

## **Appendix D – Financial calculation examples and mitigations explored**

Section 14(7) of the Act provides that a local authority may not make a charge for services under section 14(1) of the Act if the adult or carer's income would, after deduction of the amount of the charge, fall below the amount specified in regulations. Regulations 6 and 7 of the Care and Support (Charging and Assessment of Resources) Regulations 2014 (“the Regulations”) specify the personal expenses allowance for residents or temporary residents provided with accommodation in a care home and the minimum income guaranteed amount for other adults and carers provided with care and support, or support. The personal expenses allowance is £28.24 for each week.

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/the Regulations, 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 minimum amount is a weekly amount and is known as the Minimum Income Guarantee.

For this financial year (2024 to 2025), the rates of the MIG are as follows where the adult concerned is:

- responsible for, and a member of, the same household as a child, the amount of £101.25 in respect of each child
- a single person and—
  - is aged 18 or older but less than 25, the amount of £87.65
  - is aged 25 or older but less than pension credit age, the amount of £110.60
  - has attained pension credit age, the amount of £228.70
  - is a lone parent aged 18 or over, the amount of £110.60
- is a member of a couple and—
  - one or both are aged 18 or over, the amount of £86.85
  - one or both have attained pension credit age, the amount of £174.60
- is a single person who is in receipt of, or the local authority considers would, if in receipt of income support, be in receipt of—
  - disability premium, the amount of the applicable premium is £48.80
  - enhanced disability premium, the amount of the applicable premium is £23.85
- is a member of a couple and one member of that couple is in receipt of, or the local authority considers would, if in receipt of income support, be in receipt of—
  - disability premium, the amount of the applicable premium is £34.80
  - enhanced disability premium, the amount of the applicable premium is £17.15

*The amounts reflect the applicable amounts for income support and an additional amount in respect of each child for whom the adult is responsible together with any applicable premiums. Footnote 1 to regulation 7 of the Regulations explained that a buffer of 25% has been added to each specified amount and the applicable premium. Applicable premiums include carer premiums and disability premiums that are either paid, or would be payable, under the Income Support Regulations.* The local authority can also include the listed premiums where it is satisfied that a person would be in receipt of the premium were they to be in receipt of income support.

**Example 1 – Luke** – is 31, single and lives with his parents, has no dependants and has severe autism.

Benefit & Purpose	Weekly Rate	MIG / Disregard	Luke's situation
UC standard allowance <i>[subsistence expenses]</i>	£90.80	£110.60 2014 Regs, reg. 7(2)(b)  (c.f. standard allowance + 25% = £113.50)	Luke retains in full  <i>(£90.80 per week disregarded within MIG, leaving £19.80 of £110.60)</i>
UC LCWRA allowance <i>[contribution to higher living costs due to disabilities, cannot supplement with income from work]</i>	£96.04	£92.45*	Luke retains most of LCWRA allowance within MIG disability premium disregard  *Disregard £72.65 of £96.04 and the £19.80 remaining from standard MIG Luke retains £92.45 from £96.04 LCWRA allowance  Thus <b>£3.59</b> of UC taken into account
<i>c.f. Income Support Disability premiums</i>	Disability premium: £42.50- 1987 Regs, sch 2, para 15  Enhanced disability premium: £20.85 - 1987 Regs, sch 2, para 15)  Total premiums: £63.35	Disability premium, disregard £48.80 2014 Regs, reg.7(5)(a)  Enhanced disability premium disregard £23.85 2014 Regs, reg 7(5)(b)  Total disregards: £72.65	

PIP Mobility element (higher rate) <i>[contribution to additional costs relating to disability, non-means tested]</i>	£75.75	Full disregard 2014 Regs: sch 1, para 8	Luke retains in full  Luke has chosen to use this to fund Motability vehicle to meet transport needs
PIP Daily living element <i>[contribution to additional costs relating to disability, non-means tested]</i>	£108.55	Disregard of DRE 2014 Regs: sch 1, para 4	Luke has DRE disregard of £17.00  <b>£91.55</b> of PIP daily living award remaining to pay for care and support services provided by Council to meet needs arising out of disability

From Luke's total income of £371.14 per week, the Council takes into account for charging £95.14 (£3.59 of UC LCWRA + £91.55 of PIP)

Luke pays 25.63% of his income to the Council in charges.

**Example 2 - Paula** – is 45, single and lives alone with no dependents and has a terminal illness.

<p>UC standard allowance <i>[subsistence expenses]</i></p>	<p>£90.80</p>	<p>£110.60 2014 Regs, reg. 7(2)(b)  (c.f. standard allowance + 25% = £113.50)</p>	<p>Paula retains in full  <i>(£90.80 per week disregarded within MIG, leaving £19.80 of £110.60)</i></p>
<p>UC LCWRA allowance <i>[contribution to higher living costs due to disabilities, cannot supplement with income from work]</i></p>	<p>£96.04</p>	<p>£92.45*</p>	<p>Paula retains most of LCWRA allowance within MIG disability premium disregard  *Disregard £72.65 of £96.04 <u>and</u> the £19.80 remaining from standard MIG Paula retains £92.45 from £96.04 LCWRA allowance  Thus <b>£3.59</b> of UC taken into account</p>
<p><i>c.f. Income Support Disability premiums</i></p>	<p>Disability premium: £42.50- 1987 Regs, sch 2, para 15  Enhanced disability premium: £20.85 - 1987 Regs, sch 2, para 15)</p>	<p>Disability premium, disregard £48.80 2014 Regs, reg.7(5)(a)  Enhanced disability premium disregard £23.85 2014 Regs, reg 7(5)(b)</p>	

	Total premiums: £63.35	Total disregards: £72.65	
PIP Mobility element (higher rate) <i>[contribution to additional costs relating to disability, non-means tested]</i>	£75.75	Full disregard 2014 Regs: sch 1, para 8	Paula retains in full  Paula has chosen to use this to fund Motability vehicle to meet transport needs
PIP Daily living element <i>[contribution to additional costs relating to disability, non-means tested]</i>	£108.55	Disregard of DRE 2014 Regs: sch 1, para 4	Paula has a DRE disregard of £65.00  <b>£43.55</b> of PIP daily living award remaining to pay for care and support services provided by Council to meet needs arising out of disability

From Paula's total income of £371.14 per week, the Council takes into account for charging £47.14 (£3.59 of UC LCWRA + £43.55 of PIP)

Paula pays 12.7% of her income to the Council in charges.

**Example 3 - Daniel** – is 19, lives with his parents has no dependents and has severe cerebral palsy.

Benefit & Purpose	Weekly Rate	MIG / Disregard	Daniel's situation
UC standard allowance <i>[subsistence expenses]</i>	£71.93	£87.65 2014 Regs, reg. 7(2)(b)  (c.f. standard allowance + 25% = £89.91)	Daniel retains in full  <i>(£71.93 per week disregarded within MIG, leaving £15.72 of £87.65)</i>
UC LCWRA allowance <i>[contribution to higher living costs due to disabilities, cannot supplement with income from work]</i>   <i>c.f. Income Support Disability premiums</i>	£96.04           Disability premium: £42.50- 1987 Regs, sch 2, para 15   Enhanced disability premium: £20.85 - 1987 Regs, sch 2, para 15)	£88.37*           Disability premium, disregard £48.80 2014 Regs, reg.7(5)(a)   Enhanced disability premium disregard £23.85 2014 Regs, reg 7(5)(b)   Total disregards:	Daniel retains most of LCWRA allowance within MIG disability premium disregard           *Disregard £72.65 of £96.04 <u>and</u> the £15.72 remaining from standard MIG Daniel retains £88.37 from £96.04 LCWRA allowance   Thus <b>£7.67</b> of UC taken into account

	Total premiums: £63.35	£72.65	
PIP Mobility element (higher rate) <i>[contribution to additional costs relating to disability, non-means tested]</i>	£75.75	Full disregard 2014 Regs: sch 1, para 8	Daniel retains in full
PIP Daily living element <i>[contribution to additional costs relating to disability, non-means tested]</i>	£108.55	Disregard of DRE 2014 Regs: sch 1, para 4	Daniel has DRE disregard of £17.00  <b>£91.55</b> of PIP daily living award remaining to pay for care and support services provided by Council to meet needs arising out of disability

From Daniel's total income of £352.27 per week, the Council takes into account for charging £99.22 (£7.67 of UC LCWRA + £91.55 of PIP)

Daniel pays 28.16% of his income to the Council in charges.





	Regs, sch 2, para 15)  Total premiums: £63.35	Total disregards: £72.65	
PIP Mobility element (higher rate) <i>[contribution to additional costs relating to disability, non-means tested]</i>	£75.75	Full disregard 2014 Regs: sch 1, para 8	Poppy retains in full
PIP Daily living element <i>[contribution to additional costs relating to disability, non-means tested]</i>	£108.55	Disregard of DRE 2014 Regs: sch 1, para 4	Poppy has DRE disregard of £58.00  <b>£50.55</b> of PIP daily living award remaining to pay for care and support services provided by Council to meet needs arising out of disability

From Poppy's total income of £352.27 per week, the Council takes into account for charging £58.22 (£7.67 of UC LCWRA + £50.55 of PIP)

Poppy pays 16.53% of her income to the Council in charges.

**Example 5 – Christopher** – is 24, single and lives alone and has a moderate Learning Disability.

Benefit & Purpose	Weekly Rate	MIG / Disregard	Christopher's situation
UC standard allowance <i>[subsistence expenses]</i>	£71.93	£87.65 2014 Regs, reg. 7(2)(b)  (c.f. standard allowance + 25% = £89.91)	Christopher retains in full  <i>(£71.93 per week disregarded within MIG, leaving £15.72 of £87.65)</i>
UC LCWRA allowance <i>[contribution to higher living costs due to disabilities, cannot supplement with income from work]</i>   <i>c.f. Income Support Disability premiums</i>	£96.04           Disability premium: £42.50- 1987 Regs, sch 2, para 15   Enhanced disability premium: £20.85 - 1987 Regs, sch 2, para 15)	£88.37*           Disability premium, disregard £48.80 2014 Regs, reg.7(5)(a)   Enhanced disability premium disregard £23.85 2014 Regs, reg 7(5)(b)	Christopher retains most of LCWRA allowance within MIG disability premium disregard   *Disregard £72.65 of £96.04 <u>and</u> the £15.72 remaining from standard MIG Christopher retains £88.37 from £96.04 LCWRA allowance   Thus <b>£7.67</b> of UC taken into account

	Total premiums: £63.35	Total disregards: £72.65	
PIP Daily living element <i>[contribution to additional costs relating to disability, non-means tested]</i>	£72.65	Disregard of DRE 2014 Regs: sch 1, para 4	Christopher has DRE disregard of £17.00.  <b>£55.65</b> of PIP daily living award remaining to pay for care and support services provided by Council to meet needs arising out of disability

From Christopher's total income of £240.62 per week, the Council takes into account for charging £63.32 (£7.67 of UC LCWRA + £55.65 of PIP)

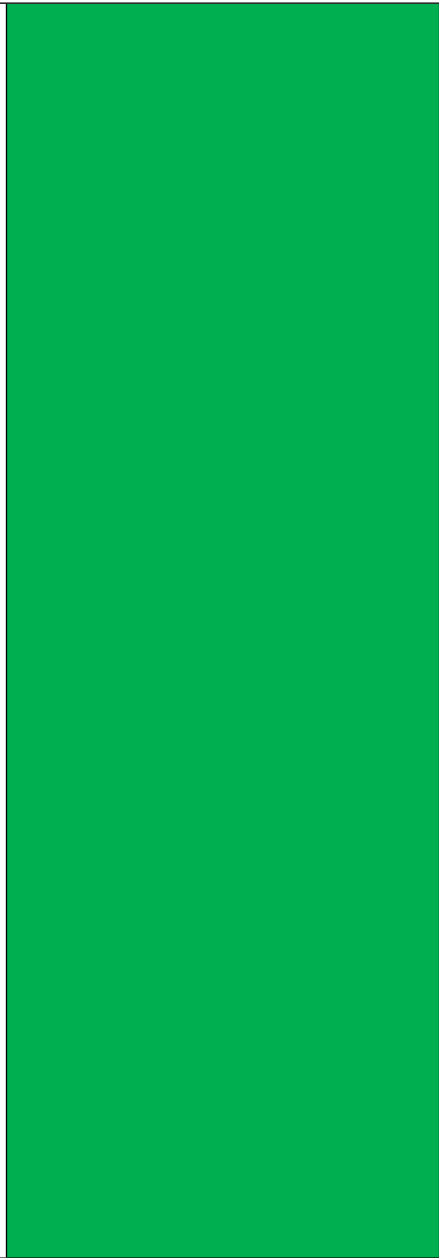
Christopher pays 26.32% of his income to the Council in charges.

Mitigation	Impact financially	Impact on people we support	Impact operationally	Overall impact
<p><b>Increasing the Minimum Income Guarantee (MIG) for all affected individuals.</b></p>	<p>Does not deliver the aim of achieving the desired level of income.</p> <p><b>Option 1</b> – If we increase the MIG allowing more ‘disposable income’ for only those people financially disadvantaged by the charging policy changes ( i.e. those in receipt of higher rate PIP/DLA) the cost to the council will be:</p> <ul style="list-style-type: none"> <li>• 5% - £1.36m approx. 2,900 people</li> <li>• 10% - £2.69m approx. 3,000 people</li> </ul> <p><i>(the £4.7m full year income would be reduced by the above amounts)</i></p> <p><b>Option 2</b> – If we increase the MIG allowing more ‘disposable income’ for everyone who pays towards their services who has MIG applied to their financial assessment, regardless of whether they are financially disadvantaged by the charging policy changes:</p>	<p>This option could reduce the impact on people we support but this would be dependent on the contribution an individual pays and the cost of their care.</p>	<p>In order for this to be applied to only people affected would require a manual implementation process, which results in increased administration costs. To remove the need for a manual process, significant changes would be required to Mosaic (ASCH case management system) and the increased MIG would be applied to everyone which will have a significant financial impact and will not treat people affected by the proposal differently.</p>	<p>Officers do not advise taking this option. This option would not deliver the desired level of income and (if applied only to those directly affected by the policy change) would result in increased administration and increased costs.</p> <p>If applied to all ASC users, this mitigation would not take into account individual circumstances as would be applied to all.</p> <p>KCC has set a balanced budget, which required a challenging set of spending cuts and income generation. In setting the budget, KCC has made local policy decisions covering spending, savings and income, and local taxation. If the maximum level of income is not generated by this policy, KCC will have no option but to make cuts to services in ASC (or other areas). It is for elected</p>

	<ul style="list-style-type: none"> <li>• 5% - £3.12m approx. 5,400 people</li> <li>• 10% - £6.17m approx. 5,400 people</li> </ul> <p><i>(the £4.7m full year income would be reduced by the above amounts and in the case of the 10% option it would actually be a cost to the council as approximately 2,500 people will financially benefit who are not impacted by the changes)</i></p>			<p>members to decide on KCC's spending priorities, taking into account the impact on people who draw on care and support and all of KCC's population.</p>
<p><b>An increase to the £17 standard Disability Related Expenditure (DRE) that is already applied to all people in receipt of non residential services for individuals receiving higher rate benefits.</b></p>	<p>Does not deliver the financial aim of achieving the desired level of income.</p> <p>For example, a £5 increase to the flat rate DRE afforded to all, will reduce the full year income after contingency by £563k (does not take into individual DRE).</p>	<p>This option could reduce the impact on people we support, but this would be dependent on (a) any individually assessed DRE; (b) the disability-related expenditure that each individual has. It could result in a proportion of individuals receiving more DRE than the actual DRE they incur.</p>	<p>In order for this to be applied to only people affected would require a manual implementation process, which results in increased administration costs.</p>	<p>Officers do not advise taking this option. It would not deliver the financial aim of achieving the desired level of income and (if applied only to those directly affected by the policy change) would result in increased administration and increased costs.</p> <p>see above for consideration of alternatives if this option were taken.</p> <p>This mitigation does not take into account individual circumstances as would be</p>

<p>This is in addition to any individual DRE applications.</p>				<p>applied to all who receive higher rate benefits.</p> <p>All people that draw on care and support are entitled to apply for an individualised DRE assessment. Officers financial estimates assume approximately 300 people will request an individualised DRE assessment. If the number of people requesting an individualised DREA is above 300, this would have an impact on the level of income generation.</p>
<p><b>Phase the changes to the charging policy over three years.</b></p>	<p>Does not deliver the financial aim of achieving the desired level of income.</p> <p>The income would be over three years and therefore not achieve the level of income required for 24/25 onwards.</p> <p>For example, £33.65 per week over three years based on the current implementation timeline:</p> <ul style="list-style-type: none"> <li>• July 2024 £12 (Implementation)</li> <li>• April 2025 £12</li> <li>• April 2026 £9.65</li> </ul>	<p>Reduces the initial impact on people we support as the increased charging would be introduced over a three-year period.</p> <p>However, after the three years the full proposed charge would be applicable and would still have a negative impact on people we support.</p>	<p>This would require increased administration if this was to be only implemented for existing people impacted by the proposal because of needing to create a manual process.</p> <p>This would require a manual process, therefore, increasing administration and would require the following additional resources:</p>	<p>Officers do not advise taking this option. It would not achieve the desired level of income, would result in significant increased administration and administration costs. Although this would initially reduce impact for people their charges would still increase over a three-year period.</p>




	<p>The financial impact and reduced income based on the current implementation timeline would be as follows:</p> <ul style="list-style-type: none"> <li>• July 2024 £1.33 million</li> <li>• April 2025 £1.69 million</li> <li>• April 2026 £1.75 million</li> </ul>		<ul style="list-style-type: none"> <li>• implementation over a 3-month period – approximately £36k</li> <li>• ongoing monitoring* – approximately £72k</li> <li>• annual reassessment process** over a 4-month period – approximately £120k</li> </ul> <p>*ongoing monitoring would be required until all financially affected individual were no longer receiving care and support in their own home or in the community.</p> <p>** this would be required for year two and year three.</p> <p>To remove the need for a manual process, changes would be required to Mosaic (ASCH case management system). This would result in being applied to all existing and new people. These changes would require a third party to action at a significant cost.</p>	
<p><b>Carry out an individual DRE assessment</b></p>	<p>An individual DREA is already available to people who draw on care and support at any time.</p>	<p>This will be resource intensive for people as they need to provide evidence of expenditure.</p>	<p>Work has begun to ensure the information provided to individuals and staff is clear, consistent and makes the</p>	<p>This option is recommended as a possible mitigation to reduce the impact of this proposal.</p>

<p><b>for anyone who requests one</b></p>	<p>The DRE afforded to an individual following an individual assessment may be higher than the standard £17, as this is based on individual need.</p>	<p>A new DREA could lead to an increased DRE payment, and this could reduce the negative impact of the proposed changes.</p> <p>Not everyone would see an increase in DRE payments because they may not have the additional disability expenditure and the £17 standard DRE is sufficient. This would not reduce the negative impact for these people.</p>	<p>assessment process as efficient as possible.</p> <p>To encourage individuals to apply for individualised assessment/inform them of right to request it, the following actions are underway:</p> <ul style="list-style-type: none"> <li>- Improving information and guidance on individual DRE on website.</li> <li>- Developing a digital solution for people to request an individualised DRE.</li> <li>- Ensuring consistency in the approach of assessment for individualised DRE through dedicated staff.</li> <li>- Ensuring consistency on approval for individualised DRE through peer approval panels.</li> <li>- Communication with people affected by the proposed policy change include guidance on individualised DRE.</li> </ul>	
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<p><b>Not to implement proposed policy change</b></p>	<p>Does not deliver the financial aim of achieving the desired level of income.</p>	<p>No increase to charges over and above annual increases.</p> <p>Therefore, there is no negative impact on people we support.</p>	<p>Requires no system or policy changes and no additional resources.</p> <p>Therefore, there is no operational impact.</p>	<p>Officers do not advise this option. It would not achieve the aim of achieving the desired level of income.</p> <p>KCC has set a balanced budget, which required a challenging set of spending cuts and income generation. In setting the budget, KCC has made local policy decisions covering spending, savings and income, and local taxation. If the maximum level of income is not generated by this policy, KCC will have no option but to make cuts to services in ASC (or other areas). It is for elected members to decide on KCC's spending priorities, taking into account the impact on people who draw on care and support and all of KCC's population.</p>
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**Key:**

RAG	Definition
	<p>Does not deliver the financial aim of achieving the desired level of income</p>
	<p>Has an impact on the financial aim of achieving the desired level of income</p>
	<p>Has a minimal impact on the financial aim of achieving the desired level of income</p>

