

<b>Mrs Jupp, Cabinet Member for Adults and Health</b>	<b>Ref No:AH10 18-19</b>
<b>Date 18 December 2018</b>	<b>Key Decision: Yes</b>
<b>Minimum Income Guarantee for Working Age Adults</b>	<b>Part I</b>
<b>Report by Executive Director Children, Adults, Families, Health and Education and Interim Director of Adults' Services</b>	<b>Electoral Division(s): All</b>

### **Summary**

The Care Act 2014 requires local authorities, for people receiving publicly arranged care and support, that they have sufficient money to cover day-to-day living costs. Up until now, the County Council has set its level above the statutory minimum set by the government; this was to reflect the view that these customers were more likely to require more money to meet their social needs on top of their day to day living costs. In view of the financial situation facing the County Council this concession can no longer be afforded and so the proposal is to reduce the Minimum Income Guarantee for those of working age in line with the statutory minimum.

### **West Sussex Plan: Policy Impact and Context**

A council that works for the community. The change will make arrangements for assessing customer contributions equitably between different client groups, generating additional income that will help the County Council manage the financial challenges that it is facing.

### **Financial Impact**

This proposal will result in working age adults contributing in the region of an additional £0.4m per year towards the cost of their social care. Some of this will accrue to the Clinical Commissioning Groups in West Sussex because it will impact upon pooled budgets. The benefit for the County Council will be in the region of £0.3m per year.

### **Recommendations**

The Cabinet Member for Adults and Health is recommended to approve the Minimum Income Guarantee for those working age adults who require a financial assessment of customer contributions who are receiving County Council arranged care and support other than in a care home, be based on the statutory amounts with effect from 8th April 2019.

## **PROPOSAL**

## **1. Background and Context**

Under the Care Act 2014 people who receive local authority-arranged care and support are required to pay a means-tested contribution towards the cost of that care. This is determined by a financial assessment. For customers who do not live in a residential care home, the County Council is obliged to ensure, as part of the process of calculating the contribution to their care costs, that individuals have an amount of money sufficient to cover day-to-day living costs. This amount is known as the Minimum Income Guarantee (MIG). Charges cannot reduce people's income below that figure, though local authorities can allow people to keep more of their income if they wish. Historically the County Council has applied MIG at the statutory minimum for older people, but has allowed a more generous level for adults of working age.

## **2. Proposal Details**

The County Council's application of MIG could be seen as inequitable in that a concession is made for customers of working age but not for older people. While this was possible to justify in the past, the nature of the financial challenge facing the County Council makes its continuation much harder to support. Consequently it is proposed to end this concession with effect from 8th April 2019 by bringing the MIG allowance for working age customers receiving County Council arranged care and support other than in a care home in line with the statutory minimum. This will result in those who are assessed making a contribution towards the cost of their care paying more.

The precise effect of this will depend on a number of factors, including the level of the MIG which Government sets for 2019/20. This is likely to be announced early in 2019. It is expected that the result will be an increase for a single person of around £5 per week and £8 for the very small number of customers who have a couple's financial assessment.

The overall approach described in this report has been discussed and agreed by the West Sussex Leaders' Board as part of a wider discussion on strategic budget options.

Following the Cabinet Members decision, all customers who are in receipt of care and of working age will be informed of the decision. It is anticipated this letter will be issued in early January 2019.

## **FACTORS TAKEN INTO ACCOUNT**

### **3. Consultation**

- 3.1 Consultation on the proposal has taken place between 1st October and 3rd of December 2018.
- 3.2 The County Council consulted with customers who would be potentially impacted by this decision, Customer and Voluntary groups representing the cohort of customers potentially impacted, as well as seeking views from the wider community. The result of the consultation is contained within the appendices.

- 3.3 This decision report was discussed at the Health and Social Care Select Committee (HASC) on 12 December 2018. Following its debate the HASC agreed to welcome the Cabinet Member for Adults and Health's assurance that the financial assessment service is being reviewed to consider the process improvements required to improve the customer services experience, including the comments received throughout the consultation and that work will continue with local businesses, as referred to by the Chairman, to improve job opportunities for working age adults with learning disabilities, and asked that if the proposal is to be taken forward that the Cabinet Member for Adults and Health considers a transition period for existing claimants and continues to lobby government regarding future funding for adult social care.
- 3.4 A transition period and potential criteria which could be applied has been considered. The model considered was;
- The new proposed MIG rates to only be applied to new customers of working age as from 8 April 2019.

In consideration of the above points then the request for a transition period has been considered but rejected. The reasons for this are;

- a) The amount that people contribute towards the cost of their care is means tested and based on the individuals ability to pay and therefore any increase will be on case by case basis, for example, people who are assessed as not being able to afford a contribution will not be required to pay anything at all. It is acknowledged that some people will need to pay more and the exact amount for each individual is unknown at this time.
- b) Contributions or charges for care cannot reduce people's income below the MIG figure.
- c) The transition proposal would lead to inequitable treatment both between those of working age, as current customers would have a concession not available to new customers and older people.
- d) The cost of administering a transition has not been considered in detail but the administration of the scheme would be a manual process.

As context the County Council has worked over many years to protect Adult Social Care Services budgets; in 2018/19 the budgeted net expenditure for those of working age with a disability i.e. learning, physical and sensory and mental health issues, is £97m. This accounts for just over half of the Adults Social Care budget. The budget is protected but in a time of financial austerity and a growing demand for services then the discretionary elements i.e. those local decisions which are over and above the statutory offer need to be reviewed, which is why the proposal was made.

## **4. Financial (revenue and capital) and Resource Implications**

### **4.1 *Revenue consequences of proposal***

Assessment of financial contributions will remain means-tested and any customer whose income is below the level of the MIG will not be required to pay a contribution towards their care costs. The County Council has around 2300 customers of working age, but the composition of that group is not static. Consequently a completely precise budget impact cannot be stated at this time, since this will depend on multiple factors:

- Customer means
- The number of customers
- Disregards that are agreed for approved household expenses, Disability Related Expenditure and Enhanced Disability Premium.
- The statutory minimum published by Government for 2019/20

In addition it is important to note that within Learning Disabilities and Working Age Mental Health part of the benefit will accrue to the local Clinical Commissioning Groups because of the impact on pooled budgets.

Consequently it is important that the overriding reason for this decision is seen as establishing a principle with respect to the application of MIG for working age adults. While it follows that the additional income which will be generated will only become apparent in time, the likelihood is that this will be its effect, based on the customer cohort as it has existed.

	Current Year 2018/19 £m	Year 2 2019/20 £m	Year 3 2020/21 £m	Year 4 2021/22 £m
Revenue budget	N/A	4.3	4.3	4.3
Change from Proposal	N/A	0.4 of which 0.1 would arise for the CCGs	0.4 of which 0.1 would arise for the CCGs	0.4 of which 0.1 would arise for the CCGs
Remaining budget	N/A	3.9	3.9	3.9

#### 4.2 *The effect of the proposal*

Although the position is subject to inherent variability, around 1700 working age customers are potentially estimated to be affected. For those who are single, the outcome could be that they are charged around an additional £250 per year towards their care costs and £400 for those who have a couple's financial assessment.

#### 4.3 *Future transformation, savings/efficiencies being delivered*

An ongoing £0.3m saving is assumed will be achieved for the County Council.

#### 4.4 *Human Resources, IT and Assets Impact*

There will be no impact in these areas.

## 5. **Legal Implications**

The **Care Act 2014** states:

Because a person who receives care and support outside a care home will need to pay their daily living costs such as rent, food and utilities, the charging rules must ensure they have enough money to meet these costs. After charging, a person must be left with the minimum income guarantee (MIG), equivalent to Income Support plus a buffer of 25%.

Local authorities should consult people with care and support needs when deciding how to exercise this discretion. In doing this, local authorities should consider how to protect a person's income. The government considers that it is inconsistent with promoting independent living to assume, without further consideration, that all of a person's income above basic levels of Income Support or the Guarantee Credit element of Pension Credit plus 25% is available to be taken in charges.

Local authorities should therefore consider whether it is appropriate to set a maximum percentage of disposable income (over and above the guaranteed minimum income) which may be taken into account in charges.

The proposals are consistent with that requirement.

The MIG allowance figures or allowances are provided as part of an annual notification issued by central government as to the amount of the MIG. The reason this information is provided to ensure the statutory offer is clearly identified for all customers and identifies the amounts allowed for both those under and over 65 years of age.

## **6. Risk Assessment Implications and Mitigations**

The key risk identified was around the quality of the consultation and the effectiveness of the engagement with stakeholders. There has been a good response to the consultation and therefore this risk has been mitigated; the response to the consultation is contained within the appendices.

## **7. Other Options Considered (and Reasons for not proposing)**

At this stage no other options are being considered.

## **8. Equality and Human Rights Assessment**

The Equality Act requires the Council to promote equality and to eliminate discrimination, paying particular regard to the need for equality of opportunity for those that share a protected characteristic and those who do not.

The proposal will align the local discretionary decision between those of working age and those over 65 years old. However it is recognised the annual MIG allowances are more generous to those over the age of 65 years, than those of working age. This is because the MIG is one element of the totality of regulations which affect those of working age.

An Impact Appraisal is contained in the attached appendices.

**9. Social Value and Sustainability Assessment**

None.

**10. Crime and Disorder Reduction Assessment**

None.

**Contact Officer:** Deborah Robinson, Lead Adults Service Improvement.

**Appendices:** This report is accompanied by

- The Equality Impact assessment (appendix one)
- The consultation feedback , including an overview and detailed analysis (appendix two and three)

**Background papers:** None