

Adults and communities directorate**Care and support charging arrangements for 2021/22****15 January 2021****Update report for adults and wellbeing scrutiny committee**

1. Background

A recent high court judgement regarding the treatment of benefit income in social care charging policies and its potential impact on severely disabled people, the proposed saving of £330K presented at the 13th January adults and wellbeing scrutiny committee is at risk and the proposed charging policy changes and consultation on them are being put on hold. We are presenting some alternative proposals to replace this saving target below.

A new £312k savings can be achieved by applying a 2.5% increase to state retirement income and review of occupational/private pension income from April 2021.

There is potential for a further £8K savings through conducting reviews of all nil charge payers and disability related expenses to identify changes in circumstances.

A further review of charging policy for 2021/22 will be undertaken when the Department for Health and Social Care (DHSC) position on the high court judgement is known.

It should be noted that these savings proposals are based on the assumption that the Minimum Income Guarantee (MIG) and Personal Expenses Allowance (PEA) rates set by the DHSC will remain frozen in 2021/22.

2. Proposals

Revised proposals in the light of the above are presented below along with an analysis of likely impact.

It is recommended that the revised savings proposals relating to client charges are prioritised to minimise impact on the sustainability of care providers. Care providers have been particularly challenged due to Covid 19 including staffing consistency, costs to deliver the service and cashflow. Many care providers would have become unsustainable without the support measures provided.

3. New Savings Proposal: Income generation: Annual uplift of pension income to financial assessment means-test for 2021/22 resulting in an estimated income generation of £312K

The annual uplift of benefit/pension income and allowances for social care charging was put on hold last year for all people receiving care and support in their own homes. This was due to uncertainty of client income at the time resulting from a range of financial support measures to individuals affected by Covid19, such as increased welfare benefits and reduced council tax, both of which are factors in the means-test applied to social care charging.

Initial budget setting for Adult Social Care in 2021/22 didn't include any additional income resulting from inflationary increases to benefit/pension income as there was uncertainty about whether the minimum income guarantee (MIG) and personal expenses allowance (PEA) would be increased by DHSC in line with inflation in 2021/22, therefore the only savings identified related to the inflationary income uplift that was put on hold in 2020/21.

Whilst it is not known at this stage whether the DHSC will increase the MIG and PEA in line with inflationary increases to income in 2021/22, there is a likelihood that these allowances will remain frozen as they have done so for a number of years, therefore these savings have been included but with the risk that should the MIG and PEA allowances increase the savings identified will not be achieved.

Under this proposal social care charges for people in receipt of state pension would increase on average by £3.95 per week. This will affect people receiving state pension and getting care in the community and those living long term in care homes.

For those receiving occupational pensions the average charge would increase by a further £1.40 per week.

It is difficult to quantify the exact effect on income generation for 2021/22 as a number of factors such as rent/council tax increases and mortgage payments form part of the financial assessment means-test.

4. New Savings Proposal: Income generation: Review nil charge payers and disability related/ household expenses to financial assessment means-test for 2021/22. Anticipated income generation: £8K

All nil charge payers, and people who have disability/household expenses will have a financial assessment review to identify changes in circumstances and therefore charges. It is difficult to identify the increased charge to individuals until the review of financial assessments is completed. The exact effect on income generation for 2021/22 will be dependent upon a number of factors such as rent/council tax increases and mortgage payments which form part of the financial assessment means-test.