Sandwell
Metropolitan Borough Council

Report to Cabinet on ASC Contributions Policy - consultation arrangements and outcomes
Appendix B: financial and equalities impact of the proposed model

Whilst the original Cabinet reports from 16th May 2022 were based on an analysis of a sample of **195 people** in the current financial assessments database, the modelling database has now been updated to be based on all 2,425 clients receiving non-residential services at August 2022 so is now a full-scale model.

It shows the **gross** impact of the changes in the recommended model (model 2), i.e. **no transition has been included**. *Transition, if approved and not amended, would limit any increase faced by people to a maximum of £30 per week in the first year compared with their inflated current contribution, £60 in the second (if required), and £90 in the third year (if required). After that, people would be paying the full changed contributions as shown in the tables below.*

Financial impacts of the recommended model compared with current methodology

AMENDED % ALLOWANCE, DRE DEDUCTED FIRST WITH TWO LUMP SUM BANDS (One increased)		
	% of sample	applied to total clients
% of sample facing increases in contributions		
Less than £5 per week	6%	155
£5 to £29 per week	33%	789
£30 to £59 per week *	15%	373
£60 to £89 per week *	1%	28
£90 and over *	0%	4
Subtotal - increases	*56%*	*1,349*
% of sample facing decreases in contributions		
Less than £5 per week	9%	208
£5 to £29 per week	3%	73
£30 and over	1%	32
Subtotal - decreases	*13%*	*313*
% of sample facing no change in contributions		
All	31%	764

** these clients would receive transitional protection to limit the increase*

Equalities impacts of the recommended model compared with current methodology

Current methodology

CURRENT METHOD																					
47% DISPOSABLE INCOME TAKEN ("SANDWELL ALLOWANCE")																					
Charges scaled to year	**Charges scaled to 2,426 clients**			***By gender***		***By age***		***By ethnicity***					***By disability severity***			***By primary support***					
£3,956,920	**£3,956,920**			*F*	*M*	*<65*	*65 or +*	*Asian*	*Black*	*Other/ Not known*	*Mixed*	*White*	*Low*	*Middle*	*High*	*LD*	*Memory & Cognition*	*MH*	*Phys*	*Sens*	*Social*
		Income		*59%*	*41%*	*43%*	*57%*	*16%*	*9%*	*2%*	*3%*	*69%*	*15%*	*23%*	*62%*	*24%*	*6%*	*2%*	*64%*	*1%*	*2%*
Clients under 65 in sample		£1,159,985																			
Clients 65 or over in sample		£2,796,935																			

Model 2

AMENDED % ALLOWANCE, DRE DEDUCTED FIRST WITH TWO LUMP SUM BANDS (One increased)																							
DISPOSABLE INCOME TAKEN ("SANDWELL ALLOWANCE") >										80%	HIGHER DISABILITY LUMP SUM			£10.00			LOWER DISABILITY LUMP SUM			£5.00			
Charges scaled to year	Charges scaled to 2,426 clients	***Change from present***																					
£4,786,976	£4,786,976	***£830,056***	***21%***		***By gender***		***By age***		***By ethnicity***					***By disability severity***			***By primary support***						***Overall***
					F	*M*	*<65*	*65+*	*Asian*	*Black*	*Other/ NK*	*Mixed*	*White*	*Low*	*Middle*	*High*	*LD*	*Memory*	*MH*	*Phys*	*Sens*	*Social*	
Clients whose contributions increase					*31%*	*25%*	*23%*	*32%*	*8%*	*5%*	*1%*	*1%*	*40%*	*5%*	*15%*	*35%*	*17%*	*3%*	*1%*	*33%*	*1%*	*1%*	***56%***
Clients whose contributions decrease					*8%*	*5%*	*5%*	*8%*	*2%*	*1%*	*0%*	*0%*	*10%*	*1%*	*3%*	*9%*	*3%*	*1%*	*0%*	*9%*	*0%*	*0%*	***13%***
Clients whose contributions unchanged					*20%*	*12%*	*15%*	*17%*	*7%*	*3%*	*1%*	*0%*	*19%*	*9%*	*6%*	*17%*	*5%*	*2%*	*1%*	*23%*	*0%*	*1%*	***31%***

Case studies - 1

Client is a 96-year-old female (ref 334065). She receives the highest rate of DLA benefit (£92.40) but we disregard £30.55 of that. She also receives the pension-age MIG allowance (£194.70).

Her income from pensions and non-disability benefits is £240.62 a week, well above the pension age average (in the cases studied) of £176. The Council have agreed that she has £18.09 per week in Disability Related Expenditure and £3.10 per week council tax Allowable Housing cost. She has savings of £21,900 which results in her being treated as having an additional £31 per week of "tariff" income.

<u>Currently</u> she is assessed to have disposable income of £135.67 per week. SMBC allow her to keep 53% of this (the "Sandwell Allowance") which is £71.91, and because this is more than her £18.09 DRE, she does not receive the latter. Her contributions are based on the remaining 47% i.e. £63.76 per week.

In <u>Model 1</u>, her DRE of £18.09 is allowed first, reducing her disposable income to £117.58 per week. We allow her to keep the "Sandwell Allowance" – now only 25% of disposable income i.e. £29.40, and her contributions are based on the remaining 75%, i.e. £88.19 per week, an increase of £24.42, and below the limit whereby transitional funding would be applied.

In <u>Model 2</u>, SMBC give her a flat rate DRE of £10.00 per week, plus the balance of her actual DRE cost (£18.09) i.e. £8.09 – together, these reduce her disposable income to £117.60 per week. The "Sandwell Allowance" is now only 20% of her income (i.e. £23.52), and her contributions based on the remaining 80% are £94.06 per week, an increase of £30.30 per week, which (with inflation) will be just below the limit whereby transitional funding would be applied.

In <u>Model 3</u>, there is no "Sandwell Allowance", but her MIG is enhanced to £204.44 per week. In addition, she is given a flat rate DRE of £10 per week, plus the balance of her actual DRE cost (£18.09) i.e. £8.09. Together, these reduce her disposable income to £125.94 per week, an increase of £42.36 from the inflated current contribution. With transitional funding, she would only pay an extra £30 in the first year, and the full £42.36 a week from the second year.

This client demonstrates that the <u>current</u> percentage funding model allows those with the highest disposable income to keep the largest cash allowance.
The <u>new models</u> progressively remove that advantage, particularly Model 3. However, all three models ensure that if people have a DRE cost offsetting their contribution, they receive it; it is not set against their "Sandwell Allowance".

Case studies - 2

Client is a 25-year-old female (ref 327274).

She receives the highest rate of PIP benefit (£92.40) plus the enhanced disability rate of MIG for those under 65 (£156).

Her income from working age non-disability ESA benefit is £135.37 a week, slightly above the working age average (in the cases studied) of £124. She has been awarded Disability Related Expenditure of £34.27, but no Allowable Housing costs.

Currently she is assessed to have disposable income of £41.22 per week. SMBC allow her to keep 53% of this (the “Sandwell Allowance”), which is £21.85. However, she is only given the “excess” DRE of £12.42 (£34.27 claimed, minus Sandwell Allowance £21.85). Her contributions are based on the net difference i.e. £6.95 per week.

In Model 1, the £34.27 DRE is allowed first, reducing her disposable income to £6.95 per week. We allow her to keep the “Sandwell Allowance” – now only 25% of disposable income i.e. £1.74 - so her contributions based on the remaining 75% are £5.21 per week, a decrease of £1.74. (Transitional funding would not apply).

In Model 2, the client receives a flat rate DRE allowance of £9.24 per week, plus the balance of her DRE (£25.03), leaving her with the same revised disposable income of £6.95 per week as Model 1. The “Sandwell Allowance” is now only 20% of her disposable income, i.e. £1.39 resulting in her contributions based on the remaining 80% being £5.56 per week, a decrease of £1.39 from the current.

In Model 3, there is no “Sandwell Allowance”; instead, her MIG is enhanced to £163.80 per week. She receives a flat rate DRE allowance of £9 per week, plus the balance of her DRE (£25.27). leaving her disposable income as nil, so her contributions are nil, a decrease of £6.95 from current.

This client demonstrates that the current funding model does not favour those with lower disposable income, particularly if they are awarded DRE, as the value of the “Sandwell Allowance” is relatively small for them, and any DRE is absorbed by that allowance. All the new models make full allowance for any DRE and the loss of “Sandwell Allowance” has a minimal impact.