

## The Minimum Income Guarantee (MIG)

**Responsible Officer:** Andy Begley

e-mail: Andy.begley@shropshire.gov.uk

Tel: 01743 258911

### 1. Summary

- 1.1 The Minimum Income Guarantee (“MIG”) is the amount of money that a recipient of Adult Social Care services must be left with to pay for everyday living costs after they have contributed to the care they receive in a non-residential setting. From April 2015 the level of MIG has been determined by Government as an absolute figure (rather than a percentage). Councils are able to set their own MIG higher than the statutory minimum if they choose to do so but cannot go below it. The MIG affects the level of the non-residential care contribution levied by the Council, and therefore the level of income which the Council can receive.
- 1.2 People who receive care which is funded by the Council are supported through a financial assessment to see if they can afford to pay something towards the cost of their care. The Council makes sure that any charges to individuals are not more than they can afford and if a person’s income is very low they will not be charged anything for their care. This financial assessment process protects the people who are most financially vulnerable. The proposed changes to the MIG will therefore only affect people who have been assessed as being able to afford to pay towards their care.
- 1.3 Shropshire Council, like other local authorities, is facing a significant increase in the cost of adult social care due to increasing demand, demographic pressures and rising contract costs; the cost of adult social care purchasing expenditure is forecast to increase by an average of 8% per year over the next five years. In such circumstances it is inevitable that the Council must seek to maximise its income in a fair and transparent manner.
- 1.4 Since 2016 Shropshire Council has taken a different approach to the MIG for people of pensionable age compared to those of working age. The MIG for people of working age has always been set at the Government’s statutory level whereas the MIG for people of pensionable age was set higher. This means that people of pensionable age in Shropshire have been able to keep more of their income before being charged towards the cost of their care than other groups of people in the County. For example, in 2017/18 the Government’s rate of MIG for people of pensionable age was £189.00 per week. In Shropshire they were able to retain £194.50 per week which is 2.9% higher than the Government’s statutory level. No other cohort of people received any concession.

- 1.5 Shropshire Council's current approach differs from many other local authorities. In February 2018 respondents to a poll of the National Association of Financial Assessment officers confirmed that the majority of local authorities have adopted the Government's recommended MIG rates for all cohorts.
- 1.6 On 21<sup>st</sup> March 2018 Cabinet agreed to consult on two options for lowering the Minimum Income Guarantee for people of pensionable age in Shropshire. The results of the consultation and recommendations are set out in the following report.

## **2. Recommendations**

- 2.1 That the Council set the Minimum Income Guarantee for people of pensionable age in line with the Government's statutory Minimum Income Guarantee level in order for the Council to be seen as consistent in its approach to charging for care.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 Shropshire Council, like all other local authorities, is facing a significant increase in the cost of adult social care. Demographic change, the ageing population and increasing complexity and cost of care mean that the cost to Shropshire Council of commissioning adult social care is forecast to increase by £7m in 2018/19, and by an average of £8.3 million per year over the next 5 years. This represents an increase in adult social care purchasing expenditure of 8% per year.
- 3.2 The growth model for Adult Services has also demonstrated that the proportion of care costs that Shropshire Council is recovering from individuals for their care is reducing, as costs are increasing at a faster rate than income being recovered by the Council is increasing. Currently the council is charging inequitably across age demographics so any decision to increase care costs needs to take this imbalance into account.
- 3.3 Public consultation has taken place on 2 options as set out in the background information below; both options will result in people of pensionable age who are eligible to pay towards their care having less disposable income after paying their charges. However, all charges to individuals are based on a financial assessment to ensure individuals can afford to contribute to their care. If a person's income is very low (below the MIG) they are not charged anything for their care. This financial assessment process protects the people who are most financially vulnerable.
- 3.4 The consultation has evidenced a preference for the lower increase in charges represented by option 1 however the percentage of preference is not

significant and the Council need to consider this in the light of the inconsistency of the current charging practice across age groups and the significant issues facing the ASC budget as a whole.

- 3.5 There is a risk of challenge from individuals affected by increased charges for the cost of their care. The views of individuals affected by the proposals have been considered as part of this report and an Equalities and Social Inclusion Impact Assessment has been carried out. The ESIIA evidenced that the proposed changes, whether option 1 or option 2, are acknowledged to be likely to be considered to have a negative impact across the Protected Characteristic groupings, particularly the groupings for Age, Disability, and Social Inclusion, those who will enter this age group in the future; those with associated disabilities including seen and unseen disabilities; and those who are at risk of social inclusion such as low income households, households where members have caring responsibilities, and rural households for whom there are greater costs associated with accessing facilities and services. All other groupings are currently assessed to show a low negative impact.
- 3.6 There is a risk that the current inconsistency of charging practice across cohorts is maintained by choosing option 1. Consequently option 1 increases a risk of challenge from persons of working age that the council does not apply concessions equitably across all age groups.

#### **4. Financial Implications**

- 4.1 Both MIG options would assist in raising income for the Council, however Option 2 would have a greater positive budget impact.

- Option 1 would generate estimated additional income of £250,000 per annum for the Council.
- Option 2 would generate estimated additional income of £467,000 per annum for the Council.

£200,000 additional income in 2018/19 as a result of the MIG review has been assumed within the Council's 2018/19 revenue budget, as a result of the approval of the MIG review saving within the 10<sup>th</sup> January 2018 Financial Strategy. Therefore:

- Option 1 would deliver £50,000 savings per annum over and above the required saving as per the Financial Strategy.
- Option 2 would deliver £267,000 savings per annum over and above the required saving as per the Financial Strategy.

Changes to the MIG cannot be implemented retrospectively so a part year budget impact is expected in 2018/19. As only a part year effect of any additional MIG income approved would be realised within the year, Option 2 would ensure that the required £200,000 saving is met in year, as Option 1

would result in a saving less than £200,000 in 2018/19, for example £146,000 if implementation were to take place from 1<sup>st</sup> September.

## 5. Background

- 5.1 The consultation on the two options was launched on 30<sup>th</sup> May 2018 and closed on the 11<sup>th</sup> July 2018. The options for the consultation were as follows:

### **Option 1: Retain existing MIG for people of pensionable age and increase care contributions in line with benefits increases.**

Option 1 increases care contributions to the Council by increasing charges to individuals in line with the 2018/19 pension increase. A single older person receiving pension credit would receive a weekly increase of £7.15 in their income, and their contribution would increase by £6.39, leaving them with typically 76p additional income per week. One of a couple would receive £4.43 additional pension but would incur increased charges of £4.01, leaving them with typically 42p additional income per week. Therefore, if Shropshire Council's level of MIG were to remain the same as in 2017/12018, the financial consequence for service users over retirement age would be that their weekly increase in pension would be absorbed almost entirely by the increase in their contribution to their care and support. This option would mean that people of pensionable age in Shropshire are still able to keep more of their income than people of working age.

### **Option 2 – Decrease the MIG for people of pensionable age to the Governments statutory minimum therefore maximising care contributions.**

Under option 2, affected individuals will have an increase in their contribution that would see their actual income in 2018/2019 fall. This would be typically by £4.74 a week for a single person and £3.35 a week for one of a couple. This option will leave people who are charged for their care with less income than option one. This option would mean that the Council have a more equitable charging policy across all cohorts of people because the council have already implemented the statutory Government MIG for people of working age.

- 5.2 Consultation process and coverage. The consultation process included writing to all of the people who would be affected to directly canvass their views, the public consultation was also promoted through online resources, voluntary sector bodies, newspaper articles and a variety of other contact methods – (Please see appendix 1 for full details) Prior to any consultation going out the correspondence was vetted by service user groups for accessibility and understanding.

233 people returned the survey, this represents 12% of the people who were directly contacted. This percentage is considered to be an average level of

response to a survey of this nature. The majority of people who responded to the consultation have indicated that they read the background papers and are responding in an informed capacity. The results of the survey evidence responses from an expected spectrum of individuals and is reflective of the anticipated cohort impact analysis from the Impact Assessment.

- Age - 84% of respondents were of pensionable age - Due to the nature of the survey cohort (service users paying for support from ASC of a pensionable age) this is what we would expect and evidences that the consultation reached the right group of people.
- Working status - 84% of the people responding are retired, this is the working status profile is as we would expect and evidences that the consultation reached the right group of people.
- Relevance of cohort - 64% of respondents were people who use social care services the rest were representing of caring for people who use services. This is reflective of the survey cohort.
- Gender - The respondent gender balance is representative of the survey cohort (35% Male, 65% female)
- Marital status - 66% of respondents were single and 34% part of couple. Due to the nature of the survey cohort (service users paying for support from ASC of a pensionable age), we would expect to see more respondents living as single individuals, which is as seen in the respondent profile.
- Disability - 84% of respondents have a disability or health problem which has lasted, or is expected to last, at least 12 months. Due to the nature of the survey cohort (service users paying for support from ASC of a pensionable age) this is expected.
- Ethnic background - 97% White (British, Irish, Polish, Gypsy or Irish Traveller, Other White) the respondent ethnic background profile is representative of the overall Shropshire profile
- Geographical - The postcode map of all responses shows good coverage from across Shropshire and surrounding areas.

5.3 Results of consultation. The results of the consultation evidence that 57% of respondents preferred option 1 and 43% preferred option 2. In regards the impact of the proposals:

- 81% of individuals receiving care or their representatives stated that they would be affected by option 1 and 80% of individuals receiving care or their representatives would be affected by option 2.

- 70% of respondent's state that option 1 would be either manageable or would only affect them a little and 59% saying option 2 would be manageable or only affect them a little.
- 21% said that option 1 would affect them a lot or that they would need help and advice to manage and 31% said option 2 would affect them a lot or that they would need help and advice to manage.
- 8% of respondents said option 1 would prompt them to consider whether they continue to have support from ASC and 10 % said that option 2 would do so.

Comments on options were also invited:

- Alternatives to the options were suggested as follows: Increase council tax to raise income (3 people) / Make no additional charges (2 people)/ phase in changes (2 people) / Reduce inefficiencies to save money (3 people)
- Option 1 comments - 14 people stated that they can afford the increase, 5 said they cannot afford it, 11 people said they would have less money, 2 people commented this was a fairer option.
- Option 2 comments - 11 people said that they can afford the increase, 2 said that they cannot afford the increase and 22 people said they would have less money, 4 people commented that this was a fairer option.

Option 1 is the preferred option by 12% however there is only a 1% difference in regards which option will affect people. The majority of respondents said that both the Options put forward would negatively affect their finances which is expected with any increased charge.

## 6. Additional Information

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

- Personal Budgets Contributions Policy 2016-17
- Cabinet papers May 2016
- Cabinet papers March 2018
- ESSIA May 2018
- Consultation raw data and results July 2018
- Consultation papers, processes and Consultation promotions summary Jun/ July 2018

**Cabinet Member (Portfolio Holder)**

Cllr Lee Chapman, Portfolio Holder for Health and Social Care.

**Local Member**

All

**Appendices**

Appendix 1 – Consultation promotions summary

Appendix 2 - ESSIA