of Attendance Allowance or middle rate of Disability Living Allowance care component or lower rate of the Personal Independence Payment Daily Living component, is included in the financial assessment.

6.3 MTFS proposal on DRE agreed by Cabniet

Haringey currently operates a 65% (£35.82) disregard and this policy has remained the same since 2011.

The MTFS proposal for P2 agreed by Cabniet on 14th February 2017 is to *operate a DRE disregard of 40%, (£22.04 per week) by 2019/20.*

The Disability Related Expenditure proposal will seek to deliver £328k savings.

6.4 Proposed Mitigations

6.4.1 Incremental Reduction of DRE

The proposal to reduce the DRE disregard will impact on service users who currently have a DRE disregard applied to their financial assessment and have been assessed to pay a contribution, irrespective of their age, disability, ethnic origin and gender.

At present there are 1879 service users who are in receipt of non-residential care. Of the 1879 people, 461 will be affected by this proposal.

The proposal will reduce the standard 65% to 40% by 2019/2020 over a number of years (as set out below) rather than an immediate reduction from 65% to 40%.

Proposal to reduce DRE in increments:

2017/2018 – reduce the disregard to 55% (from £35.82 to £30.31)

2018/2019 – reduce the disregard to 45% (to £24.80)

2019/2020– reduce the disregard to 40% (to £22.04)

6.4.2 Individual Assessments Offered as an Alternative

Although offering a flat rate disregard ensures an easy, quicker and discreet service to users by not asking overly intrusive and sensitive questions, the offer of an individual assessment will be offered. This allows a full assessment of costs associated with disability and illness to be assessed and identifies any additional costs above the standard disregard. Any additional costs above the standard disregard will result in a reduction in the charge payable.

Where people opt to have an individual assessment, they will be able to provide a detailed breakdown and evidence of their relevant disability related expenditure and to identify any additional areas of expenditure that are a result of their disability, age or health.

Therefore as people would have an option for a detailed individual assessment we are actively seeking to mitigate any potential adverse effects of the proposal on the vulnerable people we support.

It is acknowledged that this approach could result in increased requests for detailed individual assessments, hence there may be need to secure additional personnel as part of this approach and the funding to facilitate this was agreed as part of this proposal.

To ensure further clarity and transparency about the emerging impact we will review the changes after the first year and share and discuss our findings with Adults Scrutiny Committee.

6.5 Rationale for the Proposal

The current standard disregard for DRE of 65% has been in place since April 2011 and research has confirmed that Haringey is much more favourable (i.e. has a much higher disregard) than other London Boroughs.

Therefore the proposal seeks to bring the disregard for DRE more in line with other London Boroughs.

The reduction will result in an increase in charges for service users who are currently making a contribution and have a DRE disregard included in their financial assessments. In addition, when DRE reduces to 40%, this will result in some service users of working age, who are currently assessed not to contribute, having to make a small contribution.

The table below highlights that the reduction in DRE will still be more favourable than other London Boroughs.

Authority	DRE Disregard Policy	Person retains this amount per week to pay for Disabled Related Expenditure
Haringey	65% (current)	£35.82
Haringey 2017/18	55% (post decision)	£30.31
Haringey 2018/19	45% (post decision)	£24.80
Haringey 2019/20	40% (post decision)	£22.04

Hackney	25%	£13.78
Hounslow	30%	£16.53
Ealing	35%	£19.29
Merton	Flat Rate	£10.00
Newham	Flat Rate	£15.00
Greenwich	Flat Rate	£15.30
Barking & Dagenham	Flat Rate	£15.00

(Calculations for the February Cabinet paper are based on benefit rates effective from April 2016 and DH Minimum Income Guarantee rates and these figures are subject to change each financial year).

6.6 Statutory Guidance

In taking forward the proposal, the Council will consider Annex C Treatment of Income Paragraphs 39 - 41 Disability Related Expenditure, in the Care and Support Statutory Guidance. This will ensure that the proposal meets the requirements as set out in the extract from the guidance below:

Disability-related expenditure

39) Where disability-related benefits are taken into account, the local authority should make an assessment and allow the person to keep enough benefit to pay for necessary disability-related expenditure to meet any needs which are not being met by the local authority.

40) In assessing disability-related expenditure, local authorities should include the following. However, it should also be noted that this list is not intended to be exhaustive and any reasonable additional costs directly related to a person's disability should be included:

1. (a) payment for any community alarm system
2. (b) costs of any privately arranged care services required, including respite care
3. (c) costs of any specialist items needed to meet the person's disability needs, for example:
 1. (i) Day or night care which is not being arranged by the local authority

2. (ii) specialist washing powders or laundry
3. (iii) additional costs of special dietary needs due to illness or disability (the person may be asked for permission to approach their GP in cases of doubt)
4. (iv) special clothing or footwear, for example, where this needs to be specially made; or additional wear and tear to clothing and footwear caused by disability
5. (v) additional costs of bedding, for example, because of incontinence
6. (vi) any heating costs, or metered costs of water, above the average levels for the area and housing type
7. (vii) occasioned by age, medical condition or disability
8. (viii) reasonable costs of basic garden maintenance, cleaning, or domestic help, if necessitated by the individual's disability and not met by social services
9. (ix) purchase, maintenance, and repair of disability-related equipment, including equipment or transport needed to enter or remain in work; this may include IT costs, where necessitated by the disability; reasonable hire costs of equipment may be included, if due to waiting for supply of equipment from the local council
10. (x) personal assistance costs, including any household or other necessary costs arising for the person
11. (xi) internet access for example for blind and partially sighted people
12. (xii) other transport costs necessitated by illness or disability, including costs of transport to day centres, over and above the mobility component of DLA or PIP, if in payment and available for these costs. In some cases, it may be reasonable for a council not to take account of claimed transport costs – if, for example, a suitable, cheaper form of transport, for example, council-provided transport to day centres is available, but has not been used
13. (xiii) in other cases, it may be reasonable for a council not to allow for items where a reasonable alternative is available at lesser cost. For example, a council might adopt a policy not to allow for the private purchase cost of continence pads, where these are available from the NHS

41) The care plan may be a good starting point for considering what is necessary disability-related expenditure. However, flexibility is needed. What is disability-related expenditure should not be limited to what is necessary for care and support. For example, above average heating costs should be considered.

Example of disability related expenditure

Zach is visually impaired and describes the internet as a portal into the seeing world – in enabling him to access information that sighted people take for granted. For example he explains that if a sighted person wants to access information they can go to a library, pick up a book or buy an appropriate magazine that provides them with the information they need.

The internet is also a portal into shopping. For example without the internet if Zach wanted to shop for clothes, food or a gift he would have to wait until a friend or family member could accompany him on a trip

out, he would be held by their schedule and they would then have to explain what goods were on offer, what an item looked like, the colour and would inevitably be based on the opinion and advice of said friend. A sighted person would be able to go into a shop when their schedule suits and consider what purchase to make on their own. The internet provides Zach with the freedom and independence to do these things on his own.

6.7 Number of Recipients Affected

6.7.1 At present there are approximately 1879 people in receipt of care in the community (i.e. non-residential care). Analysis of data indicates that a standard DRE is currently applied to approximately 700 financial assessments of which 461 make a contribution towards the cost of their care. Any changes will mainly impact on this group. In the 700 financial assessments, there are service users that are currently not required to pay but will be required to pay when the DRE is reduced to 40%.

6.8 Consultation

6.8.1 Through the consultation we aim to obtain the views of our key stakeholders on the proposals as detailed in this report.

Through the process we will stress 3 core commitments:

- Our commitment to meet our statutory responsibilities to continue to provide services that meet the needs of adults assessed as requiring services.
- Our commitment to safeguard adults at risk.
- Our commitment to work with key stakeholders through the consultation to test and shape the proposal.

6.8.2 Consultation Timeline

Consultation for a period of 60 days with current users of the service, their family/carers and other stakeholders will get underway at the end of May 2017 subject to Cabinet approval.

Feedback from this consultation will inform a proposal to Cabinet on whether to proceed with reduction in DRE in July 2017.

6.8.3 Target Audience

Demographic and post code details of affected attendees and respondents of the consultation will be examined to confirm accessibility and target further consultation methods as necessary.

Where required, independent advocacy will be supplied to people who use the affected services, to ensure that they are able to fully take part in the consultation process.

6.8.4 Consultation Approach and Method

The consultation process will seek to check opinions, views and attitudes in relation to changing our proposals in a way that is fair and continue to support people who most need it.

We will use a combination of online questionnaires and paper questionnaires to conduct quantitative research into how well users will understand the proposed changes.

Further roadshow sessions will be provided in order to ensure that we encourage engagement from hard to reach groups and to provide opportunities to partner organisations whereby they can identify potential issues for service users.

7. CONTRIBUTION TO STRATEGIC OUTCOMES

Maximising the Council's resources, in particular in the current financial climate, is a key part of the Councils Medium Term Financial Strategy.

8. STATUTORY OFFICERS COMMENTS (CHIEF FINANCE OFFICER (INCLUDING PROCUREMENT), ASSISTANT DIRECTOR OF CORPORATE GOVERNANCE, EQUALITIES)

8.1 Legal

There is a common law duty on the Council to consult with service users, carers, providers, employees and other stakeholders that are likely to be affected by the proposals. The consultation must take place at a time when the proposals, as with the recommendations, are still at their formative stages. The Council must provide the consultees with sufficient information to enable them properly to understand the proposals being consulted upon and to express a view in relation to it. The information must be clear, concise, accurate and must not be misleading. The consultees must be given adequate time to consider the proposals and to respond. The Council must give genuine and conscientious consideration to the responses received from the consultees before making its final decision on the proposals.

As part of its decision making process, the Council must have "due regard" to its equalities duties. Under Section 149 Equality Act 2010, the Council in exercise of its adult care and support functions, must have "due regard" to the need to eliminate discrimination, advance equality of opportunity between persons who share a protected characteristic and those who do not, foster good relations between persons who share a relevant protected characteristic and persons who do not share it in order to tackle prejudice and promote understanding. The protected characteristics are age, gender reassignment, disability, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In line with its equalities duties, the Council must undertake an Equality Impact Assessments (EIA) of the proposals on the protected groups. The Council is required to give serious, substantive and advance consideration of the what (if any) the proposals would have on the protected group and what mitigating factors can be put in place. This exercise must be carried out with rigour and an open mind and should not be a mere form of box ticking. These are mandatory consideration. The outcome of the consultation on the proposals together with

the analysis of the EIA must be considered before reaching a final decision on the proposals.

8.2 Equalities

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to the need to:

- a) Tackle discrimination, victimisation and harassment of persons that share the characteristics protected under S4 of the Act.
- b) Advance equality of opportunity between people who share those protected characteristics and people who do not;
- c) Foster good relations between people who share those characteristics and people who do not.

Based upon the nine protected characteristics of age, disability, gender reassignment, marriage and civil partnership (only in regards to discrimination), pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.

An initial equality impact assessment was undertaken as part of the MTFs, and was submitted to Overview and Scrutiny on 30 January 2017. It identified the potential impact and the mitigating actions the Council will undertake to prevent financial hardship. If any further equality implications are identified through the consultation, the equality impact assessment will be updated and include any further mitigating actions when possible.

In undertaking the consultation, consideration will be needed in offering reasonable adjustments for disabled residents to take part in the consultation, such as easy read for people with Learning Disabilities.

8.3 Finance

The table below shows the expected profiling of the estimated (£328k) additional income to be achieved and the effect on the total budget for non-residential fees and charges.

	2017/18 £000	2018/19 £000	2019/20 £000	total £000
Budget b/f	(1,761)	(1,890)	(2,005)	
Budget impact of plans	(129)	(115)	(84)	(328)
Final budget	(1,890)	(2,005)	(2,089)	

These figures form part of the Medium Financial Strategy and are therefore an essential part of the council's plan to deliver a balanced budget.

We would always recommend that value for money is obtained through the best use of resources ensuring that efficiencies and savings opportunities are

explored fully and whilst this proposal is likely to generate additional income, it would appear that this proposal would still leave us a position which represents a more generous offer than that of other local authorities.

8.4 Procurement

Strategic Procurement notes the contents of this report; however there is no procurement impact at this stage of the process.

9. USE OF APPENDICES

- a. Equality Impact Assessment submitted 30 January 2017. See link below:
<http://www.minutes.haringey.gov.uk/documents/s90661/11.%20Appendix%20B%202.3%20-%20EQIA%20DRE.pdf>
- b. Draft Consultation questions

10. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

N/A.