

SHEFFIELD CITY COUNCIL

INDIVIDUAL CABINET MEMBER DECISION RECORD

The following decision was taken on 04 March 2021 by the Cabinet Member for Health and Social Care.

Date notified to all Members: Thursday 4 March 2021

The end of the call-in period is 4:00 pm on Wednesday 10 March 2021

Unless called-in, the decision can be implemented from Thursday 11 March 2021

1. **TITLE**

Changes to Fairer Contributions Policy

2. **DECISION TAKEN**

(a) To apply a flat rate increase to the cost-of-living allowance of everyone currently impacted by the Minimum Income Guarantee in 2021/22 as set out in the report.

(b) To uplift the cost of living each year, using the same methodology, but with a review after either three uplifts or when the Government uplifts the Minimum Income Guarantee, whichever is first.

(c) To make specific changes to the Council's Fairer Contributions Policy as follows:

(i) All references of 'Minimum Income Guarantee' to be replaced with 'cost of living allowance'; and

(ii) Paragraph 6.12.1 to be deleted and replaced with the following:-

"People will retain an allowance to cover the cost of living independently and this will be no less than the statutory Minimum Income Guarantee. This cost-of-living allowance will be uplifted each year with a budget for increases linked to pension and benefit increases. Where additional amounts for the cost of living are required (for example as a result of the service user being a carer, disabled, or having dependent children) additional allowances will be given as per the Care Act and accompanying regulations."

(d) To delegate to the Executive Director of People Services, in consultation with the Cabinet Member for Health and Social Care, the final amount of the uplift each year based on the methodology set out in the report.

3. **Reasons For Decision**

Applying a flat rate increase to all groups is fair and transparent and is easy for people to understand.

Applying a flat rate increase provides everyone with a meaningful increase but provides those people with a smaller allowance proportionally more than those with a higher allowance.

4. **Alternatives Considered And Rejected**

A number of alternative options have been considered for providing people with more than the Minimum Income Guarantee to cover the cost of living independently. These options are set out below:-

(A). Uplift the rate for younger people more to offset the unfairness in the existing Government MIG -

- Younger adults (aged 25 and under) receive a lower cost of living allowance under the statutory MIG than other working age adults. This option would help us make this seem fairer by introducing allowances at different age bands (i.e. providing bigger increases to people with the lowest allowances).
- However, most people affected by the MIG are older people and so we feel the option would only help a relatively small number of people and most people would see little positive change.

(B). Uplift by the same percentage as the annual benefit uplift -

- This option would have the advantage of linking cost of living allowance increases directly to increases in benefit rates: as benefit rates go up, so would the amount of the individual's protected income.
- However, the most positive impact would be seen by people whose benefits increase the most. People with less income and whose benefits do not increase as much would see least positive change.

(C). Retain the Minimum Income Guarantee and provide discretionary payments instead -

- Under this option, we would redistribute income from financial contributions so that it was available for people who see least positive impact from the statutory MIG.
- However, we are concerned that the administration of this option would mean that there is a risk of low take-up and allocation of the payments.
- Whilst some consultation feedback indicated that this could be a more flexible approach there were concerns that it could present a barrier to people getting the money they needed and also there were risks around transparency and the potential for unintentional and/or indirect discrimination.

(D). Retain the Minimum Income Guarantee but take account a maximum percentage of income instead -

- This option would mean we would only take into account a percentage of an individual's disposable income (not the full amount of their disposable income). Paragraph 8.47 of the Government's Statutory Guidance requires local authorities to consider whether it is appropriate to set a maximum

percentage of disposable income (over and above the guaranteed minimum income).

- This approach is not preferred as it would generally mean that people with higher income (e.g. pensioners) would see the most positive impact and people with the lowest incomes would see the least.
- Because this option sees a maximum percentage applied to disposable income, this option sees people with less exempt income retain proportionally more for living costs compared with people with more exempt income. It therefore favours high income pensioners compared with other pensioners, and less disabled people compared with more disabled people.
- This option, as well as option C, are also the only options which don't have the effect of removing some people (very low payers) from charging altogether.

5. **Any Interest Declared or Dispensation Granted**

None

6. **Respective Director Responsible for Implementation**

Director of Strategy & Commissioning

7. **Relevant Scrutiny Committee If Decision Called In**

Healthier Communities and Adult Social Care Scrutiny Committee