

**Report for:** Cabinet – 14 November 2017

**Item number:** 14

**Title:** **Priority 2 MTFS Proposal:** Disability Related Expenditure: Outcome & Recommendations to 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**

- 1.1 The Council's Mid-Term Financial Strategy (MTFS) 2017 -2019 seeks to address the challenging financial climate faced by the Council over the coming years due to reducing funding and increasing demand. The MTFS include proposals to reduce Disability Related Expenditure (DRE) disregard to levels more in line with other Local Authorities.
- 1.2 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.
- 1.3 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. On 20<sup>th</sup> June 2017, Cabinet decided to consult on this proposal.
- 1.4 Haringey recognises that this will have a financial impact on some people, so we are proposing mitigating actions to ensure that no hardship will be felt through the Fairer Contributions Policy, of which DRE is part. The Fairer Contributions Policy aims to ensure fairness and transparency when assessing contributions. Everyone will have a guaranteed minimum income designed to ensure that no one will be asked to pay more than they can afford.
- 1.5 The purpose of this report is to advise Cabinet on the outcome of the consultation which was undertaken between 17<sup>th</sup> July and 4<sup>th</sup> September 2017. Cabinet is asked to consider the feedback from the consultation, the Equalities Impact Assessments of the proposals and the legal duties, all set out in the report and then to make a decision on the proposals and to approve the recommendations.

## **2. CABINET MEMBER INTRODUCTION**

- 2.1 To meet the financial and demand challenges faced by the Council we have consulted on a proposal to introduce a phased reduction in Disability Related Expenditure disregard to 40% by 2019/20 to deliver £328k savings.
- 2.2 I recognise that this proposal will have an impact on some adults who receive care and support from Haringey Council. Therefore, everyone directly affected will be financially reviewed and offered an individual disability related expenditure assessment to ensure that no one will be asked to pay more than they can afford.
- 2.3 Ensuring that vulnerable people are supported to have the care and support they need, that they fairly contribute to the cost of their care, whilst being protected from experiencing financial hardship, is statutory responsibility of Haringey Council, which this proposal and mitigating actions supports.

## **3. RECOMMENDATIONS**

- 3.1 Cabinet is asked to:
  - a) To consider and take into account the feedback from the consultation undertaken.
  - b) To consider and take into account the equalities impact assessment of the proposals on protected groups.
  - c) To consider and take into account the actions proposed to mitigate the impact of the proposals on the protected group i.e. service users.

Having considered the above recommendations, to agree the following:

- d) Approve the phased reduction in DRE disregard to 40% (£22.04) by 2019/20 and the offer of individual financial assessment for service users who are concerned about financial hardship.

## **4. REASONS FOR DECISION**

- 4.1 The consultation highlighted that of the 20% of those people who responded 75% disagreed/strongly disagreed to increase charges by reducing the standard DRE, 60% did not feel they could financially manage an increase in their contribution of between £5.00 to £14.00 per week and 62% disagreed/strongly disagreed with bringing DRE in more in line with other councils by 2019. The quantitative responses showed that the reason for this was mainly due to concerns around financial hardship and having to spend more money on their care.
- 4.2 In responding to questions that would mitigate these concerns, 47% of respondents indicated that they would take advantage of an individual financial assessment. This will continue to ensure that concerns around financial hardship and having to spend more money on care are offset by the assessment helping to identify additional expenses related to disability over and above the standard disregard and if appropriate reduce the contribution.

- 4.3 Therefore, if the proposal is agreed, as part of the implementation, everyone directly affected will be financially reviewed and offered an individual disability related expenditure assessment to identify additional expenditure above the standard disregard.
- 4.4 It should also be noted that if the individual assessment results in the actual expenditure being less than the standard disregard, then the standard would be applied in the assessment to ensure that people are not paying more as a result of the assessment.
- 4.5 The consultation document also outlined that the proposed reduction would be introduced over a period of time rather than a single step, explaining that the increase would be phased in from 01 December 2017 to 01 April 2019. The majority of responses (over 80%) agreed with this proposal.
- 4.6 The table below illustrates the increase in weekly charges as the standard disability related expenditure disregard is reduced from December 2017 to April 2019, providing those effected with the time to manage the impact more proactively

<b>DRE reduces from:</b>	<b>Increase in contribution</b>		
	From December 2017	From April 2018	From April 2019
£36.17 to £30.61	£5.56		
£30.61 to £25.04		£5.57	
£25.04 to £22.26			£2.78

(figures in the table are calculated using benefit rates and Department of Health guidance for 2017/18 and are subject to change).

- 4.7 It has also been identified that there are a number of further risks that may result from the introduction of the proposal, beyond those concerns of financial hardship and paying more for care. Firstly, that people will choose to reduce or cancel care and support which could have an adverse impact on their own health and wellbeing and secondly, and as a consequence of this, that this has a negative impact on their family carer(s), family members and/or friends who may have to provide additional care and support.
- 4.8 However, as it is proposed that everyone directly affected will be financially reviewed and offered an individual disability related expenditure assessment to identify additional expenditure above the standard disregard and the fact that the approach will be phased in over a 3-year period to allow people to plan and reorganise their finances, it is reasonable that these additional risks will be mitigated.
- 4.9 The financial context of this proposal is reflected in the Mid-Term Financial Strategy, 2017 – 2019, approved by Cabinet on 14<sup>th</sup> February 2017 and Full Council on 27<sup>th</sup> February 2017. This seeks to address the challenging financial climate faced by the Council over the coming years due to reducing funding and increasing demand. The proposal for Adult Services is *to operate a DRE of 40%, (£22.04 per week) by 2019/20* supports this

challenged position by delivering £328k savings over this time and reduces the disparity between Haringey's more favourable level of disregard compared to other London Boroughs

- 4.10 Due consideration has been given to all the information available, that places an emphasis on balancing the response from the consultation, the concerns raised, the proposed mitigations and the challenged financial position of the council.
- 4.11 Based on this it is felt that; the mitigations offered by the continued provision of an individual disability related expenditure assessment and a phased introduction of the proposal over three-year period; the requirements of the MTFS to deliver savings and the future financial sustainability of Adult Services; off-set the consultation responses which disagreed with the proposal and therefore mitigate the concerns raised.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The main alternative option considered is that the current disability disregard of 65% is not reduced to 40% to deliver the MTFS savings proposal of £328k; however, this would result in serious financial gap, which would jeopardise the sustainability of services in the future, and leave Haringey as an outlier in terms of applying DRE disregard.
- 5.2 A further alternative considered was to move to a flat rate DRE disregard. This option could potentially deliver additional savings above the £328k by 2019/20, but has not been progressed at this stage as it was not proposed in current MTFS plans.
- 5.3 No further options have been considered given that those available to the service are limited, the financial reductions required, the need to ensure compliance with our statutory responsibilities, our commitment to the continued delivery of high quality service provision that supports the needs of the people we support and ensuring future financial sustainability.

## **6. BACKGROUND INFORMATION**

- 6.1 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.
- 6.2 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.
- 6.3 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.

- 6.4 The proportion currently disregarded in Haringey equates to 65%, which is on average £35.82 per week.
- 6.5 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 as the table below illustrates.

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

- 6.6 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.
- 6.7 We recognise that this will have an impact on some adults who receive care and support from Haringey Council so we carried out a 6-week consultation on the proposal with service users, carers and other stakeholders and are bringing the findings back to Cabinet for a decision.

## 6.8 **Consultation Approach and Outcomes**

- 6.8.1 The public consultation was open for 6 weeks from 17 July 2017 and comprised of:

- A dedicated webpage explaining the consultation and access to an online version of the survey.
- 685 service users being sent a hard copy of the questionnaire and a free post envelope to return it.
- Three drop in sessions for service users to complete the questionnaire and ask questions about the proposal.

- A direct number for service users to call and ask questions or complete the questionnaire.

6.8.2 The consultation resulted in 138 responses, which is a 20% response rate, with three quarters of the people who responded not agreeing with the proposal and 60% not feeling that they could financially manage an increase in their contribution of between £5.00 to £14.00 per week.

6.8.3 In regards to the mitigating actions proposed 47% of respondents indicated that they would take advantage of an individual financial assessment and 82% indicated that an incremental introduction of the increase to DRE between December 2017 and April 2019 would be preferable.

6.8.4 A summary of the questions and response is outlined below:

<b>Do you make any financial contribution to your non-residential care services?</b>	<b>Total</b>
Yes	59%
No	41%

6.8.5 Over half of those who responded are already contributing towards the cost of their non-residential care service. 41% of those who responded are not currently required to make a contribution towards the cost of their non-residential care service. The number of responses from those not currently being charged may indicate that they understand that the impact of implementing the proposals will mean that they will be required to pay in the future.

<b>Do you agree with the proposal to increase charges by reducing the standard disability related disregard?</b>	<b>Total</b>
Strongly agree/Agree	6%
Disagree/Strongly disagree	75%
Don't Know	19%

6.8.6 The proposal to increase charges wasn't welcomed by three quarters of the people who responded. This result is not surprising as most are already contributing and are unlikely to support a proposal which will require them to pay more towards the cost of their care. The small percentage of people who responded "don't know" could reflect the service users who are not already contributing and do not know if they would have to contribute if the proposal was approved.

<b>Do you agree with the proposal to bring the standard disability related expenditure in line with other councils by April 2019?</b>	<b>Total</b>
Strongly agree/Agree	16%
Disagree/strongly disagree	62%
Don't Know	22%



6.8.7 A small percentage of the respondents agree with the proposal to bring the standard disability related expenditure in line with other councils by April 2019. The majority of the respondents disagree with the proposal which will result in them having to pay more money. The 22% who responded “don’t know” could reflect the complexity of understanding the overall process and how it would impact them financially.

<b>Do you think the increase of up to £14 should be introduced in a single step from December 2017 and not in increments from December 2017 to April 2019?</b>	<b>Total</b>
Yes	18%
No	82%

6.8.8 A very large percentage of the respondents agreed that the increase should be staggered and not introduced in one go from December 2017. This may be to allow for more time to budget and become accustomed to having to pay more or having to make contributions where they have previously not had to do so.

<b>Do you think that you are likely to request a detailed assessment of your disability related expenditure if there is an increase in your contribution as a result of the changes imposed.?</b>	<b>Amount of service users</b>
Yes	47%
No	13%
Don't Know	40%

6.8.9 47% of the respondents indicated that they are likely to request a detailed assessment to make sure that all their needs and requirements are being assessed properly and fairly. A significant proportion of respondents indicated “don’t know”, this could reflect the complexity of understanding the overall process and how it would impact them financially.

<b>Would you be able to financially manage an increase in your contribution between £5.00-£14.00?</b>	<b>Amount of service users</b>
Yes	9%
No	60%
Don't Know	31%

6.8.10 60% of people who responded did not believe they would be able to manage the increase in care charges. The 31% who responded “don’t know” may indicate that service users require details of the amount they will be required to pay.

6.8.11 The following table is based on 44 comments which have been grouped into similar phrases.

<b>If you have any further comments regarding our proposal to reduce the standard disability related expenditure, please explain.</b>	<b>Number of people</b>

Financial hardship, already paying more for care, cannot afford any more increases.	20
Why do councils keep targeting the vulnerable and taking from those people in society who need your help? The most needy people are being singled out	6
My disability is getting worse	2
Do not want any change, like the current service	2
The contribution system reduces my actual benefits money I receive to maintain my standard life as a disabled person. It should be stopped.	3
This is not a fair proposal.	3
Wants to know more information about why this is being done.	2
Haringey always want to charge for services. The service being provided is below standard so why should I pay more.	2
The system is totally confusing already and hard to understand.	4

## 7. CONTRIBUTION TO STRATEGIC OUTCOMES

- 7.1 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 Finance

- 8.1.1 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)	

- 8.1.2 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.

- 8.1.3 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.



## 8.2 Procurement

- 8.2.1 Strategic Procurement notes the content of this report; however, there is no procurement input required at this stage.

## 8.3 Legal

- 8.3.1 Cabinet is being asked to make a decision on the proposed reduction in the DRE disregard to 40% (£22.04) by 2019/20.
- 8.3.2 The Department of Health has issued statutory guidance under the Care Act 2014 named Care and Support Statutory Guidance 2014 which the Council must have regard to in exercising its function under the Act. The Care and Support Statutory Guidance, provides that *“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.”*
- 8.3.3 There is a common law duty on the Council to consult with service users and other stakeholders that are likely to be affected by the proposal. The consultation must take place at a time when the proposals, as with the recommendation, 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 consultation feedback contained in this report sets out how the Council has discharged this common law duty.
- 8.3.4 The Council must give genuine and conscientious consideration to the responses received from the consultees before making its final decision on the proposals. This report sets out the responses received from service users and other stakeholders.
- 8.3.5 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 (EqIA) 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. In line with its equalities duties, the Council have undertaken an EqIA of the proposals on the protected groups and are set out in Appendice ..and at section ...of the report together with the steps to mitigate the impact of the proposals.

8.3.6 The responses to the consultation on the proposals, the EqlA of the proposals and the steps being taken to mitigate the impact, the Statutory Guidance referred to above, all must be considered before Cabinet makes its decision on the proposals. Cabinet members must ask themselves a) whether it is justifiable to seek to make financial savings in the way proposed, having regard to the need to protect and promote the welfare of the service users and the risks inherent in the changes proposed; b) whether the mitigating steps proposed are sufficient or whether more needs to be done; c) whether the proposals ought to be adopted or discarded; and d) whether there is adequate provision for monitoring the proposed changes, so that changes can be made, if necessary.

## **8.4 Equalities**

8.4.1 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.

8.4.2 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.

8.4.3 An equality impact assessment (EqlA) has been undertaken and identified the potential impact and the mitigating actions the Council will undertake to prevent financial hardship.

8.4.4 Responses to the consultation further confirm the potential impact on disabled and older people and the EqlA has been updated accordingly. In order to mitigate this impact, we will undertake measures to ensure that no hardship will be felt through the Fairer Contributions Policy. The Fairer Contributions Policy aims to ensure fairness and transparency when assessing contributions. Everyone will have a guaranteed minimum income designed to ensure that no one will be asked to pay more than they can afford.

## **9. USE OF APPENDICES**

Equality Impact Assessment

## **10. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

Fairer Contributions Policy

[http://www.haringey.gov.uk/sites/haringeygovuk/files/fairer\\_contributions\\_policy\\_june\\_2015.pdf](http://www.haringey.gov.uk/sites/haringeygovuk/files/fairer_contributions_policy_june_2015.pdf)

Care and Support Statutory Guidance. The guidance for charging and financial assessments can be found in Chapter 8 of this guidance.

<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>