

## **Section 8 Funds' Financial Assessment**

Information in this section is relevant to all Fund Users unless otherwise stated  
(see Preface)

### **8.1 Financial Assessment**

8.1.1 DLA

### **8.2 LA Charge**

8.2.1 Dependents

### **8.3 In Receipt Of Income Support (IS) or Guarantee (pension) Credit**

8.3.1 Severe Disability Premium (SDP) Severe Disability Addition (SDA)

8.3.2 Carer's Allowance (CA)

### **8.4 ILF Disregarded by Income Support (IS)/ Guarantee (pension) credit**

### **8.5 Not In Receipt Of Income Support (IS) or Guarantee (pension) Credit (GC)**

8.5.1 ILF Notional Assessment

8.5.1.1 Applicable Income Support Amounts (A-B) GC Standard Minimum Guarantee

8.5.1.2 Allowable Housing Costs (C)

8.5.1.3 Applicable Amount (D)

8.5.1.4 Income (E)

#### **I Disregarded Income**

#### **II Partially Disregarded Income**

#### **III Income Fully Taken Into Account**

8.5.1.5 Assessed Available Income

### **8.6 Verification of Income**

Appendix B Financial Assessment Example

## 8.1 Financial Assessment

This section explains the Fund's financial assessment process, detailing how a Fund user's income, and their partner's, income is calculated to use towards care costs.

Capital and Trust Funds etc will be dealt with separately in Section 9.

A financial assessment, or reassessment, will be undertaken in the following circumstances: -

New application

Revisit (Review or other revisit)

Change of

- Circumstances
- Address
- Income (see below )
- Care needs

Income - The Funds will not reassess when the change is only an up rating of Income Support/Guarantee (pension) Credit benefits.

### 8.1.1 DLA

**DLA will be used to describe DLA/AA/CAA unless stated otherwise (see 2.5.3)**

Half of the Fund user's Care Component of DLA will be assumed as available to use towards their care costs, in all cases except protected cases (see below).

#### **Fund Users Protected Payment Cases**

Some users have protection relating to criteria set at the time that they applied to the Fund. If a case has protection, half DLA will not be assumed as available income.

Protection will be applied to **DLA only**; no other form of available income eg SDP, will be protected, even if protection was given historically. Cases that have protection now will not lose the protection in the future. A Fund user will be informed if their DLA has protection.

## **8.2 LA Charge**

If a charge is made for care provided by the LA, the charge will be taken into account as being used towards the cost of care, and the assessed ILF contribution will be reduced accordingly.

### **8.2.1 Dependents**

Users for whom Child Benefit is received, will be considered to be the dependents of their parent/guardian for financial purposes. This means that when the ILF is calculating how much the User should contribute towards their care package the financial situation of their parent/guardian will be assessed.

Normal policies that are applied to non-dependent Users will also apply when assessing the financial circumstances of the parent/guardian.

## **8.3 In Receipt Of Income Support (IS) or Guarantee Credit (GC)**

A person under 60 can receive Income Support (IS) and a person over 60 years may receive either IS or a Guarantee Credit (GC). Except for DLA, the Funds will not financially assess a Fund User or their partner who are in receipt of IS or GC if they are paid alone. The Funds will however take fully into account any SDP or SDA paid with IS or GC as detailed below.

### **8.3.1 Severe Disability Premium (SDP) Severe Disability Addition (SDA)**

SDP is a benefit paid with IS to a disabled person who lives alone, or with dependent children below 17 years, or with others who receive middle or higher rate DLA, or are registered blind. SDP cannot be paid if Carer's Allowance is in payment (see 8.3.2).

If a Fund user receives SDP, the Funds will assess the full amount of the SDP as available towards the cost of care. If a Fund user is **not** in receipt of SDP yet they may

be entitled to receive it, the Funds will not assume this is available, or that it will be applied for. A Fund user must inform the Funds if they receive SDP or SDA (see below).

If a Fund user receives the Guarantee Credit (GC), an additional amount equivalent to SDP may be paid called Severe Disability Addition (SDA). SDA will be treated by the Funds in the same way as SDP. The payment of SDA with the GC should not be confused with another benefit, with the same acronym, called Severe Disablement Allowance.

### **8.3.2 Carer's Allowance (CA)**

CA is a benefit paid to a carer to provide 35hrs of care per week. The Funds' care assessment will take account of 35hrs provision, and this will be considered when assessing a Fund user's needs. Either CA or SDP (see 8.3.1) can be paid in relation to an individual disabled person, they cannot receive both benefits. If CA is paid to a Fund user's partner, the amount received will be disregarded as income in the Fund's financial assessment. A Fund user must inform the Fund if a person receives CA on their behalf, however we do not need to know who provides the care.

## **8.4 ILF Disregarded by Income Support (IS)/Guarantee (pension) Credit (GC)**

An ILF award paid to a Fund user is disregarded for IS and GC purposes. Payments are made for the Fund user to employ qualifying support and services (personal care and domestic assistance), not towards living expenses; reference to this is available from the Department for working Pensions DWP, in the Decision Makers Guide Volume 5 no.28450.

## **8.5 Not In Receipt Of Income Support (IS)/Guarantee (pension) Credit (GC)**

### **8.5.1 ILF Notional Assessment**

A notional assessment is the financial assessment undertaken if the Fund user, and/or their partner, does not receive IS or the GC. Income for people under 60 is compared to the 'notional' IS amount, using the same figures as IS for personal allowances and disability premiums etc, that they would receive if on IS. Income for people over 60 will be assessed using the Pension Service's Standard Minimum Guarantee (SMG) rates for single people or couples. The Fund also takes account of outgoings for accommodation such as rent or mortgage, council tax and water rates.

In the notional assessment, the Funds include most income (other than earnings and child related income) of a Fund user and/or their partner. By partner, we mean husband, wife, or civil partner or someone the Fund user lives with as if they are husband, wife or civil partner. The Funds disregard earnings whether it is the Fund users', or their partner's, however we do take account of benefits either or both receive, as well as any other income.

The following is a guide as to how the Funds calculate how much available income the Fund user should contribute towards their care package.

***Important*** each assessment is very individual and will only be undertaken if **all** relevant information is provided.

#### **8.5.1.1 Applicable Income Support Amounts (A–B) GC Standard Minimum Guarantee (SMG)**

For people over 60 years, the **SMG** rates will be used (see above).

For people under 60 years **Income Support (IS) rates** are used in the Fund's financial assessment as follows: (**A-B** below)

**A Personal Allowance**

**B Fund user group premium:**

- **Higher Pensioner Premium**
- **Disability Premium**
- **Enhanced Disability Premium**

To calculate the amount a person needs to keep as living costs, we call this the applicable amount (see 8.5.1.3) **Add A-B plus any allowable costs as detailed in C. (see 8.5.1.2) using weekly figures.**

#### **8.5.1.2 Allowable Housing Costs (C)**

**Allowable costs:** Allowable housing related costs the Fund regards as essential expenditure which are disregarded for the purposes of calculating available income.

These are:

- **Water Rates:** paid weekly, or monthly over eight months
- **Council Tax:** (after deduction of any benefit): paid weekly or monthly over 10 months
- **Rent:** (after deduction of any housing benefit) Actual rent only is considered (see **NB** below for board and lodging)
- **Ground Rent**
- **Full Mortgage Repayments:** these should include all aspects of the repayment including interest, capital repayments, all relevant endowment policy payments made in relation to the mortgage eg life insurance. Mortgage Protection Payments can also be included as an allowable cost. If a mortgage protection plan is activated the mortgage payments will no longer be allowed as an outgoing cost. General home or building insurance cannot be included.

- **Disability Related Loan Repayments: Interest only** the capital of a loan cannot be considered. The interest on a loan taken out for building work to adapt or improve a disabled persons home can be considered but the work undertaken must be for disability related reasons. The rate that this is calculated is as per IS.
- **School Meals:** it is assumed that school age children 5-18 who are in full time education will have school meals, therefore the Funds disregard an amount per child, per week.
- **Child Maintenance Payments a Fund user makes:** these payments are included if they are ordered by the CSA, or if they are made on a voluntary basis.

## **NB**

**Board and lodging** - an informal board and lodging arrangement to pay will not be counted as an allowable expense. Any accommodation provided by a relative or not on a commercial basis, will not be counted as an allowable expense. If it is a formal arrangement, this **may** be considered. Please contact the Funds for more information.

**Add the figures obtained in C to the figures obtained in A & B to calculate the Applicable Amount (see D).**

### **8.5.1.3 Applicable Amount (D)**

Add together the total figures from numbers **A-C**. The Funds call this the applicable amount. This is the amount the Funds assess is to be retained for living costs (not including care costs). (See Example in Appendix D) This total less the amount calculated in **E** (see 8.5.1.4), plus ½ DLA (& SDP/SDA if received), less any LA charge, will give the available income a Fund user will be asked to use towards their care costs.

### **8.5.1.4 Income (E)**

**(DLA and CAA or AA are considered separately see 8.1)**

**Income:** If a Fund user, and/or their partner, is not in receipt of IS or Guarantee Pension Credit, **any money** they have coming into the household is considered as income, and will be taken into account in the Funds' financial assessment. Some types of income receive a full disregard, some receive a partial disregard, and some are taken fully into account.

## I Disregarded Income

- ✓ **Earned Income:** is disregarded in full. This is earned income, from employment or self-employment, of a Fund user and/or their partner (This does not include state pensions or occupational pensions).
- ✓ **Payments in lieu of earnings:** Paid under an Income Protection Insurance Policy
- ✓ **Working Tax Credits (WTC):** Working Tax Credit provides support for workers in low-income households, including those who have a disability. It replaced the adult support in Working Families' Tax Credit and Disabled Person's Tax Credit. It is administered by the Inland Revenue. The WTC is for people who work 16 hours or more a week. The Funds will fully disregard any WTC payment.
- ✓ **DLA Mobility:** this is disregarded in full, as the Funds do not contribute towards mobility related expenditures.
- ✓ **Access to Work (ATW):** this is paid for a person to employ care whilst they are at work and at present is disregarded in the financial assessment.
- ✓ **Industrial Injuries Disablement Benefit:** The Exceptionally Severe Disablement Allowance component is disregarded in full.
- ✓ **Educational Maintenance Allowance (EMA):** From September 2004 the Government introduced the EMA to 16 –19 year olds in education for more than

twelve hours per week. For Income Support and Pension Credit assessment purposes the EMA is fully disregarded as an income, therefore, the Fund's will fully disregard all EMA payments.

- ✓ **Carers Allowance:** Where Carers Allowance is received the ILF will take account of the 35 hours care that must be provided and where this is paid to the Users partner the ILF will fully disregard the Carers Allowance payments for income purposes.
- ✓ **Child Benefit**
- ✓ **Child Maintenance**
- ✓ **Child Tax Credit**
- ✓ **Student Loan:** if administered by the Student Loan Company Ltd.
- ✓ **Student Grant or Bursary**
- ✓ **Education Maintenance Allowance**

## II Partially Disregarded Income

Below are the forms of income that attract a £10 per week disregard before the net amount is taken into account. Other disregards are allowed are as per Income Support/Guarantee (pension) Credit guidelines; if you are unsure if an income may attract a disregard please contact the Funds.

- ✓ **War Disablement Pension:** an amount as per IS guidance will be disregarded, as are other components of a War Disablement Pension ie Exceptionally Severe Disablement Allowance, Severe Disablement Occupational Allowance and War Pensioners Mobility Supplement.
- ✓ **Other Income**  
Other Income that attracts a disregard by the Funds in line with IS guidance:  
Civil List Pension                      Civilian War Injury

Socialist Persecution      War Widows Pension  
Charitable Payments      Income From Sub-Let

### **III      Income Fully Taken Into Account**

Detailed below are incomes that are taken into account fully for the Fund user and/or their partner: -

- ✓      **Retirement Pension**
- ✓      **Occupational Pension**
- ✓      **Benefits eg** Incapacity Benefit, Severe Disablement Allowance, Disablement Benefit
- ✓      **Trust Funds** (see 9.7)
- ✓      **Annuity Income** (also see 9.4)
- ✓      **Maintenance Payments** (non child related)
- ✓      **Income From Someone Living In The Fund User's Home**
- ✓      **Industrial Injuries Disablement Benefit** and additional allowances of, Unemployability Supplement, Reduced Earnings allowance and Retirement Allowance are also taken fully into account.
- ✓      **Tariff Income See 9.2**
- ✓      **Any Other Income** not listed as receiving a disregard in this section will be fully taken into account.

#### **8.5.1.5      Assessed Available Income**

Add together **A-C** which will give you the applicable amount of **D** this is the amount a Fund user needs to retain to meet their living expenses. Take **D** from **E**, add ½ DLA (& SDP/SDA if received), deduct LA charge and this is the amount of available income the Funds have assessed the Fund user can contribute towards the cost of

their care. (See Appendix B for a simplified example) (See 8.1 regarding DLA/CAA/AA).

## **8.6 Verification of Income**

The Funds may request proof of income or expenditures. The kind of evidence we will need depends on the type of income/expenditure we are looking at. Some examples are: Verification of a loan agreement, Occupational Pension statements.

## Appendix B Financial Assessment Example

Please note that figures given are **not** correct, they have been used to provide an easy to follow guide

### A-B Allowances

|   |                               |        |                  |
|---|-------------------------------|--------|------------------|
| A | Personal Allowance:           | £80.00 |                  |
| B | Group premium:                |        |                  |
|   | ▯ Higher Pensioner Premium    | £ Nil  |                  |
|   | ▯ Disability Premium          | £10.00 |                  |
|   | ▯ Enhanced Disability Premium | £5.00  | Sub total £95.00 |

### C Allowable Costs

|   |             |        |                   |
|---|-------------|--------|-------------------|
| ○ | Rent        | £40.00 |                   |
| ○ | Council Tax | £15.00 |                   |
| ○ | Water Rates | £10.00 | Sub total £ 65.00 |

**D Applicable amount** **£160.00**

### E Income

|   |                      |                      |                  |
|---|----------------------|----------------------|------------------|
| • | Occupational Pension | £100.00              |                  |
| • | Earned Income        | £150.00(Disregarded) |                  |
| • | Incapacity Benefit   | £ 35.00              |                  |
|   | <b>Income Total</b>  | <b>£135.00</b>       | <b>- £160.00</b> |

**E = Income minus D Applicable Amount** **- £25.00**

**Minus figure so nil to pay except half DLA (see 8.1)**