Report to:	**Lead Member for Adult Social Care and Health**
Date of meeting:	**16 January 2026**
By:	**Director of Adult Social Care and Health**
Title:	**Changes to Spouse Allowances and Savings Credit Disregards within the Adult Social Care Charging for Care and Support policy**
Purpose:	**To seek approval for proposed changes to the Adult Social Care Charging for Care and Support policy.**

RECOMMENDATIONS

The Lead Member is recommended to:

(1) Agree the proposed changes to the calculation of Spouse Allowances (SA) within financial assessments as set out in paragraphs 2.5 to 2.13 of this report;

(2) Agree the proposed changes to the application of Savings Credit Disregard (SCD) within financial assessments as set out in paragraphs 2.1 to 2.4 of this report; and

(3) Note the financial impact of the proposed changes.

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1. Background

1.1. The Care Act 2014 governs much of the work of Adult Social Care (ASCH). Particularly relevant for Financial Services are section 14, which provides Local Authorities (LAs) with the power to charge for services, and section 17, which places the duty on LAs to financially assess those who require care and support. East Sussex County Council (ESCC) exercises this power and charges for care and support arranged for adults.

1.2. The ESCC Charging for Care and Support policy applies the national legislation in the Care Act 2014 at a local level. It governs the ESCC financial assessment (FA) process and provides the framework which ensures the legislation is applied appropriately and consistently for adults who have care and support arranged by ESCC.

1.3. The FA process, governed by this policy, is vital to ensure the ongoing function of Adult Social Care services. The process sets individual assessed contributions and therefore helps to off-set the cost of care provided through client contributions. For context, the income that was generated from non-residential assessed contributions across the last full financial year was £18 million (more than £50 million including residential assessed contributions) highlighting the importance of ensuring a robust policy is in place to ensure charges are correctly applied.

1.4. For context the figures in the table below show both the income generated from assessed contributions over the past 4 years and the proportion this represented of the overall ASCH spend. This also shows the projected income and expenditure for the 2025/26 financial year.

Year	2021-22	2022-23	2023-24	2024-25	2025-26
Expenditure/Income	Actual	Actual	Actual	Actual	*Forecast*
Gross Expenditure and ASCH Spend	202M	209M	236M	256M	*261M*
Income from Assessed Contributions	35M	38M	48M	56M	*59M*
Net ASCH Spend	167M	171M	188M	200M	*202M*
Assessed Contributions Income as a % of overall cost.	17.5%	18.2%	20.5%	22.0%	*22.5%*

1.5. Work has been undertaken to ensure that ESCC's policy is legally compliant. Project resource was identified in Autumn 2024 to undertake this policy review, as part of a wider development programme across Financial Services.

1.6. This review supports ESCC's Council Plan priorities. Changes to the policy will ensure "best use of resources" as costs for care will be applied fairly, in line with legislation and case law, and in the most cost-effective and efficient way. Additionally, the proposed changes will "help people help themselves" by ensuring that care and support is available to those who need it, whilst ensuring the financial sustainability of delivery by charging those who can afford to pay a proportionate and reasonable contribution towards their care costs.

2. Proposed changes

Proposed Change 1 - Ensuring Savings Credit Disregards (SCD) are applied consistently to all who are eligible, across both residential and non-residential financial assessments (FAs)

2.1. Savings Credit Disregard is a means-tested benefit applied to adults who reached pension age before 6 April 2016.

2.2. Currently there is a discrepancy between the application of SCD in residential and non-residential FAs, it is proposed that the policy be amended to ensure that SCD is applied consistently across both residential and non-residential FAs.

2.3. The update to the policy would ensure that those identified as eligible but not currently receiving the disregard would go on to receive the disregard. This change would affect 410 individuals who have been identified as eligible. Whilst it is proposed that FAs for this cohort are reviewed, and SCD is applied correctly moving forward, it is not suggested that the change be backdated. This would be time-consuming and complex for Financial Services as it would require significant manual work to identify all FAs and calculate the back dated costs.

2.4. Applying this disregard to an additional 410 adults will reduce their assessed contributions, as the disregard in their financial assessments will reduce the amount they pay. The estimated income loss is approximately £160,000. However, this is expected to reduce over time as eligibility for SCD is based on adults reaching pension age before 6 April 2016 and so the number in the eligible group will reduce.

Proposed Change 2 - Changing the process for non-residential spouse allowances to ensure these are proportionate, can be easily calculated and consistently applied within FAs

2.5. The Finance and Benefits Assessment Team (FABA) currently incorporate a spouse allowance (SA) within FAs, where appropriate. This ensures that costs incurred by a partner or spouse are considered when an individual's assessed contribution is set.

2.6. Whilst there is nothing specific in the Care Act that requires LAs to make a spouse allowance within non-residential FAs, Client Assets Sourcebook (CASS) guidance states that LAs must “consider the implications for the cared-for person’s partner” when undertaking a FA, and spouse allowances are how ESCC complies with this.

2.7. As the specific allowances are not defined by law for non-residential assessments, LAs have discretion to determine their own processes for calculating spouse allowances.

2.8. The proposal is to change 2 elements of the non-residential spouse allowance calculation:

- Use a 50% Minimum Income Guarantee (MIG) figure as the basis for the spouse allowance, rather than the current approach which allows for 100% (i.e. duplicates figures already allowed for in the main financial assessment). For comparison, using 50% of the MIG in this way was an approach taken by 10 of the 28 other LAs who provided feedback on their current arrangements.

- Apply an age-appropriate MIG for the spouse depending upon whether they are working age (currently £86.85 per week) or pension age (currently £174.60), whereas the current approach is to use the (higher) pension age MIG in all cases, regardless of the age of the spouse. The current approach of always applying the higher, pension-age MIG can be seen as both overly generous, and to an extent, disadvantaging any other working age adult being assessed financially, in comparison to another working age adult who has a partner above State Pension age. Applying the age-appropriate MIG would remove this disparity and ensure allowances are equitable and proportionate.

2.9. The proposed changes to spouse allowances have two key benefits:

- Increasing efficiency – The changes would simplify the process within Financial Services which will mean that FAs containing spouse allowances could be completed more quickly, helping to reduce processing times for finalised FAs. This is particularly important during the uplift period each April, as all FAs containing a spouse allowance must be manually reviewed (currently approximately 500 FAs). With the current process this review is very time consuming during this already busy period. The increased efficiency from the new process will help to streamline these reviews and therefore reduce the impact on FA completion rates.

- Additional income generation and costs savings – The new, streamlined calculation would bring ESCC more in line with the approach taken by many other LAs and would reduce the cost of spouse allowances to the council.

2.10. It is difficult to accurately forecast the potential income, as all 500 FAs containing SA would need to be manually reviewed using the new calculation.

2.11. The average additional income based on applying the new SA approach to the financial assessments of 4 different adults was £26per week per FA. For scale, if this average £26 change was applied to all existing SAs then this could lead to more than £600,000 per year in additional income (£26 x 500 adults x 52 weeks). Whilst this figure is only illustrative, as SAs would need to be calculated individually for all 500 adults, this does show that there is significant additional income potential from this change in approach.

2.12. If agreed, the planned changes would be applied within new financial assessments from the start of the 2026/27 financial year. To apply these changes to existing FAs will require a manual review. A new review resource is currently being established within Financial Services to undertake regular, planned reviews of financial assessments on an annual basis. This new financial review process will ensure all existing FAs are reviewed annually and the planned changes to SCD and spouse allowances would be incorporated into the first review.

2.13. A third proposed change, in respect of Disability Related Expenditure (DRE) will be considered by the Lead Member in April 2026, following a period of stakeholder engagement.

Benefits

2.14. This policy review, and implementation of the associated changes, will:

- Ensure compliance with relevant legislation.

- Reduce the risk of legal challenge and complaints. Additionally, having clear, up-to-date legal justification for the policy will enable robust responses to any queries that are received.

- Increase efficiency within the service, for example by streamlining the process for spouse allowances. This will ensure FABA can complete FAs as quickly as possible, therefore reducing processing times, meet service targets and improve the experience for adults accessing services.

- Generate additional income, projected to be around £600,000 (net £440,000) per year, by ensuring spouse allowances are proportionate and the application of SCD is equitable.

Financial implications

2.15. As noted above, there are cost implications for the Council in relation to SCD. Whilst this change is required to ensure that ESCC's process is equitable and lawful, it is estimated that the changes to SCD could reduce assessed contributions by around £160,000 per year, based on the 410 individuals who would be impacted. This impact will reduce over time, as the disregard only applies to those who reached pension age before April 2016.

2.16. In contrast, the proposed changes to SA would increase income generation. Whilst the value of this is hard to accurately forecast (as described in section 2.10 above), this is expected to be around £600,000 per annum. Whilst the value of this is hard to accurately forecast (as described in section 2.10 above).

Consultation and equality considerations

2.17. In deciding whether to consult on these changes, various factors were considered including Best Value, the duty to act fairly and legitimate expectation. Based on this, consultation was not undertaken as the proposed changes:

- are legally required,
- technical in nature,
- will remove inconsistencies, and
- in many cases will see people's contributions reduce (e.g. through applying SCD appropriately).

2.18. An Equality Impact Assessment has been completed for these changes and can be found at Appendix 1.

3. Conclusion and reasons for recommendations

3.1. The proposed changes to the Charging for Care and Support Policy will enable the Council to align its financial assessment approach more closely with that used by other local authorities.

3.2. The change to the spouse allowance calculation and savings credits disregard will ensure that assessed contributions are appropriate, fair and equitable. This change will support the Council priority "making best use of resources now and for the future" as costs for care will be applied fairly, in line with legislation, and in the most cost-effective and efficient way.

3.3. Policy updates have been drafted and supporting guidance for the proposed new processes have been developed. Subject to Lead Member approval these updated documents would be published ahead of the changes being implemented from the start of the 2026/27 financial year.

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LOCAL MEMBERS

All members.

BACKGROUND DOCUMENTS

The Care Act 2014

The Care and Support Statutory Guidance