

Residential financial assessments and payment handbook

2014/2015
Adult social care services, appendix



merton.gov.uk

CUSTOMER
SERVICE
EXCELLENCE



Contents

	Page
Capital limit	3
How capital is treated	3
Personal expenses allowance	4
If your capital exceeds this financial year's limit	5
Assessment examples	6
Legislation we use	8
Contact details	9

Capital limit

This is the amount a person has over the upper threshold in assessable, non-disregarded capital.

The 2014/2015 capital limit as determined by the Department of Health is £23,250. The minimum capital limit is £14,250.

How capital is treated

If you have capital of £23,250 or more, then you will be responsible for the full amount of your care fees.

If you have capital between £14,250 and £23,250 we have to ask you to pay a set weekly amount to us as part of your contribution. We call this a tariff income. The amount you pay is set at £1 per week for every £250, or part thereof, that you have over £14,250. The table below shows how much you have to pay for the amount of capital you have:

Local Authority Tariff Income from capital included in Financial Assessment			
Capital over: £	Tariff income £	Capital over: £	Tariff income £
14,250.01	1.00	19,000.01	20.00
14,500.01	2.00	19,250.01	21.00
14,750.01	3.00	19,500.01	22.00
15,000.01	4.00	19,750.01	23.00
15,250.01	5.00	20,000.01	24.00
15,500.01	6.00	20,250.01	25.00
15,750.01	7.00	20,500.01	26.00
16,000.01	8.00	20,750.01	27.00
16,250.01	9.00	21,000.01	28.00
16,500.01	10.00	21,250.01	29.00
16,750.01	11.00	21,500.01	30.00
17,000.01	12.00	21,750.01	31.00
17,250.01	13.00	22,000.01	32.00
17,500.01	14.00	22,250.01	33.00
17,750.01	15.00	22,500.01	34.00
18,000.01	16.00	22,750.01	35.00
18,250.01	17.00	23,000.01	36.00
18,500.01	18.00	23,250.01	FULL COST
18,750.01	19.00		

This means that you are allowed to ask us to reassess your contribution if your total capital falls by £250 or more. Please contact the Financial Assessment Team if this happens when we are supporting you financially.

If you have capital of less than £14,250 we will not ask you to pay anything from your capital towards the cost of your care, but you may have to contribute from your income.

NB: Please note the DWP start the tariff income at £10,000.01.

If you have any questions about capital

If you have any questions about capital please contact the Financial Assessment Team directly. Our contact details are on the last page of this booklet.

Personal Expenses Allowance

Everybody is entitled to a standard Personal Expenses Allowance. This is for you to buy personal items which you may require. This allowance is set by parliament and is reviewed each April. It is currently £24.40 per week.

If your capital exceeds this financial year's limit

How long will my savings last?

It is difficult to say exactly how long it will take for your savings to reduce to the limit at which we can begin to assist you financially. We cannot tell you how your money should be spent, though we have to let you know that it is against the law to give away or dispose of assets in order to reduce your liability for care fees.

You can, however, gain a rough estimate of how long your money will last by using the following calculation:

1. Work out your total capital (savings and other assets) and deduct the amount of the savings limit. This gives you your 'Excess Capital' figure.
2. Work out your total weekly income and deduct the personal allowance, currently £24.40, for items you will need such as hairdressing, clothes, newspapers, toiletries, outings, chiropody etc. Take this figure from your weekly care home fees to calculate your weekly 'Shortfall'.
3. Divide your 'Excess Capital' by your 'Shortfall' to calculate the estimated number of weeks that your savings will take to drop to the limit where we can assist you.

Here is an example (with the capital savings limit being £23,250):

Mr Jones has £41,250 in savings and a weekly income of £150. The weekly care home fees are £450.

Taking £23,250 from £41,250 gives an 'Excess Capital' of £18,000.

After taking £24.40 for personal items away from his £150 weekly income he has £126.60 left. Taking this away from his £450 home care fees leaves a 'Shortfall' of £324.40.

Divide his 'Excess Capital' by his 'Shortfall', £18,000/£324.40, which gives = £55.48.

Mr Jones therefore estimates his funds will last for approximately 56 weeks.

Assessments examples

Example 1—Mr Dyson

Mr Dyson is aged 27, single and has been a permanent resident for over a year. He receives Income Support of £104.25. He has no savings or any other income.

Charging assessment

Weekly income	£104.25	Income Support
Total income	£104.25	
Minus PEA	£24.40	
Minus savings disregard	0.00	
Charge	£79.85	

Mr Dyson would be charged £79.85 per week for his care and would be left with £24.40 per week.

Example 2—Miss Johnson

Miss Johnson is aged 79, single and a permanent resident of six months standing. She has a state retirement pension of £102.29, an occupational pension of £28.15 a week, and savings of £9,000.

Charging assessment

Weekly income	£102.29	Retirement pension
	£28.15	Occupational pension
	£17.91	Guarantee Credit } Pension
	£6.05	Savings Credit } Credit
Total income	£154.40	
Minus PEA	£24.40	
Minus savings disregard	£5.75	
Charge	£124.25	

Miss Johnson must contribute £124.25 of her income each week and keeps £30.15.

Example 3—Miss D'Souza

Miss D'Souza is aged 82, single and lives alone. Her married daughter who lives in the next street cares for her on a daily basis. She is going in for a two-week respite stay. She has a state retirement pension of £72.92, an occupational pension of £38.75 per week and savings of £19,100. She also receives an Attendance Allowance. This entitles her to an extra amount of £61.10 for severe disability premium.

Charging assessment

Weekly income	£72.92	Retirement pension
	£38.75	Occupational pension
	£20.00	Tariff income on £19,100
	£78.78	Guaranteed credit
	£6.19	Savings credit
Total income	£216.64	
minus PEA	£24.40	
minus savings disregard	£5.75	
Charge	£186.49	

Mrs D'Souza has been assessed to contribute £186.49 per week for her respite care. Her personal allowance is £30.15.

Legislation we use

By legislation we mean Acts of Parliament, Statutory Instruments, Regulations and Guidance issued by parliament or the Department of Health or other body, which has the force of law. Below is a list of the most relevant documents:

- **Part 3 of the National Assistance Act 1948** says that Local Authorities must assess how much people can afford to pay towards their care
- **The National Assistance (Assessment of Resources) Regulations 1992** (and subsequent amendments), says how Local Authorities should assess how much people should pay towards their care. The Department of Health guidance on these regulations is the Charging for Residential Accommodation Guide (commonly known as CRAG)
- People who are provided with residential accommodation under Section 117 of the **Mental Health Act 1983** do not have to pay towards the cost of their care
- **The Health and Social Security Adjudications Act 1983** gives Local Authorities extra powers where assets have been given away to avoid or reduce a liability for care fees and to place charges on property or land
- **The National Assistance (Sums for Personal Requirements) Regulations 1993** (and subsequent years) sets the amount of the Personal Expenses Allowance
- **The Health and Social Services and Social Care Act 2001** makes the purchase of nursing care in care homes the responsibility of the Health Authority instead of the Local Authority from April 2003. It also gives extra powers to put a charge on property or land where fees are deferred
- **The National Assistance (Residential Accommodation) (Additional Payments & Assessment of Resources) (Amendment) (England) Regulations 2001** enables top-up payments for more expensive homes

Where to obtain copies of the legislation

Please contact our Financial Assessment Team. We will be able to provide you with copies of some of the documents immediately, or within a few days.

Your local library will also be able to find any legislation you may wish to see.

Contact details

Email: financial.assessment@merton.gov.uk

Website: merton.gov.uk/financialassessment

Telephone: 020 8545 4047

Fax: 020 8545 4730

Address: Financial Assessment Team
Merton Civic Centre
London Road
Morden SM4 5DX
