

# **Care Contributions Scrutiny Review Report**

**Health and Social Care Scrutiny  
Commission**

**April 2023**

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- Cost of living crisis, care contributions and the cumulative impact on disabled people and their carers
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## **Summary of recommendations**

### **Recommendation one**

Raise the Minimum Income Guarantee increase the government mandated buffer of 25% with an additional local buffer of 25% to a total of 50%?and provide an impact assessment to understand cost to the council and benefit to disabled people and carers.

### **Recommendation two**

Provide better information, advice and support to enable disabled people and carers to understand care contributions generally, and their right to have adequate Disability Related Expenditure taken into account in financial assessments.

### **Recommendation three**

Take steps to reduce the adverse impact of care contributions on the incomes of people reaching pension age, both disabled people and their carers. In particular take action to mitigate the steep increases that can be incurred once a) a disabled person reaches pension age and their employment related pension becomes assessed b) carers facing reductions in income as they reach pension age and lose Care Allowances and income from paid work.

### **Recommendation four**

Cabinet revisit the Fairer Contributions Policy Cabinet agreed in 2015, and revised in 2020.

## Introduction

Disabled people are eligible for a personal budget from their local authority, which they use to pay for care and support appropriate to their needs. However, clients are also asked to contribute financially towards this. 'Fairer contribution' is the Council's framework for assessing what people should contribute towards the cost of their care, taking into account all their income and assets, as well as any expenses they have linked to their disabilities. Contributions are means-tested and based on income (including benefits but not employment).

Local Authorities provide and fund social care services under Section 9 of the Care Act 2014. This legislation also provides Local Authorities with a duty to complete an assessment of an adult's needs for care and support and a power to make a charge. Councils do however have the scope to vary charges, and the Act specifies that people will only be asked to pay what they can afford.

Southwark Council adopted the Fairer Contributions Policy in 2015, which outlines the way the Council financially assess recipients of social care services and ensure this is affordable. In March 2020 cabinet amended the Adult Social Care Fairer Contributions Policy and this revised approach was implemented in April 2021.

The Commission heard there was considerable consultation prior to both policies being adopted, however the impact of the cost of living crisis has happened following the last major change. Disabled people and older carers have been particularly hard hit by increases to energy and food costs, and the squeeze on incomes.

Officers told the Commission that the number of people requiring support to manage their social care needs is increasing year on year. Whilst unpaid carers continue to provide support across the country, the financial cost for Local Authorities to meet the social care needs of their residents continues to increase.

The Council spends close to £130m on Adult Social Care, while the projected income from charging for services is £8m.

The Commission decided to hold a one off session to investigate care contributions following a meeting hosted by Bede House bringing together councillors and carers of people supported at the Bede Centre. At the meeting, many carers and service users raised their concerns about the impact that the care contribution charges were having on them and the people they care for.

## Contributors to the review

The Commission received the following evidence at the meeting held on 2 February:

- Bede House provided a briefing on care charges for councillors and a report of a meeting hosted on 20 October 2022. This was an afternoon for clients with learning disabilities and their carers to meet local councillors. 11 relatives or carers and 5 Bede clients met with 3 local councillors and the London Assembly member for Lambeth and Southwark.

- Two carers received moral support from Mencap to tell their stories to the Commission. Alan Burnham presented to the meeting. He is the brother of a client that has attended Bede House for some years. Mary Kumar provided a written statement. She is full-time carer for her adult daughter, who also attends Bede House.
- Pauline O'Hare, Director Adult Social Care, provided a briefings and presented.
- Southwark Disablement Association – David Stock, CEO provided a briefing and presented.

## **Cost of living crisis, care contributions and the cumulative impact on disabled people and their carers**

People receiving local authority-arranged care and support other than in a care home need to retain a certain level of income to cover their living costs. Under the Care Act 2014, charges must not reduce people's income below a certain amount, but local authorities can allow people to keep more of their income if they wish. This is a weekly amount and is known as the Minimum Income Guarantee (MIG)<sup>1</sup>.

The government raises the MIG annually to reflect inflation, however Bede House highlighted recent increases have been below the actual inflation rate. The MIG increased by 3% this year, but this is much lower than the current rate of inflation, which is at 9.9%.

The Commission heard that the cost of living crisis is impacting disabled people particularly hard, as a higher proportion of their living costs will go on basics such as energy and food. These have seen the largest inflationary rises.

This is backed up by documents produced by the Council to support the budget process and ensure that people living with disadvantage are not unfairly impacted by future changes to the allocation of resources<sup>2</sup>. A Public Health document looking at the impact of the cost of living crisis on disabled people found that:

- Deaf and disabled Londoners were twice as likely as the average Londoner to be going without essentials (16% v 8%).

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<sup>1</sup> <https://www.gov.uk/government/publications/social-care-charging-for-local-authorities-2023-to-2024/social-care-charging-for-care-and-support-loc>

<sup>2</sup> Cost of Living Crisis: Impacts across protected characteristics. Public Health Division Children & Adults Department January 2022, Page 7 Disabled people.

- Among Southwark respondents to the 2019 Survey for London, fuel poverty was higher than average for people with disabilities, indicating that they are at greater risk of fuel poverty during the cost of living crisis.
- Between July and August 2022, Citizens Advice Southwark saw an increase in the proportion of their clients who had long-term health conditions from 25% to 40%.
- Previous financial crises have had disproportionate negative impacts on people with mental health conditions. Nationally, 44% of adults with mental health problems who fell behind on bills either considered or attempted suicide during COVID-19.
- Money worries can lead to people feeling lonely or isolated. Amongst Southwark respondents to the 2019 Survey for London, just over 1 in 4 people reporting a long-term mental health condition also said that they felt lonely often, compared to 1 in 11 Southwark respondents overall. (2)

Although care contribution assessments are for individuals, many disabled people live in families where income is pooled and any care contributions come out of a shared household budget. The Commission heard that the cost of living is placing a general strain on household budgets, which mean that the care contributions cannot be absorbed without carers cutting back on essentials.

Officers told the commission that the MIG figure is reviewed at least annually to ensure that any adjustments to the sum are reflected in our charging practices. The Council currently increases the MIG amount by 25%<sup>3</sup>. The CEO of Southwark Disablement Association highlighted that the 25% uplift to the MIG was decided prior to the more recent cost of living increase and proposed the MIG is increased by 50%, which the Commission agree with.

### **Recommendation one**

Raise the Minimum Income Guarantee increase the government mandated buffer of 25% with an additional local buffer of 25% to a total of 50%?and provide an impact assessment to understand cost to the council and benefit to disabled people and carers..

## **Financial assessments and Disability Related Expenditure (DRE)**

The carers who gave evidence all stressed the additional cost that disabled people incur because of their conditions. For example people with learning difficulties often require food that is easy to prepare; there may be extra energy costs associated with electrical equipment to charge scooters; or keep warm; or to undertake more laundry

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<sup>3</sup> This needs a reference – request sent to Director of Adult Social Care

because of incontinence. Officers told the commission that Disability Related Expenditure (DRE) ought to be deducted during the assessment process to ensure that each person has the Minimum Income Guarantee.

The carers who gave evidence did not think these expenses had been taken into account. Members who attended the Bede House event also heard from families where DRE did not seem to have been factored into the assessment. Many of the complaints from Bede House clients and carers centred on the assessment process. The Bede House reported that people with learning disabilities, and their carers, did not understand how the care charges had been worked out and complained that the charging letters did not provide a clear breakdown.

The Commission asked officers, and undertook desktop research, to establish the information, advice and advocacy available to ensure disabled people and their carers could claim all the DRE that is due and obtain a fair assessment. The exercise did not provide adequate reassurance that this is sufficient - a leaflet did not provide much explanation of DRE, website links were broken, and the organisations providing advice were hard to find.

Concern was also raised by Bede House that DRE is being increasingly narrowed by local authorities and averages around £5 per week, which they said does not reflect the scale of additional costs that disabled people face.

Bede House clients and their carers also complained about a disjointed and confusing assessment process. Some were not aware that the forms they were asked to fill in were to undertake a financial assessment for charges, and complained about a lack of transparency. Other people said they were receiving notices for backdated payments to pay for charges that they did not know about, and there was concern they would fall into debt or face a visit from bailiffs.

This year the council's budget process set out an intention to increase the income raised through more efficient collection of contributions from service users towards the cost of their care, and notes that this could have a negative impact on some disabled service users<sup>4</sup>. This highlights the importance of minimising this risk and ensuring that service users and their families are assessed fairly, that their Disability Related Expenditure is fully accounted for, and families have a well-managed assessment process.

### **Recommendation two**

Provide better information, advice and support to enable disabled people and carers to understand care contributions generally, and their right to have adequate Disability Related Expenditure taken into account in financial assessments.

## **Pensioners and care charges**

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The Commission heard that increases in care contributions have adversely impacted pensioners in particular, both disabled pensioners and carers who are pensioners.

Disabled people's contribution to their care is means-tested and based on some but not all income; benefits are included but not income from employment. However pensions are assessed, including work based pensions. In some cases receiving a pension can tip people over an assessment threshold with £5 in extra income week leading to a significant increase in charges, per week. The Commission heard that when one disabled person reached state pension age he was required to pay over £470 in contributions, when previously none had been incurred. Such steep charges were very difficult to manage and the Commission recommended that steps are taken to mitigate these sharp increases.

Carers who were also pensioners were another cohort of concern. On reaching pension age some carers reported losing their Care Allowance (on receipt of the state pension), losing income from paid employment, alongside facing a reduced capacity to care and their own age related health needs. The cumulative impact of this was causing hardship. One family told the Commission that care contributions meant that they could not afford to adequately heat and light their home, which was impacting in their health and wellbeing.

### **Recommendation three**

Take steps to reduce the adverse impact of care charges on the incomes of people reaching pension age, both disabled people and their carers. In particular take action to mitigate the steep increases that can be incurred once a) a disabled person reaches pension age and their state and employment related pension becomes assessed b) carers facing reductions in income as they reach pension age and lose Care Allowances and income from paid work.

### **Conclusion**

The implementation of changes made to the "Adult Social Care Fairer Contributions Policy" in April 2021 may well explain why families of users of Bede House only started to get upset around this time. In addition the impact of the cost of living crisis could well be pushing families over the edge when they face steep, unexpected or unaffordable care contributions bills, because of a change in circumstances.

There is a risk that this situation could get worse, without measures to mitigate the impact of increased collection of care contributions, once the more efficient collection of contributions set out in the budget takes place.

Disabled people and their carers are raising significant concerns with the both process and in some cases real hardship at the amount of care contributions levied. Disabled people are one of the most disadvantaged groups in our community. Carers are often also pensioners who have given much of their lives to caring and deserve both an understanding of their increasing vulnerability as they age, and also a system that is as fair and well managed as possible, in recognition of the unpaid contribution carers are making to the community.



At the same time the Commission recognises that the Council is facing an increasing need for care provision, rising inflation and no extra resources. The Council therefore has to allocate resources judiciously, and protect those most in need.

The Commission believe that the recommendations outlined in the report will go some way to protecting those residents on some of the lowest incomes in Southwark. The Commission also recommend that the Fairer Contributions policy is more thoroughly reviewed.

**Recommendation four**

Cabinet revisit the Fairer Contributions Policy Cabinet agreed in 2015, and revised in 2020.