

Item No.	Classification: Open	Date: 22 March 2021	Meeting Name: Cabinet Member for Social Support and Homelessness
Report title:		Fairer Contributions Policy – Removal of Direct Debit Discount Scheme	
Ward(s) or groups affected:		All	
From:		Pauline O'Hare, Director for Adult Social Care	

RECOMMENDATION

1. That the Cabinet Member for Social Support and Homelessness is asked to agree the proposed removal of the Direct Debit Discount Scheme from the Fairer Contributions Policy.

BACKGROUND INFORMATION

2. Southwark Council's ("the Council") Fairer Contribution Policy outlines how the Council charges for adult care services. An updated Fairer Contribution Policy was agreed by Cabinet on 7 April 2020, following consultation with stakeholders. The Leader of the Council also agreed "to delegate the final decision on the future of the Direct Debit Discount Scheme to the Cabinet Member for Children, Schools and Adult Care following a further consultation on this process" (recommendation 6).
3. The Direct Debit Discount Scheme is a five per cent discount offered to people who choose to pay their contributions for non-residential care services via Direct Debit. The discount was introduced in April 2016 because the Council wanted more people to pay by Direct Debit as it was considered to be the most economical way of collecting income. It was also considered to be the most convenient payment method for people, and the Council felt that offering a discount at that time would incentivise take up.
4. A consultation in 2019/20 had sought views on how to increase the take up of Direct Debit as a means of payment. Some respondents suggested that increased publicity about Direct Debits would be useful, other respondents expressed reluctance to use this method of payment citing concerns about fraud or the use of Direct Debits generally.
5. Since the original consultation, and following further consideration of the use of Direct Debits, the Council now proposes to remove the Direct Debit discount. The scheme has proved costly to administer as it currently requires manual adjustments in the Council's systems in order to apply the discount. Direct Debits have also had a low take up rate of about two per cent of service users. Further, no other service in the Council offers this discount and our information

indicates that other local authorities that collect contributions for social care do not offer discounts.

6. There are currently 99 service users paying their client contributions by Direct Debit, with an average discount amount of £2.68 per week.
7. In total removal of this scheme will save the council £11k per annum, but significantly more in officer time, as it requires manual calculations and changes in multiple systems.
8. It should be noted that since the report signed off by the Cabinet Member for Social Support and Homelessness in November 2020 and the subsequent consultation there has been a reduction in the number service users with active direct debits from 115 to 99.
9. This is for a number of reasons including service users moving into residential care which does not qualify for the discount, some ceasing to pay via direct debit, and some service users no longer receiving care.
10. As the number of people who benefit from the scheme has reduced, the financial modelling has been updated and this is reflected in the updated analysis. As referenced above, the driver for this change is primarily the administrative costs to the service, not the financial savings that will be generated.

KEY ISSUES FOR CONSIDERATION

11. Removing the Direct Debit discount will affect 99 service users in total. The average discount for these service-users is £2.68 per week. Service users who stand to have the Direct Debit discount removed, have had a financial assessment completed in accordance with government guidance that provides that charges must not reduce income below a specified amount. This means that the removal of the discount will not leave service users in hardship.
12. No other service in the Council offers this discount and officers were unable to identify other councils that offered a discount. It is officers' view that an incentive of this kind is no-longer required to encourage future take up of Direct Debits nor effective to achieve efficiency savings for the Council. Direct Debits are now an established payment mechanism and the Council is implementing some of the suggestions proposed in the original consultation to improve the efficiency of Direct Debits and improve the customer experience.
13. The Council has written to all service users who use the Direct Debit Discount Scheme about the proposed change, and made follow-up calls to service-users, who currently receive a discount. 40 service users and their financial representatives were spoken to on the telephone. The majority of those who officers spoke with understood the rationale for the change and agreed with the proposal. 25 respondents explicitly supported the proposal, 11 were against it, with four people undecided.

14. The consultation has also been open to residents via the Council's Consultation Hub. This consultation was open for a period of 12 weeks from the 20 November 2020 to 12 February 2021 and received three submissions. Those responding felt that there should be a range of payment options available to service users and that these should be equally incentivised.
15. A number of community organisations in the borough were also contacted, although no submissions have been received.
16. On the basis of the above it is proposed that the Direct Debit Discount Scheme is removed from the Fairer Contributions Policy from the beginning of the new financial year.

Policy implications

17. The Direct Debit Discount Scheme will be removed from the Council's Fairer Contributions Policy that was agreed April 2020.
18. The proposed changes are consistent with the requirements of the Care Act and the supporting secondary legislation and guidance issued by the Department of Health and Social Care.

Community impact statement

19. Removing the Direct Debit discount will impact on 99 current service users and on future adult social care service users.
20. An equalities impact analysis was conducted to understand the impact of the proposed change.
21. The overall outcome of this analysis was that the measures proposed do not significantly disproportionality effect those with protected characteristics and the effects are broadly in line with the wider Adult Social Care demographics.
22. There were two exceptions to this with those identifying as women and white British over represented as those currently with active direct debits.
23. The full findings are included in Appendix 2 of this report.

Resource implications

24. The Direct Debit Discount Scheme currently costs the council £11k per year in reduced charging income with additional costs in terms of staff time making additional manual calculations and adjustments to systems and reporting.
25. Feedback from the previous consultations, and from other local authorities who do not offer a discounts, suggests that removing the Direct Debit Discount Scheme will not offer a disincentive for people to set up Direct Debit agreements with the Adult Social Care.

26. The main barriers to take up identified were the lack of information available on payment channels and the ineffective direct payment system requiring manual adjustments and reconciliation.
27. When asked what would increase take up of Direct Debits, ease of use and greater flexibility were cited as priorities by those responding and in day to day feedback from service users and their families.
28. Work has been carried out by the Council to introduce an ability to automate Direct Debits based on the services received and to set Direct Debits up over the phone. This will include an ability to complete them online at a later stage.
29. This means that, going forward, the Council will be able to prioritise proactive communication with customers about the benefits of paying by Direct Debit rather than manual processing of payments and adjustments.

Legal implications

30. A legal concurrent has been provided by the Director of Law and Governance.

Financial implications

31. The Direct Debit discount in the Fairer Contributions policy costs £11k in reduced income per annum. Making this change would therefore increase income to the Council.

Consultation

32. A consultation was open on the Council's Consultation Hub for a twelve week period from the 20 November 2020 until the 12 February 2021. Service-users who currently receive the Direct Debit Discount Scheme were written to explain the proposal and to ask for their views. A draft letter and information sheet were approved by the Cabinet Member for Cabinet Member for Social Support and Homelessness on the 3 November 2020. A copy of these documents is included within Appendix 3.
33. The consultation materials were also sent to community organisations in the borough who were engaged with the last consultation about the charging policy, in addition to some communication materials about the Councils approach to charging for adult social care.
34. The consultation has run for three months to enable all those who want to participate to provide their feedback. There has been minimal response. The council have not received any telephone calls, written submissions to the letters that were sent out or submissions from community organisations that were contacted.
35. To ensure that people's views were taken into consideration, the council called those who letters had been sent to clarify that the implications of the letters sent had been understood.

36. A full report on the consultation is included in Appendix 1.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

37. None

Director of Law and Governance

38. This report asks the Cabinet member for Social Support and Homelessness to consider the outcome of the consultation on a proposed change to the Adult Social Care Fairer Contributions Policy (namely the removal of the direct debit discount) and to make a decision concerning the future of the direct debit discount scheme.

39. The background to this report is the decision taken by Cabinet on 7.4.20 to approve revisions to the Adult Social Care Fairer Contributions Policy and by the Leader of the Council to delegate the final decision on the future of the direct debit discount scheme to the Cabinet Member for Children, Schools and Adult Social Care following a consultation process.

Legislative Framework

40. Section 14 of the Care Act 2014 permits a local authority to make reasonable charges for social care services. The power to charge is subject to regulations and statutory guidance that requires local authorities to assess what a person can afford to contribute towards their care costs. The guidance also affords local authorities some flexibility to develop their own policies in relation to charging for services provided outside of a care home by choosing whether to disregard additional sources of income, set maximum charges or to charge a person a maximum percentage of their disposable income. The current policy includes provision for a 5% discount to be applied where charges are paid by direct debit.

Consultation

41. For effective consultation to take place there are 6 requirements:

- Consultation must be conducted when the proposals are at a formative stage
- The decision maker must give sufficient reasons for its proposals to permit intelligent consideration and response
- Adequate time must be given for consideration and response
- The products of consultation must be conscientiously taken into account before making the relevant decision
- Where, as here, a consultation is aimed at the general public it should explain its proposals in more detail than if it were aimed at a professional audience with relevant knowledge of the issues involved

- The authority will be held to a higher standard of fairness where the proposal will take away a benefit or advantage which people already enjoy.
42. The authority should heed the Supreme Court's warning that public bodies have a more stringent duty of fairness in cases where what is proposed is the removal of a benefit or advantage.
 43. The report outlines at paragraphs 29-33 the means by which the council carried out the consultation on this proposal. The key outcomes of the consultation are recorded in the report with the detailed results of the consultation set out in Appendix 1 for consideration prior to making any decision on the policy. The report records that the consultation lasted for twelve weeks starting on 20 November 2020 and closing on 12 February 2021. Guidance indicates that a 12 week consultation period is generally good practice.

Equalities Duties

44. Finally in making the decision due regard must be given to the equalities duties as set out in the Equalities Act 2010 and specifically the need to;
45. Eliminate discrimination, harassment, victimisation or other prohibited conduct.
46. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not. The protected characteristics covered by the equality duty are age, disability, gender reassignment, pregnancy and maternity, race, religion, sex and sexual orientation. The duty also includes marriage and civil partnerships in respect of eliminating unlawful discrimination.
47. Foster good relations between those who share a relevant characteristic and those who do not.
48. The report includes a community impact statement and records that it has conducted a detailed Equality Impact Analysis of the proposal. The key points from this analysis are included in the report at paragraphs 16 – 19. The full analysis is appended to this report at Appendix 2 and the decision maker is advised to read this document in full before taking the decision.

Strategic Director of Finance and Governance (54EN2021)

49. The Strategic Director of Finance notes the recommendations of the report to remove the Direct Debit Discount Scheme and its financial ramifications as detailed in the finance implications paragraph.

Other officers

50. None

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Adult Social Care Fairer Contributions Policy http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?id=7049	Children's and Adults' Services	Simon Rowley, Client Finance Team Manager, 020 7525 0806

APPENDICES

No.	Title
Appendix 1	Consultation report
Appendix 2	Equality analysis
Appendix 3	Consultation materials

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director for Children’s and Adults’ Services		
Report Author/s	Alex Irvine, Service Development Manager, Service Development – Personal Budgets and Client Finance		
Version	Final		
Dated	15 March 2021		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Director of Law and Governance	Yes	Yes	
Strategic Director of Finance and Governance	Yes	Yes	
Cabinet Member	Yes	No	
Date final report sent to Constitutional Team		18 March 2021	