Appendix 2 – Income and Capital

Income

A person's income and expenditure are taken into account when assessing what a person can afford to pay. The main points about what counts as income in this respect are shown in the following sections; this is set out in more detail in Annex C of CASSG.

Income from many different sources is used to calculate a person's assessable income, which is used as the basis to determine the assessed contribution (this list is not exhaustive).

- Disability Living Allowance (Care Component only) (DLA) / Personal Independence Payment (PIP)
- Attendance Allowance (AA)
- Severe Disability Premium/Addition
- Income Support
- Pension Credit
- Occupational/ private pension
- State Retirement Pension
- Incapacity Benefit
- Employment Support Allowance (ESA) – both income and contribution based
- Industrial injuries disablement benefit
- Carer's allowance/Premiums
- Widow's benefit
- Bereavement allowances
- Disability working allowance
- War disability pension (less £10 disregarded)
- War widows pension (less £10 disregarded)
- War restitution pension (less £10 disregard)
- Severe disablement allowance
- Exceptionally Severe Disablement Allowance
- Disability working allowance
- Jobseekers allowance
- Notional Income (Tariff Income) from savings above lower capital threshold (currently £14,250 for 2015/16; £1 tariff income per £250 in accordance with statutory guidance)

The higher rate of AA/DLA will only be taken into account in full if both day and night services are identified in the support plan. If either day or night services are identified, the lower rate of AA, lower, middle rate of the care component of DLA (standard rate of Personal Independence Payment) will be included full as income, and the difference between the higher rate and middle rate will be disregarded.

The standard rate of the daily living component of Personal Independence Payments will be taken into account in full as income.

The following types of income are disregarded for assessment purposes:

- Income from employment, including sick pay
- Mobility Component of Disability Living Allowance (DLA) / Personal Independence Payment (PIP)
- War Widows Payment
- War Pensioner's mobility supplement
- 100% of Gallantry Awards
- Working Tax Credit
- Child Tax Credit
- Pension Credit – savings element only (amount reviewed annually)
- Money from the Independent Living Fund (until 30 June 2015)

Those receiving care are expected to claim their full benefit entitlement. They will be assessed as receiving a benefit if they have a clear entitlement to receive and choose not to claim that benefit. For example, notional income can also be applied to those who as appointees decide not to claim a benefit on behalf of someone or where a person is entitled to benefit in their own right and chooses not to claim. This will be treated as a notional income from the date when it is reasonable to expect that benefit would become payable.

Capital

An individual's savings and other assets are known as the person's capital. The main points as to what forms a person's capital for the purposes of a financial assessment are shown below; this is set out in more detail in Annex B of Care and Support Statutory Guidance (CASSG).

Capital will include all forms of cash savings. The valuation method used will be as set out in Annex B of CASSG, and the value updated annually. Cash savings will include (This list is not exhaustive):

- Money in bank or building society current and deposit accounts - income which is paid into an account becomes capital once the period over which it is taken into account as income expires.
- Post Office / National Savings and Premium Bonds
- Individual Savings Accounts (ISAs) or Tax Exempt Special Savings Accounts
- Money owed by third parties
- Any other cash savings/capital

The surrender value of any life insurance or private pensions and annuities with attached life insurance will be disregarded.

The value of any ex-gratia payments from the Skipton Fund made by the Secretary of State to residents infected with Hepatitis C as a result of NHS treatment with blood or blood products will be disregarded.

Compensation from personal injuries awards are disregarded for assessment purposes for a period of 52 weeks, with the exception of any part of the award provided to meet care costs.

There are some specific circumstances under which these compensation payments are fully disregarded for assessment purposes. Where a person is in receipt of compensation for personal injuries, their contribution will be considered on a case by case basis.

The capital value of a person’s home will not normally be taken into account in the financial assessment where they continue to occupy the dwelling as their home.

The capital value of any other property or land owned or part owned by the person receiving care will be regarded as capital. For property jointly-owned with another person, only a person’s beneficial interest can be taken into account. All decisions about the treatment of property will be made in accordance with the statutory guidance. More details can be found in Annex B of CASSG.

Capital below a lower threshold will be disregarded. The lower threshold is set in statutory guidance and is updated annually.

Capital above the lower threshold and up to the higher threshold is used to calculate an amount of ‘tariff income’. This is calculated at the rate of £1 for every £250 or part thereof per week in accordance with statutory guidance.

The higher threshold is set by Government and reviewed annually. Those with capital in excess of the higher threshold will pay the full cost of their Personal Budget or services received in their support plan (as applicable).

In some circumstances a person may be treated as possessing a capital asset even where they do not actually possess it. This is called ‘notional capital’.

Notional capital may be capital which:

(a) would be available to the person if they applied for it;

(b) is paid to a third party in respect of the person;

(c) the person has deprived themselves of in order to reduce the amount of charge they have to pay for their care. The decision to treat a person as still having capital in such situations will be taken as per Annex D of CASSG (deprivation of assets). The timing of the disposal will be taken into account when considering the purpose of the disposal.

A person’s capital should therefore be the total of both actual and notional capital. However, if a person has actual capital above the upper capital limit set in CASSG, it may not be necessary to consider notional capital.

Where the person receiving care is treated as having notional capital, the council will decide whether to recover the assessed contribution from the person receiving care or to recover the charges from a third party. Where the person has transferred the asset to a third party to avoid the charge, Barnet Council will follow the guidance laid down in CASSG regarding deprivation of assets.

Where a person has been assessed as having notional capital, the value of this must be reduced over time. Notional capital will be treated as reducing each week by the difference between the assessed contribution and the amount that would have been assessed as contribution had there been no notional capital.