



Report to Cabinet

Appendix 7: ASC Fairer Contribution Policy consultation illustrations – financial modelling – impact for Gloucestershire County Council

1. Introduction

1.1 This report outlines indicative financial impact for the illustrations outlined in appendix 6.

1.2 Whilst there are various independently outlined illustrations within appendix 6, it is recognised that there is likely no single solution to how Gloucestershire County Council (the County Council) can assure its policy in relation to the issues outlined within its issues paper. It is considered that any final decision will likely include a range of the models and therefore charging models will need to be reviewed in this regard.

1.3 Although there is a provision within the Care Act for local authorities to fund adult social care services without client contributions, this was not deemed a financially affordable or sustainable option, and it has therefore been disregarded. Data from July 2023 demonstrated that the chargeable income accounts for approximately £33 million (compared to gross commitments of £180.7 million). This additional expenditure could not be met within existing budgets, which would result in potential widespread disruption to services.

2. Models for calculating people's financial contributions

2.1 The Minimum Income Guarantee (MIG)

- 2.1.1 Leaving people with more disposable income would mean that the income recovered through client contributions would be reduced (therefore the County Council are paying more towards care).
- 2.1.2 Based on data from 14 July 2023, each 1% increase in MIG will result in an increase in net cost to the Council of £369,000. Therefore, based on this context, an increase of 10% for all individuals in receipt of chargeable non-residential care would equate to an increase in net cost of £3.69 million per annum.
- 2.1.3 As an example, based on current data, if the 10% uplift was only applied to individuals between 25 years and pension credit age, this would equate to an increase in net cost of £0.8 million per annum.
- 2.1.4 The option to increase the MIG by £10 would result in an increase annual net cost of £1.77 million based on 3406 individuals in receipt of chargeable non-residential care.
- 2.1.5 If variations to uplifting the MIG were to be considered these would have their own financial implications, for example raising the under 25 MIG to the same level as 25 to pension credit age MIG, would reduce income to the County Council by £21.50 a week for each person affected, resulting in an annual increase in net cost of £224,718.

2.2 Maximum percentage of disposable income (over and above the guaranteed minimum income) which may be considered

- 2.2.1 Based on data from 14 July 2023, where 100% disposable income has been taken into consideration, the financial modelling is demonstrated in the table below for different options:

Maximum % of disposable income considered	Chargeable income (£million)	Net increase in cost to Council (£million)
100%	33.27	0
90%	29.94	3.37
80%	26.61	6.65
70%	23.29	9.98

2.3 Disregard difference in the amount received under the Standard Rate and the enhanced Rate of the Daily Living Component of Personal Independence Payment (PIP) Income

2.3.1 Based on current data, 1153 people are currently in receipt of higher rate PIP so this option could mean a maximum increase in annual net cost of £2.02 million.

2.3.2 It is possible that some people are already assessed to pay less than £33.65 or are already a NIL charge so they wouldn't benefit from the full reduction or potentially any reduction at all.

2.4 Apply a maximum percentage of disposable income to be considered over and above the MIG

2.4.1 Leaving people with more disposable income would mean that the income recovered through client contributions would be reduced (therefore the County Council are paying more towards care).

2.5 Disability related expenditure (DRE's)

2.5.1 The proposed illustrations may increase the proportion of care costs that the Council are required to fund.

2.6 Charging for respite care

2.6.1 Based on number of respite individuals (26) on 20 September 2022, the current additional client contributions are around £481, under the revised calculation this would be around £234.

1.1 Charging an administration fee

2.6.2 This option would increase income to the County Council, which would be used to meet any additional costs incurred through arranging care.