

Worcestershire County Council

Financial Assessment and Care Contributions Charging Policy

Residential Services

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01. Policy Statement

Local Authorities have a duty to arrange care and support for adults with eligible needs, and a power to consider non-eligible needs. In both cases a Local Authority has discretion to choose whether to charge the adult for the care they are receiving.

This policy is based on the Care Act 2014, the Care and Support (Charging and Assessment of Resources) Regulations 2014 and the Care and Support Statutory Guidance and sets out how Worcestershire County Council will exercise that discretion when charging adults for the care they receive, in accordance with the regulations.

Adult Social Care, unlike NHS Health Care, is not free of charge and the statutory guidance and the overarching principle is that adults should only ever be asked to pay what they can afford following the completion of a means tested financial assessment.

This policy applies to:

- all Worcestershire County Council staff
 - who carry out means tested financial assessments to determine how much a person can afford to contribute towards the care they receive
 - who are involved in the charging of people for a contribution towards the care they receive (e.g WCC Income and Debt Team who process payment made to WCC)
- Adults receiving care and support arranged, or funded by the Council under the Care Act 2014, their representatives/families and carers

Any costs covered by the NHS (including but not exclusive to Continuing Health Care (CHC), Joint Funding, or Funded Nursing Care) are not subject to this policy.

To see the Care and Support Statutory Guidance issued by the government please visit <https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>.

In this policy the following references apply:

- 'you' and 'yours' refers to the person receiving the care and support from Worcestershire County Council.
- 'the Council', 'us' and 'we' refers to Worcestershire County Council.

02. Common Questions

1. Why do people financially contribute towards their care?

Adult Social Care, unlike NHS Health Care, is not free of charge. The overarching principle is that people should only be required to pay what they can afford. A means tested financial assessment will show whether they are entitled to financial support, and how much they will be required to pay weekly as a contribution towards their care.

The Care Act 2014 provides a single legal framework relevant to charging for care and support under sections 14 and 17. It enables a local authority to decide whether, or not, to charge an adult when it is arranging to meet their care and support needs.

The framework for charging for care received is based on the following principles:

- ensure that people are not charged more than it is reasonably practicable for them to pay
- be comprehensive, to reduce variation in the way people are assessed and charged.
- be clear and transparent, so people know what they will be charged
- promote wellbeing, social inclusion, and support the vision of personalisation, independence, choice and control
- be person-focused, reflecting the variety of care and caring journeys and the variety of options available to meet their needs
- apply the charging rules equally so those with similar needs or services are treated the same and minimise anomalies between different care settings
- encourage and enable those who wish to stay in or take up employment, education or training or plan costs of meeting their needs to do so

If you are receiving a chargeable service, then a means tested financial assessment will be conducted to establish how much you should contribute towards the cost of your care package. The Council will not require you to pay more than it appears is reasonably practicable for you to pay.

2. What if I do not want to disclose my financial information?

You have the right not to provide details of your financial circumstances to us. However, as it is for you to satisfy the Council that your means are insufficient for you to be able to pay the care costs in full, if you do not provide these details to us, we will be unable to complete a means tested financial assessment. Without a financial assessment we will deem you to be

able to pay for your care costs in full and you will receive monthly invoices, payable to the Council within 30 days, for the full cost of care received.

Should you later decide to provide your financial details, we will be able to complete a financial assessment and any revised contribution you are required to pay will take effect from the date we received the relevant information.

3. What if I fail to provide the information requested?

It is for you, or your financial representative, to provide us with all information we request to complete a means tested financial assessment. If we have not received the information we have requested within 28 days from the date we request it, we will class you as not co-operating in the financial assessment process.

You will then be deemed to have failed to disclose sufficient information to show that you are unable to pay your care costs in full, and you will be charged for the care received in full effective from the date the services started. You will receive monthly invoices, payable to the Council within 30 days, for the full cost of care received.

4. What if someone acts on my behalf?

We understand that some people have family or friends who may help them with their financial affairs. If this is the case for you then, with your written authorisation, we can discuss your case with your representative. All documentation, however, must be signed by you, unless you have:

1. Authorised someone else to do so under a Power of Attorney
or
2. An appointee who has been accepted by the Department for Work and Pensions as Authorised to deal with your social security benefits
or
3. Someone who has been appointed a Deputyship by the Court of Protection to look after your financial affairs.

All written correspondence will be sent to you unless you have a legally appointed representative. It is your responsibility to inform us if you have a legally appointed representative.

5. What is a chargeable service?

Care and Support, as identified and provided in line with the Care Act 2014, are chargeable and not provided free of charge, some examples are below:

- Homecare including Specialised Dementia Service
- Day Opportunities/Care

- Shared Housing Arrangement
- Shared Lives Scheme
- Replacement Care or Short-Term placements
- Care provided in a residential/nursing home
- Care provided in a residential college (including students subject to an EHCP)
- A Direct Payment (this is paid NET of your assessed contribution)

It should be noted that charges for meals, whether in a Day Centre or in a community setting, will be at a flat rate and will be collected by the provider of this service, not by the Council. This charge is not part of the financial assessment for Non-Residential Services as it is not subject to a means test.

6. In what circumstances are people not charged?

- People suffering from Creutzfeldt Jacob Disease (CJD)
- Services provided under Section 117 of the Mental Health Act 1983
- People who are receiving funding under Continuing Health Care (CHC)

7. In what circumstances will people be charged in full?

- People with capital savings above the Upper Capital Limit. For further information on Capital limits please see:
 - Financial assessment and Care Contributions Charging - Non- Residential Services, Appendix NR(A)
 - Financial assessment and Care Contributions Charging – Residential Services, [Appendix R\(A\)](#)
- People assessed as full charge payers by the means tested financial assessment because they have sufficiently large weekly/monthly income
- People who have not complied with the financial assessment process

A charge will apply for all other adults receiving a service, based on their assessed maximum contribution.

The financial assessment will take into consideration income and expenditure of the person receiving care, and calculate an assessed charge, based on whether they are receiving care and support in a care home or in another setting, for example at home.

8. What services are non-chargeable?

- Intermediate care for up to six weeks (42 days)
- Promoting Independence Service
- Supported employment
- Drop in facilities, for example Connect Centres
- Community Equipment, for example: Aids & Assistive Technology
- Adaptations up to £1,000.00
- Transport to and from Day Care

9. How is the Financial Assessment completed and the contribution I need to pay calculated?

The Online Financial Assessment (OFA) form is usually completed online by you, or in exceptional circumstances, it may be completed by telephone with a member of the Care Contribution Assessment Team.

A full financial assessment will then be completed by a member of the Care Contribution Assessment Team for each adult receiving one or more of the chargeable services from the Council. However, the way in which we calculate your assessed contribution will depend on whether you are having care and support in a care home (Residential), your own home (Non-Residential), or other setting.

If you do not engage with the financial assessment process, you will be charged the full cost of the care from the start of the service and you will receive monthly invoices for the full cost of your care. These are payable to the Council within 30 days.

END OF PART 02

03. Financial Assessments and care contributions whilst in a care home (**Residential Services**)

R1. When does this policy apply?

If you are an adult receiving temporary or permanent care and support in a care home your contribution towards the care will be calculated in accordance with this section.

Young people placed in a residential college, which is subject to part funding agreements between Special Educational Needs (SEN) and Adult Services, including students who are subject to an Educational Health and Care Plan (EHCP), have their placement at the college provided under the Children and Family Act 2014 (S65). Any care and support that is assessed and provided under the Care Act 2014 during term time is subject to this policy.

R2. Who is a temporary resident?

In some circumstances a person may be assessed as requiring a temporary stay in a care home. This may be for a variety of reasons, such as providing replacement care (formerly known as respite care) or short-term placement to allow a carer to have a break from their caring role, or to provide a period of more intense support due to an additional, but temporary, care need.

Temporary residents receiving Replacement or Respite care will be charged as though their care is being provided in the community and it will be assessed as a non-residential service please see [Appendix R\(F\)](#).

To see how we determine a person's contribution payable towards their care and support needs in such circumstances please see [Appendix R\(D\)](#).

In some circumstances, a stay may initially be planned as temporary but could become permanent. In such cases, the residential financial assessment will only be required from the date they became a permanent resident.

R3. How does the Council assess how much I need to pay for the care I am receiving?

This will be through a means tested financial assessment.

This assessment is based on the income and capital/savings of the adult receiving care.

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Only the finances of the cared for person will be used to determine what they can afford to pay for their care and support whilst permanently in a care home setting. Temporary residents receiving Replacement or Respite care will be charged as though their care is being provided in the community and it will be assessed as a non-residential service (see [Appendix R\(F\)](#)).

The Council has no power to assess couples or civil partners, according to their joint resources, each person will therefore be treated individually. If you move into a care home on a permanent basis you, and your partner, will need to claim the appropriate state benefits individually in your own right, not as a couple.

R4. How does the Council calculate my contribution towards the care I receive?

When a financial assessment is completed we will look at the total amount of income and savings you have per week, which will include any state benefits and private pensions. The total amount of this is known as your 'Assessed Income.'

We will take away any allowable expenditure from your 'Assessed Income' and deduct the weekly 'Personal Expense Allowance'. The amount of this allowance is set by the Department of Health and Social Care and is in place so the person in the care home can buy personal items such as clothing and other items that are not classed as part of their care.

Your remaining income is what is then left to pay towards your weekly care costs, this is known as your 'Assessed Contribution.'

This calculation will be slightly different for someone who wishes to enter in to a Deferred Payment Agreement. This is explained in more detail at [Appendix R\(E\)](#).

For example: (Figures used below are for example purposes only and do not reflect the current benefit or allowance amounts)

A single person, aged 77, has moved to a Care Home. The cost of the care home is **£865.15** per week.

Care Home Financial Assessment Calculation

Weekly Income

State Pension	£187.00
Private Pension	£ 95.80
Tariff Income on savings of £17,320	£ 13.00

TOTAL REGARDED WEEKLY INCOME **£295.80**

Allowances Personal Expenses Allowance (PEA)	£ 24.90
Savings Disregard	£ 5.75
TOTAL WEEKLY ALLOWANCES	£ 36.65

Total Regarded Weekly Income (£295.80) **LESS** Total Weekly Allowances (£36.65) = £265.15

ASSESSED WEEKLY CLIENT CONTRIBUTION **£265.15**

The Council pay the remaining weekly cost of £600 (£865.15 – £265.15) to the care home.

You will be invoiced for the full cost of care, rather than a contribution, from the day care started, if:

- a financial assessment has not been completed, or
- you are deemed to be able to pay for your care in full

R5. What income will the Council look at?

Only the income and savings of the cared-for adult will be used to determine what they can afford to pay for their care and support whilst permanently in a care home setting.

When taking the income into account, we consider all state benefits and any private income received and receivable, for example: private pensions, work occupational pensions and rental income.

We expect everyone to claim all State Benefits they are entitled to and we will include, as income, all benefits that you are entitled to. This means if you have not yet applied for, or been awarded, any benefits which you are entitled to, we will still include them as income in your financial assessment.

Please note: some benefits and income are disregarded. For further information see [Appendix R\(B\)](#).

R6. Will the Council include my capital, savings and investments?

Any capital, savings and investments you have below the lower capital limit of £14,250, see [Appendix R\(A\)](#) will be disregarded in the financial assessment.

Any capital, savings and investments you have between the lower and upper capital limits will attract a 'tariff income', as detailed in [Appendix R\(A\)](#), of £1 for every £250 above the lower capital limit up to the upper capital limit will be applied.

For example: Mrs. A has £16,250. This amount is £2,000 over the lower capital limit of £14,250
 $£2,000 \div \text{by } £250 = 8$
 $8 \times £1 = £8$
There will be £8 tariff income included in the weekly income calculation.

If you have any capital, savings, and/or investments, above the upper capital limit of £23,250, as detailed in [Appendix R\(A\)](#), you will be asked to pay the full cost of your care.

Please note: Tariff Income is to represent an amount that a person with capital over a certain limit should be able to contribute towards their service costs, not the interest earning capacity of that capital.

For further information regarding the treatment of different types of capital, savings, and investments see [Appendix R\(C\)](#).

Joint capital, savings and investments

Jointly held capital, savings and investments may be treated as belonging equally between the named owners, subject to clear proof to the contrary.

For example: A savings account holding £30,000, held in both husband's and wife's names.
Each would be treated as owning £15,000.

If you are a couple and your share of joint capital, savings and/or investments is above the upper capital limit of £23,250 you will be asked to pay the full cost of your care.

R7. Will the Council include any property I own?

If you own any property or land, the value of this will be taken into account in your financial assessment.

The property that you previously lived in as your main or only home (prior to going into the care home) may be disregarded for the first 12 weeks of your stay. All cases are assessed on a case by case basis.

At the end of the first 12 weeks of your care, if you choose to remain in the Care Home, you could enter into a 'Deferred Payment Agreement' with the Council. A Deferred Payment Agreement is for people who own their own home and either do not wish to, or cannot, sell it immediately and cannot meet the full cost of their care home fees from their other income or capital. Effectively, the scheme offers you a loan from the Council, specifically to pay for your care, using your home as security.

For more information regarding the Deferred Payment Scheme please refer to the Council's Deferred Payment Scheme Policy.

In some circumstances we can continue to disregard the value of what was your main or only home. The treatment of property and circumstances when the Council may consider a disregard is covered in [Appendix R\(D\)](#).

R8. What expenditure will the Council look at?

When completing the financial assessment, certain household expenditure may be allowed for the first 4 weeks of your care home placement if you live in a house which you do not own, for example: you rent your home from a Housing Association. This is to allow time for you to give notice on your tenancy and inform the relevant district council of your change of address.

Where a property is disregarded (for example where the property is occupied by a qualifying relative, or during the 12-week property disregard period a discretionary increase to the Personal Expense Allowance may be considered at the discretion of the Council, where evidence of actual expenditure is provided. Each case will be considered on its own individual circumstances. Where the property is jointly owned, we will only consider the residents share of any ongoing expenditure. For a breakdown of these allowable expenses, see [Appendix R\(E\)](#)

R9. When will I start to pay my contribution to the Council?

Adult Social Care, unlike NHS Health Care, is not free of charge and from the day you start receiving care you are responsible for paying the amount determined by your financial assessment.

When a financial assessment has been completed you will be charged, up to your maximum assessed contribution, from the start of the week in which the care and support commenced (for the purpose of charging for care, weeks begin on a Saturday).

However, please note, because we allow you 28 days to engage with us and complete a financial assessment, you may not receive your invoice straight away. After this period, if you have failed to engage or provide us with any necessary information, you will be assumed to be able to pay for your care in full, and invoiced for the full cost of your care from the date it started.

Once your financial assessment has been completed and we have confirmed your assessed contribution, we will then issue invoices to you for all care received to date from the date you started receiving care. You will then receive monthly invoices, payable to the Council within 30 days from the date of the invoice, for your assessed contribution towards the cost of your care.

You can pay by Direct Debit and you can set this up on our website:

www.worcestershire.gov.uk/council-services/adult-social-care/paying-care-and-support/how-pay-adult-social-care. Please note, if payments are not made the Council may proceed with legal action.

R10. Choice of accommodation & “Top-Up” payments (also known as Above Banding Supplements)

If you are eligible for financial support from the council, you will be offered a choice of accommodation that meet our funding rates. However, if you decide to live in more expensive accommodation, you will need to have someone who is willing, and able, to pay the additional difference between our rates and the amount the home charges.

This additional payment to make up the difference is called a “top-up” or “third party payment”.

As the financial assessment considers all income, capital and expenditure of the person receiving care, in most cases the payment of the top-up amount falls to a family member, friend or charity. There are however specific circumstances when the person requiring care may pay the top-up amount themselves, please see below:

- Where they are subject to a 12-week property disregard and have sufficient savings to cover the whole of the top up amount for the duration of the 12 weeks
- Where they have a Deferred Payment Agreement in place with the Council and the terms of the agreement reflect this arrangement.
- Where they are receiving accommodation provided under S117 for mental health aftercare.

R11. How will I know what to pay and when to pay it?

Once your financial assessment has been completed the Council will write to you informing you of your 'Assessed Contribution' payable by you, towards the care received.

Adults who have been Financially Assessed as being able to contribute towards their care will receive monthly invoices from the Council for them to pay this amount directly to the Council.

All invoices are in arrears, which means each invoice is issued for care which has already been received. Invoices must be paid to the Council within 30 days from the date of the invoice. Please note, if payments are not made the Council may proceed with legal action.

You can pay your invoices by Direct Debit, and you can set this up on our website.

R12. How do I pay my contribution to the Council?

Payment Type	Description
Direct Debit	To set up a Direct Debit for Homecare, Daycare and Replacement Care (formerly Respite) invoices, please visit the following link for secure online sign up: www.worcestershire.gov.uk/paying-care-and-support/how-pay-adult-social-care
Phone (24hr line)	24-hour automated payments line: 0300 456 2206 You will need your invoice number and card details to hand.

Online (24hr)	<p>We accept Delta, JCB, Maestro, Mastercard, Solo, Switch, Visa Electron & Visa.</p> <p>To make a payment online go to www.worcestershire.gov.uk and click 'make a payment', then pay your invoice online.</p> <p>You can add multiple invoice numbers by selecting "add to basket".</p>
BAC's	<p>Sort code: 20-98-87 Account Number: 53583147</p> <p>If you are paying a single invoice quote the invoice number shown on your remittance advice at the bottom of your invoice.</p> <p>If you are paying more than one invoice, quote your customer number as the reference and provide details of your payment in an email to wccincomeallocation@worcestershire.gov.uk</p>

If you are in receipt of a Direct Payment, and you have been assessed as able to make a client contribution towards your care, this must be paid directly to your Direct Payment account.

Your client contribution, together with the council's contribution, will amount to your assessed personal budget (the cost of your care) for the direct payment.

R13. What if my financial circumstances change?

If, after we have completed your means tested financial assessment, your financial circumstances change, you must let us know. This is so we can ensure the Assessed Contribution you pay towards your care is still correct.

Any change to your Assessed Contribution may apply from the date your financial circumstances changed, and any over or under payments may be backdated as appropriate.

It is your responsibility to inform us of any changes to your financial circumstances, these could be an increase or decrease to income, capital or expenditure. If you fail to do so, and changes are picked up at a later date any over or under payment may be backdated as appropriate.

R14. What if I have a temporary stay in hospital?

Absences (including for example: hospital stays and holidays) of less than 4 weeks are regarded as temporary provided you are expected to return to the same accommodation with the same care package. The first day of your absence (for example the day you are admitted to hospital) is counted as the first day of absence, and the day you return is not counted as a day of absence.

During this temporary absence:

- the council will continue to incur the weekly costs for your care
- you will continue to pay the council the same assessed weekly contribution which was payable by you before your absence

After 4 weeks, your social worker may review your placement and care needs. Alternatively, if your care needs or financial circumstances change, a new assessment may also be required.

R15. Reviews

We automatically account for the Department for Work and Pensions increase to the level of state benefits and pensions paid each year.

We may periodically review your financial assessment, however you can contact us by email here CCAAdmin@worcestershire.gov.uk to request that we carry out a review of your financial assessment if there has been a change in your financial circumstances. It is your responsibility to inform us of any changes to your financial circumstances, these could be an increase or decrease to income, capital or expenditure. If you fail to do so, and changes are picked up at a later date any over or under payment may be backdated as appropriate.

A review does not mean the assessed contribution you pay will always change. The maximum assessed contribution could increase, decrease or stay the same.

We will contact you to let you know if there has been change to your assessed contribution amount. We will not contact you if there has been no change.

R16. What if I do not agree with my Financial Assessment?

If you feel that your financial assessment is incorrect, you should first contact the officer who has completed the assessment to ensure that all the details relating to your assessment are correct.

If you still think your financial assessment is incorrect you can request a formal reconsideration. The request must be done within 3 months of the date of the decision, and must be by email to: CCAAdmin@worcestershire.gov.uk or in writing to: The Manager, Care

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Contribution Assessment Team, Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP.

We can accept a request for a formal reconsideration on the following grounds only:

- a) If you feel that the Council have not applied this policy correctly when calculating your assessed charge; or
- b) You think you have an expense that has not been taken into account; or
- c) You feel that you cannot afford the charge due to exceptional circumstances as it would cause you financial hardship (for example you have debts that you are having to repay)

A formal reconsideration will be looked at by a team manager, who will let you know the outcome of your formal reconsideration within 28 days of receipt.

Please note: Financial Hardship - If your formal reconsideration is on the grounds of financial hardship, you will be asked to provide more in-depth financial information explaining why you are unable to pay your assessed contribution.

All this information will then be passed to the Senior Finance Manager for Adult Services, who will consider your request and decide if there are sufficient grounds to prove financial hardship and if so, will consider reducing your assessed contribution for a limited period.

R17. What if I have a complaint about the Financial Assessment process?

Please see the Worcestershire County Council's Adult Social Care complaints procedure. This is available through:

- a) the Worcestershire HUB
- b) contacting the Consumer relations officer (01905 844096)
- c) visiting [Complaints | Worcestershire County Council](#) and using the online form.

R18. Useful Contact Information

Information relating to the **Care Act 2014**, can be found at www.legislation.gov.uk

Statutory Guidance relating to the Care Act 2014 can be found online:

www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance

For information about our **social care services**:

Adult Front Door

worcestershire.gov.uk/council-services/adult-social-care

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Tel: 01905 768053.

For information relating to your **financial assessment**:

The Care Contribution Assessment Team

County Hall, Spetchley Road

Worcester, WR5 2NP

Email: CCAdmin@worcestershire.gov.uk

Tel: 01905 765761

For information relating to **compliments, comments and complaints**

Consumer Relations Team

County Hall, Spetchley Road,

Worcester, WR5 2NP

Email: Representations@worcestershire.gov.uk

Tel: 01905 766365 / 766368

For information, support and advice relating to **welfare benefits, care options, and housing issues**:

Age Uk

ageuk.org.uk/herefordshireandworcestershire

Tel: 0800 169 6565

Worcestershire Association of Carers

carersworcs.org.uk

Tel: 0300 012 4272

Citizens Advice

citizensadviceworcester.org.uk

Tel: 0808 278 7891

END OF PART 03

This document and its appendices will be reviewed in line with the review schedule shown on page 1.

Information in the following appendices is taken from the Care and Support Statutory Guidance issued by the government.

For the most up to date information please visit:

<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>.

Appendix R(A): Capital Limits and Tariff Income

Figures set by Government **from April 2026**

Upper Capital Limit £23,250.00

Lower Capital Limit £14,250.00

Tariff Income from Capital

Any capital, savings and investments held between these lower and upper capital limits will attract a tariff income. £1 for every £250 above the lower capital limit up to the upper capital limit will be applied.

End of Appendix R(A)

Appendix R(B): Treatment of Income when receiving Care and Support in a Care Home.

When calculating your assessed income, we will treat any income in one of three ways:

- Taken into account in full
- Partly disregarded; or
- Fully disregarded.

Income

The following types of income are taken into account in full:

- Most Social Security Benefits
- Annuity Income (except home income plans)
- Income from certain disregarded capital
- Income from insurance policies (except mortgage protection insurance policies, each case will be considered on its own merit) See paragraph below for further information
- Occupational Pensions
- Private Pensions
- Refunds of Income Tax
- Rental Income
- Statutory Maternity Pay
- Statutory Sick pay
- Trust Income
- War orphan's Pension

Social Security Benefits

The Social Security benefits listed below are taken fully into account:

- Attendance Allowance
- Bereavement Benefit
- Carers Allowance
- Constant Attendance Allowance (e.g. when paid as part of War Disablement Pension)
- Disability Living Allowance (Care)
- Employment & Support Allowance
- Exceptionally Severe Disablement Allowance (e.g. when paid as part of War Disablement Pension)
- Incapacity Benefit
- Income Support
- Industrial Death Benefit
- Industrial Injuries Disablement Pension
- Jobseekers Allowance
- Maternity Allowance

- Pension Credit
- Personal Independence Payment (daily living component)
- Pneumoconiosis, Byssinosis and Miscellaneous Diseases Scheme
- State Pension
- Severe Disablement Allowance
- Universal Credit
- Widows Benefit
- Workmen's Compensation (Supplementation)
- Universal Credit

Where any Social Security benefit payment has been reduced (for example for an earlier overpayment) the amount taken into account will be the amount of benefit before the reduction.

Income from private/occupational pensions and annuities

Where either is paid to the person receiving care and support and they are a member of a couple, you can choose to pay 50% of this income to your partner. If you decide to do this, the Council will only take into account the remaining 50% in your financial assessment.

Please note: If the partner remaining at home receives a means tested State Benefit, they must contact the Department for Work and Pensions, for advice regarding how this may impact on their entitlements.

Annuity Income

Any income from an Annuity is taken fully into account, except where it is:

- a) Purchased with a loan, secured on your main or only home, or
- b) A gallantry award, such as the Victoria Cross Annuity or George Cross Annuity

In order for us to disregard the annuity under reason (a) above, the following must apply:

- One of the annuitants must occupy the property as their main or only home
- You and the other persons taking out of the annuity (if more than one person) must have reached the age of 65 at the time the loan was made
- The terms of the loan were that at least 90% of that loan was to be used to purchase the annuity
- The annuity ends with the life of the last surviving annuitant (if more than one)
- One of the annuitants is liable to pay the interest on the loan
- The loan was secured on a property in Great Britain

Each case will be looked at on its own merits and in line with the Department of Health and Social Care, Care and Support Statutory Guidance.

Pension Reforms

The choice individuals make on how they wish to take their pension will determine how their pension income is treated for the purpose of care charges.

Each case will therefore be looked at on its own merit in line with the Department of Health and Social Care, Care and Support Statutory Guidance.

Mortgage Protection Insurance Policies

We will disregard the sum of

- a) The amount which covers the interest on your loan, plus
- b) The amount of the repayment which reduced the amount of capital outstanding,
- c) The amount of the premium due on the policy

For Example:

Amount received as income from your policy	£100 per week
The amount of weekly repayment is	£50 per week
Amount of weekly interest on your loan is	£10 per week
The ongoing weekly premium is	£20 per week
Total amount to be disregarded =	£80 per week

The remaining **£20 per week** would be taken into account as income in your financial assessment.

Income partly disregarded

The Social Security benefits listed below are partly taken into account:

- The first £10 per week of War Widows and War Widowers pension, survivors
- War Widows Pension – This benefit is subject to a £10.00 per week statutory disregard. However, this benefit may also include a war widow's special payment known as "supplementary pension" this element is fully disregarded.
- Income from sub-letting, the first £20.00 per week will be disregarded with the remaining amount being taken into account.
- If you provide board and accommodation (including some meals) then the first £20.00 per week from this income is disregarded and 50% of the remaining income is to be taken into account.

Income fully disregarded

The following types of income are fully disregarded:

- (a) Armed Forces Independence Payments and Mobility Supplement
- (b) Child Support Maintenance Payments and Child Benefit, except where the accommodation is arranged under the Care Act in which the adult and child both live
- (c) Child Tax Credit
- (d) Council Tax Reduction Schemes where this involves a payment to the person
- (e) Disability Living Allowance (Mobility Component) and Mobility Supplement
- (f) Christmas bonus
- (g) dependency increases paid with certain benefits
- (h) Discretionary Trust
- (i) Gallantry Awards
- (j) Guardian's Allowance
- (k) Guaranteed Income Payments made to Veterans under the Armed Forces Compensation Scheme
- (l) Payments made to Veterans under the War Pension Scheme with the exception of Constant Attendance Allowance
- (m) Income frozen abroad
- (n) income in kind
- (o) pensioners Christmas payments
- (p) Personal Independence Payment (Mobility Component) and Mobility Supplement
- (q) personal injury trust, including those administered by a Court
- (r) resettlement benefit
- (s) savings credit disregard
- (t) Social Fund payments (including winter fuel payments)
- (u) war widows and widowers special payments
- (v) any payments received as a holder of the Victoria Cross, George Cross or equivalent
- (w) any grants or loans paid for the purposes of education; and
- (x) payments made in relation to training for employment.
- (y) any payment from:
 - (i) Macfarlane Trust
 - (ii) Macfarlane (Special Payments) Trust

- (iii) Macfarlane (Special Payment) (No 2) Trust
- (iv) Caxton Foundation
- (v) The Fund (payments to non-haemophiliacs infected with HIV)
- (vi) Eileen Trust
- (vii) MFET Limited
- (viii) Independent Living Fund (2006)
- (ix) Skipton Fund
- (x) London Bombings Relief Charitable Fund
- (xi) Scottish Infected Blood Support Scheme
- (xii) an approved blood scheme (this is a scheme approved by the Secretary of State, or trust established with funds provided by the Secretary of State, to provide compensation in respect of a person having been infected from contaminated blood products)
- (xiii) London Emergencies Trust
- (xiv) We Love Manchester Emergency Fund
- (xv) any payment made for the purpose of providing compensation or support in respect of the fire on 14 June 2017 at Grenfell Tower
- (xvi) any payment made by the Post Office or the Secretary of State for the purpose of providing compensation or support which is in connection with the failings of the Horizon system, or otherwise payable following the judgment in Bates and Others v Post Office Ltd ((No. 3) "Common Issues")
- (xvii) any payment made under the Windrush Compensation Scheme (Expenditure) Act 2020
- (xviii) any payment from a scheme established or approved by the Secretary of State for the purpose of providing compensation in respect of historic institutional child abuse in the UK
- (xix) any payment made under the Vaccine Damage Payments Act 1979
- (xx) any payment from the Victims of Overseas Terrorism Compensation Scheme established by the Ministry of Justice in 2012 under section 47 of the Crime and Security Act 2010
- (xxi) Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme
- (xxii) any payment made under section 133(1) of the Criminal Justice Act 1988 or any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person for a miscarriage of justice arising from criminal proceedings
- (xxiii) payments by local authorities in relation to placed or supported children

Charitable and voluntary payments

Charitable payments are not always made by a recognised charity, but a payment could come from charitable motives.

For example, a local business could give an individual money for them to purchase a motorised scooter, or paying for a terminally sick person to go on a holiday of a lifetime.

The individual circumstances of the payment will need to be taken into account before making a decision. In general, a charitable or voluntary payment which is not made regularly is treated as capital and is included in your financial assessment. Charitable and voluntary payments that are made regularly will be fully disregarded.

Treatment of Higher Rate Attendance Allowance

There are two rates of Attendance Allowance:

1. the higher rate which is paid for day and night care
2. the lower rate which is paid for either day or night care

The higher rate should only be taken into account where day **and** night care services are being provided by the council.

In all other cases, the difference between the higher rate and lower rate of this benefit will be disregarded in the financial assessment.

Treatment of Highest Rate of Disability Living Allowance (Care)

There are three rates of Disability Living Allowance (Care); the highest rate is paid for day and night care.

The higher rate should only be taken into account where day and night care is being provided by WCC, in all other cases, where the higher rate is paid, the difference between the highest and middle rates should be disregarded in the financial assessment.

Treatment of Personal Independence Payment (Daily Living Allowance)

There are two rates of Personal Independence Payment (Daily living Allowance):

- Enhanced
- Standard

There is no element paid specifically for care needs at night, therefore the full amount received will be taken fully into account.

For people transferring from Disability Living Allowance (Care) to Personal Independence Payment (Daily living Allowance), they will be protected from a rise in their charge as a result of this change.

Rental Income

Where a person owns a property, other than their home, which is rented out to tenants, the rental income should be taken into account less verifiable amounts for expenses relating to the rental property e.g. Letting Agents fees, property maintenance payments, and utility bills (where these do not form part of the rental agreement).

Income Tax and National Insurance payments should also be deducted.

If you chose to enter into a Deferred Payment Agreement, the treatment of rental income is slightly different. Please see [Appendix R\(D\)](#).

Notional Income

Each case will be considered on its own merits and in some circumstances a person may be treated as having income that they do not actually have. This is known as notional income.

Examples of notional income are:

- Benefits or income that would be available on application.
- Income that a person has been deemed as depriving themselves of for the purpose of reducing the amount they are liable to pay for their care.
- Where a person has reached retirement age and has a personal pension plan but has not purchased an annuity or arranged to draw down the equivalent maximum annuity income that would be available from that plan.

Where notional income is included in a financial assessment, it will be treated the same way as actual income. Therefore, any income that would usually be disregarded will continue to be so.

Notional income will be calculated from the date it could be expected to be acquired if an application had been made. We will assume the application was made when we first became aware of the possibility that the income was available.

Attribution of income for a specified period

Payments for regular periods : Where the income is paid at regular intervals, the weekly amount will be calculated as follows:

- income paid for a period of a week, should be taken into account for one week.
- income paid for a calendar month should be multiplied by 12 and divided by 52 to arrive at the weekly amount.
- Income paid annually should be divided by 52
- Income paid at other regular intervals should be divided by the number of days for which the payment is made and then multiplied by 7

End of Appendix R(B)

Appendix R(C): Treatment of Capital when receiving Care and Support in a Care Home.

Types of capital

Examples of capital are shown in the following list. The list is intended as a guide and is not exhaustive.

- Buildings
- Land
- Trust Funds

Any savings held in:

- Bank Accounts
- Building Society Accounts
- Capital held abroad (unless transfer to UK prohibited)
- Capital held by the Court of Protection or a Deputy appointed by the Court
- Cash
- Co-operative Share Accounts
- Girobank Accounts
- Investment of Income Bonds
- ISA Accounts
- National Savings Bank Accounts
- National Savings Certificates & Ulster Savings Certificates
- National Savings Income Bonds
- PEP Accounts
- Property / Land
- Premium Bonds
- SAYE Schemes
- Stocks and Shares
- Trust Funds
- Unit Trusts

Ownership of capital

A capital asset is normally defined as belonging to the person in whose name it is held, the legal owner.

Where ownership is disputed, we will seek written evidence to prove where the ownership lies. If a person states they are holding the capital for someone else, we will obtain evidence of this arrangement.

Treatment of Joint Accounts

Where a person is a joint owner of capital, we will treat 50% of the total balance as belonging to the person requiring care and support unless evidence can be produced to show the allocation of funds held in a joint account is unequal.

For example: The value of a savings account held jointly between a couple will be split equally between each person for the purpose of the financial assessment.

Capital Limits

A person receiving care and support who has more than the upper capital limit is liable to pay the full cost charge for their service. If they have more than the upper capital limit there is no need to make a wider assessment of their ability to pay.

Capital of less than the lower limit, as specified by the Department of Health and Social Care, must be disregarded in full.

Tariff income charge on Capital

Where a person has assets between the lower and upper capital limits we will apply a tariff income. This assumes that for every £250 of capital, or part thereof, a person is able to afford to contribute £1 per week towards the cost of their eligible care needs.

Please Note: Tariff Income is meant to represent an amount that a user with capital over a certain limit should be able to contribute towards his/her service costs, not the interest earning capacity of that capital.

For further information please see [Appendix R\(A\)](#)

Valuation of capital

The value of any capital, other than National Savings Certificates, is:

the current market value or surrender value (whichever is higher)

less

10% of that value if there are any expenses involved in selling the asset (this does not apply once the asset has been sold, when the actual amount realised from the sale is taken into account)

A capital asset may have a current market value (e.g. stocks and shares or unit trusts) or a surrender value (e.g. premium bonds or National Savings Income Bonds).

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The current market value will be the price a willing buyer would pay to a willing seller. The way the market value is obtained will depend on the type of asset held, e.g. the value of stocks and shares or unit trusts are quoted in newspapers.

Each case will be considered on its own individual circumstances and should the value of a capital asset be disputed, a professional valuation may be required.

National Savings Certificates

The value of National Savings Certificates is based on the value of the issue on the previous 01 July; or if purchased during that year, the actual purchase price

Visit www.nsandi.com/products/ilsc/calculator.jsp for latest valuation of index-linked certificates

Assets held abroad

Where capital is held abroad and all of it can be transferred to the UK, its value in the other country should be obtained, and taken into account, less any appropriate deductions as per our guidance above. Where capital is held abroad and jointly, it should be treated the same as if it were held jointly within the UK. The detail will depend on the conditions for transfer to the UK.

Where the capital cannot be wholly transferred to the UK due to the rules of that country, for example currency restrictions, the Council require evidence confirming this fact. Examples of acceptable evidence could include documentation from a bank, Government official or solicitor in either this country or the country where the capital is held.

Where some restriction is in place, the Council will seek evidence showing what the asset is, what its value is and to understand the nature and terms of the restriction so that should this change, the amount can be taken into account. It should also take into account the value that a willing buyer would pay in the UK for those assets, but be aware that it may be less than the market or surrender value in the foreign country.

Capital not immediately realisable

Capital which is not immediately realisable (e.g. Bank deposit account that requires notice to withdraw amounts) should be taken into account in the normal way at its face value.

Capital Disregarded Indefinitely

The capital assets listed below will be disregarded:

- (a) Property in specified circumstances, see [Appendix R\(D\)](#)

- (b) The surrender value of any:
 - (i) Life insurance policy;
 - (ii) Annuity;
- (c) Payments of training bonuses of up to £200;
- (d) Payments in kind from a charity;
- (e) Any personal possessions such as paintings or antiques, unless they were purchased with the intention of reducing capital in order to avoid care and support charges
- (f) Any capital which is to be treated as income or student loans;
- (g) Any payment that may be derived from:
 - (i) The Macfarlane Trust;
 - (ii) The Macfarlane (Special Payments) Trust;
 - (iii) The Macfarlane (Special Payment) (No 2) Trust;
 - (iv) The Caxton Foundation;
 - (v) The Fund (payments to non-haemophiliacs infected with HIV);
 - (vi) The Eileen Trust;
 - (vii) The MFET Trust;
 - (viii) The Independent Living Fund (2006);
 - (ix) The Skipton Fund;
 - (x) The London Bombings Relief Charitable Fund
 - (xi) Scottish Infected Blood Support Scheme
 - xii) an approved blood scheme
 - xiii) London Emergencies Trust
 - xiv) We Love Manchester Emergency Fund
 - xiv) any payment made under or by a trust, established for the purpose of giving relief and assistance to disabled persons whose disabilities were caused by the fact that during their mother's pregnancy she had taken a preparation containing the drug known as Thalidomide, and which is approved by the Secretary of State (the Thalidomide Trust)
 - (xv) the scheme established by the government for former British child migrants in response to the Investigation Report on Child Migration Programmes by the Independent Inquiry into Child Sexual Abuse published on 1 March 2018, made to a former child migrant
 - (xvi) any payment made for the purpose of providing compensation or support in respect of the fire on 14 June 2017 at Grenfell Tower
 - (xvii) any payment made by the Post Office or the Secretary of State for the purpose of providing compensation or support which is in connection with the failings of the Horizon system, or otherwise payable following the judgment in Bates and Others v Post Office Ltd ((No. 3) "Common Issues")
 - (xviii) any payment made under the Windrush Compensation Scheme (Expenditure Act 2020

- (xix) any payment from a scheme established or approved by the Secretary of State for the purpose of providing compensation in respect of historic institutional child abuse in the UK
 - (xx) any payment from the Victims of Overseas Terrorism Compensation Scheme established by the Ministry of Justice in 2012 under section 47 of the Crime and Security Act 2010
 - (xxi) any payment made under the Vaccine Damage Payments Act 1979
 - (xxii) Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme
 - (xxiii) any payment made under section 133(1) of the Criminal Justice Act 1988 or any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person for a miscarriage of justice arising from criminal proceedings
- (h) The value of funds held in trust or administered by a court which derive from a payment for personal injury to the person. For example, the vaccine damage and criminal injuries compensation funds;
 - (i) The value of a right to receive:
 - (i) Income under an annuity;
 - (ii) Outstanding instalments under an agreement to repay a capital sum
 - (iii) Payment under a trust where the funds derive from a personal injury;
 - (iv) Income under a life interest or a life-rent;
 - (v) Income (including earnings) payable in a country outside the UK which cannot be transferred to the UK;
 - (vi) An occupational pension;
 - (vii) Any rent. Please note however that this does not necessarily mean the income is disregarded.
 - (j) Capital derived from an award of damages for personal injury which is administered by a court or which can only be disposed of by a court order or direction;
 - (k) The value of the right to receive any income under an annuity purchased pursuant to an agreement or court order to make payments in consequence of personal injury or from funds derived from a payment in consequence of a personal injury and any surrender value of such an annuity;
 - (l) Periodic payments in consequence of personal injury pursuant to a court order or agreement to the extent that they are not a payment of income and are treated as income (and disregarded in the calculation of income);
 - (m) Any Social Fund payment;
 - (n) Refund of tax on interest on a loan which was obtained to acquire an interest in a home or for repairs or improvements to the home;
 - (o) Any capital resources which the person has no rights to as yet, but which will come into their possession at a later date, for example on reaching a certain age;

- (p) Payments from the Department of Work and Pensions to compensate for the loss of entitlement to Housing Benefit or Housing Benefit Supplement;
- (q) The amount of any bank charges or commission paid to convert capital from foreign currency to sterling;
- (r) Payments to jurors or witnesses for court attendance (but not compensation for loss of earnings or benefit);
- (s) Community charge rebate/council tax rebate;
- (t) Money deposited with a Housing Association as a condition of occupying a dwelling;
- (u) Any Child Support Maintenance Payment;
- (v) The value of any ex-gratia payments made on or after 1st February 2001 by the Secretary of State in consequence of a person's, or person's spouse or civil partner's imprisonment or internment by the Japanese during the Second World War;
- (w) Any payment made by a local authority under the Adoption and Children Act 2002 (under section 2(b)(b) or 3 of this act);
- (x) The value of any ex-gratia payments from the Skipton Fund made by the Secretary of State for Health to people infected with Hepatitis C as a result of NHS treatment with blood or blood products;
- (y) Payments made under a trust established out of funds provided by the Secretary of State for Health in respect of persons suffering from variant Creutzfeldt-Jakob disease to the victim or their partner (at the time of death of the victim);
- (z) Any payments under Section 2, 3 or 7 of the Age-Related Payments Act 2004 or Age Related Payments Regulations 2005 (SI No 1983);
- (aa) Any payments made under section 63(6)(b) of the Health Services and Public Health Act 1968 to a person to meet childcare costs where he or she is undertaking instruction connected with the health service by virtue of arrangements made under that section;
- (bb) Any payment made in accordance with regulations under Section 14F of the Children Act 1989 to a resident who is a prospective special guardian or special guardian, whether income or capital.

Capital Disregarded for 26 weeks

The following capital assets will be disregarded for at least 26 weeks in the financial assessment. However, each case will be considered on its own individual circumstances, and we may choose to apply the disregard for longer where we consider this appropriate.

- a) Assets of any business owned, or part-owned, by the person in which they were a self-employed worker and has stopped work due to some disease or disablement but

- intends to take up work again when they are fit to do so. Where the person is in a care home, this should apply from the date they first took up residence
- b) Money acquired specifically for repairs to, or replacement of, the person's home or personal possessions provided it is used for that purpose. This should apply from the date the funds were received.
 - c) Property other than the property you live in as your main or only home, under certain specified circumstances – see [Appendix R\(D\)](#)
 - d) Capital received from the sale of a former home where the capital is to be used by the person to buy another home. This should apply from the date of completion of the sale.
 - e) Money deposited with a Housing Association which is to be used by the person to purchase another home. This should apply from the date on which the money was deposited.
 - f) Grant made under a Housing Act which is to be used by the person to purchase a home or pay for repairs to make the home habitable. This should apply from the date the grant is received.
-

Capital Disregarded for 52 weeks

The following payments of capital will be disregarded for a maximum of 52 weeks from the date they are received.

- (a) The balance of any arrears of or any compensation due to non-payment of:
 - (i) Mobility supplement
 - (ii) Attendance Allowance
 - (iii) Constant Attendance Allowance
 - (iv) Disability Living Allowance / Personal Independence Payment
 - (v) Exceptionally Severe Disablement Allowance
 - (vi) Severe Disablement Occupational Allowance
 - (vii) Armed forces service pension based on need for attendance
 - (viii) Pension under the Personal Injuries (Civilians) Scheme 1983, based on the need for attendance
 - (ix) Income Support/Pension Credit
 - (x) Minimum Income Guarantee
 - (xi) Working Tax Credit
 - (xii) Child Tax Credit
 - (xiii) Housing Benefit
 - (xiv) Universal Credit
 - (xv) Special payments to pre-1973 war widows.

As the above payments will be paid for specific periods, they should be treated as income over the period for which they are payable. Any money left over after the period for which they are treated as income has elapsed should be treated as capital.

(b) Payments or refunds for:

- (i) NHS glasses, dental treatment or patient's travelling expenses;
- (ii) Cash equivalent of free milk and vitamins;
- (iii) Expenses in connection with prison visits.

(c) Personal Injury Payments.

Capital Disregarded for 2 years

We will disregard payments made under a trust established out of funds by the Secretary of State for Health in respect of vCJD to:

- (a) A member of the victim's family for 2 years from the date of death of the victim (or from the date of payment from the trust if later); or
- (b) A dependent child or young person until they turn 18

Other Disregards

In some cases a person's assets may be tied up in a business they own, or part own.

Where they are taking steps to realise their share of the assets, these should be disregarded during the process. However, they will be required to show that it is their clear intention to realise the asset as soon as practicable. In order to show their intent, we will request the following information:

- (a) A description of the nature of the business asset;
- (b) The person's estimate of the length of time necessary to realise the asset or their share of it;
- (c) A statement of what, if any, steps have been taken to realise the asset, what these were and what is intended in the near future; and
- (d) Any other relevant evidence, for example the person's health, receivership, liquidation, estate agent's confirmation of placing any property on the market.

Where they have provided this information to show that steps are being taken to realise the value of the asset, we will disregard the value for a period that we consider to be reasonable. In deciding what is reasonable we will take into account the length of time of any legal processes that may be needed.

Where they have no immediate intention of attempting to realise the business asset, its capital value should be taken into account in the financial assessment. Where a business is jointly owned, this should apply only to their share.

Examples of other scenarios

Whilst each case is always considered on its own merits, the examples below are provided with the intention of helping understanding:

Example 1 :

The capital of a single adult who is in residential care, solely owns an unoccupied property, and has capital of £20,000 and no dependents.

For the purposes of the financial assessment:

- **Property** - disregarded for the initial 12 weeks of the residential placement, and then fully taken into account from the 13th week of care, see [Appendix R\(D\)](#)
- **£20,000** - this capital is fully taken into account

Example 2 :

The capital of an adult in residential care, has a spouse/civil partner with whom they jointly own their former property and have a joint capital of £40,000.

For the purposes of the financial assessment:

- **Property** - whilst occupied by the partner/spouse it is disregarded in full. If the spouse/partner continues to reside in the property, but is not named as an owner of the property, the property will still be disregarded whilst the partner is living there.
- **£40,000** - this capital is taken into account at 50% of the balance, with the other 50% belonging to the spouse/partner being disregarded, please see [Appendix R\(D\)](#)

Example 3 :

The capital of a person who is not yet state pension age, is not eligible for state benefits and has a grown up child living with them in their property

For the purpose of the financial assessment:

- as the child is over 18, they are classed as an adult and therefore not considered a dependant. However, the relationship with the person receiving care will be considered, please see Appendix R(D)

- Specific individual circumstances will be considered, and all discretionary and mandatory disregards will be fully considered, please see [Appendix R\(D\)](#)
-

Treatment of Investment Bonds

Bonds may be either capital or income. If there is a life interest or an annuity income it should be treated as income. If the Bond has a life assurance policy attached, or a whole of life assurance section included in the agreement, the total value should be disregarded from the assessment in full even if there is no income generated from it.

Treatment of Trust Funds

This section does not apply to the MacFarlane Trust, the Macfarlane (Special Payments) Trust, the MacFarlane (Special Payments)(No.2) Trust, the Eileen Trust.

What is a Trust?

A trust is an arrangement for one person or a group of people (the trustee(s)) to hold and administer capital in the form of money or property for the benefit of another person or group of people (the beneficiary (ies)).

Examples of capital that might be held on trust are:

- Money awarded by a court as compensation
- Proceeds of a separation or divorce settlement
- Money set aside by parents to ensure a regular income for a person who is unable to support themselves by reason of illness or disability
- A bequest under a will

Trustees

Trustees may be:

- The Public Guardian/Trustee
- The Court of Protection
- A professional person such as a solicitor
- The parents of a beneficiary who cannot act for himself
- Any other responsible person, perhaps appointed under the terms of a will

Trustees' powers are governed by:

- (a) The terms of any trust deed;
- (b) The law of equity; and
- (c) The Trustee Act 1925 or the Administration of Estates Act 1925 in England and Wales or the Succession (Scotland) Act 1964 in Scotland

Identifying a trust

A trust is usually set up by means of a trust deed. The deed sets out the terms of the trust, and will contain details of the beneficiaries, the amount by which they should benefit and when payment or payments should be made.

The Trust deed could be in the form of a will or Deed of Settlement.

Each case will be considered on its own individual circumstances. We may refer copies of Trust documents to the Council's Legal department for advice.

Discretionary trusts

Where capital and income can only be made available at the discretion of the trustees, the capital and income will be disregarded unless it is clear that the trustees will make monies available. For example if a regular payment is made by the trustees to the beneficiaries.

Evidence required: We will need to see copy of the trust document and details of historic payments.

Compensation for personal injury

If you have received compensation as a result of personal injury and any payment is placed in a 'Personal Injury Trust' the capital and any income derived from the trust will be disregarded.

Evidence required: Copy of the Personal Injury Trust document.

All Other Trust Funds

These will be looked at individually, however if the capital (or income from the trust) would be available to you on application you will be treated as possessing that capital or income.

Evidence required: Copy of the Trust document.

Notional Capital

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.

A person's capital should therefore be the total of both actual and notional capital.

However, each case will be considered on its own individual circumstances and if a person has actual capital above the upper capital limit, it may not be necessary to consider notional capital.

Capital treated as Income

The following capital payments should be treated as income.

- a) Any payment received from an annuity
 - b) Capital paid by instalment where the total of
 - (i) The instalments outstanding at the time when the person is assessed as needing care and support; and
 - (ii) The total amount of instalments outstanding plus other capital held is in excess of £16,000. If the total is under £16,000 each instalment will be treated as capital.
-

Income treated as capital

The following types of income will be treated as capital:

- (a) Any refund of income tax charged on profits of a business or earnings of an Employed earner; Any holiday pay payable by an employer more than 4 weeks after the termination or interruption of employment;
- (b) Income derived from a capital asset, for example, building society interest or Dividends from shares. This should be treated as capital from the date it is normally due to be paid to the person. This does not apply to income from certain disregarded capital;
- (c) Any advance of earnings or loan made to an employed earner by the employer if the person is still in work. This is as the payment does not form part of the employee's regular income and would have to be repaid;
- (d) Any bounty payment paid at intervals of at least one year from employment as:
 - (i) A part time fireman;
 - (ii) An auxiliary coastguard;
 - (iii) A part time lifeboat man;
 - (iv) A member of the territorial or reserve forces.
- (e) Charitable and voluntary payments which are neither made regularly nor due to be made regularly, apart from certain exemptions such as payments from AIDS trusts. Payments will include those made by a third party to the person to support the clearing of charges for accommodation.

- (f) Any payments of arrears of contributions by a local authority to a custodian towards the cost of accommodation and maintenance of a child.
-

Capital available on application

In some instances a person may need to apply for access to capital assets but has not yet done so. In such circumstances this capital will be treated as already belonging to the person except in the following instances:

- (a) Capital held in a discretionary trust;
- (b) Capital held in a trust derived from a payment in consequence of a personal injury;
- (c) Capital derived from an award of damages for personal injury which is administered by a court;
- (d) Any loan which could be raised against a capital asset which is disregarded, for example the home.

The Council will need to distinguish between:

- (a) Capital already owned by the person but which in order to access they must make an application for. For example:
 - (i) Money held by the person's solicitor;
 - (ii) Premium Bonds;
 - (iii) National Savings Certificates;
 - (iv) Money held by the Registrar of a County Court which will be released on application; and
 - (b) Capital not owned by the person that will become theirs on application, for example an unclaimed Premium Bond win. This should be treated as notional capital.
-

Deprivation of Capital

We may consider that you have deprived yourself of a capital asset in order to reduce your contribution towards your care. Each case will be considered on its own individual circumstances, and if this is the case we may treat you as still possessing the asset.

If your capital has significantly reduced in the last 12 months, you may be asked to provide evidence as to how the money has been spent. This could be in the way of receipts for the purchased items in addition to providing complete bank statements.

We will need to decide if you have deliberately deprived yourself of capital. When making this decision we consider:

- The timing of the disposal; and
- Reasons for disposal

Examples of where a person has deprived themselves of capital:

- A lump-sum payment has been made to someone else (e.g. as a gift or to repay a debt)
- Substantial expenditure has been incurred (e.g. on an expensive holiday)
- The title deeds of a property have been transferred to someone else
- Money has been put into a trust which cannot be revoked
- Money has been converted into another form which would fall to be disregarded (e.g. personal possessions)
- Capital has been reduced by living extravagantly (e.g. gambling or following a much higher standard of living than the resident could normally afford)
- Capital has been used to purchase an investment bond with life insurance

This list is not exhaustive, and each case will be looked at on its own merit. For further information please refer to Worcestershire County Councils Deliberate Deprivation Policy.

End of Appendix R(C)

Appendix R(D): Treatment of Property when receiving Care and Support in a Care Home

The value of the property which you occupied as your own, or main home, before entering a care home will be disregarded for the first 12 weeks of the stay in a care home.

After 12 weeks, the value of this property will be taken into account in your financial assessment, meaning that you may have to pay the full cost of your care fees, unless we can disregard the value of the property under one of the following criteria:

1. Mandatory Disregard

In the following circumstances the value of the person's main or only home must be

Disregarded i.e. it is not used to calculate the cost of a client's contribution towards care received:

- (a) Where the person is receiving care in a setting that is not a care home e.g. supported living, replacement care;
- (b) If the person's stay in a care home is temporary and they:
 - (i) intend to return to that property and that property is still available to them; or
 - (ii) are taking reasonable steps to dispose of the property to acquire another more suitable property to return to.
- (c) Where the person no longer occupies the property, but it is occupied in part or whole as their main or only home by any of the people listed below, the mandatory disregard only applies where the property has been continuously occupied since before the person went into a care home (for discretionary disregards see below):
 - (i) the person's partner, former partner or civil partner, except where they are estranged.
 - (ii) a lone parent who is the person's estranged or divorced partner;
 - (iii) a relative of the person or member of the person's family who is:
 - 1) Aged 60 or over, or
 - 2) Is a child of the resident aged under 18, or
 - 3) Is incapacitated.

For the purposes of the disregard a relative is defined as including any of the following:

- (a) Parent (including an adoptive parent)
- (b) Parent-in-law
- (c) Son (including an adoptive son)
- (d) Son-in-law
- (e) Daughter (including an adoptive daughter)
- (f) Daughter-in-law

- (g) Step-parent
- (h) Step-son
- (i) Step-daughter
- (j) Brother
- (k) Sister
- (l) Grandparent
- (m) Grandchild
- (n) Uncle
- (o) Aunt
- (p) Nephew
- (q) Niece
- (r) The spouse, civil partner or unmarried partner of (a) to (k) inclusive.

A member of the person's family is defined as someone who is living with the qualifying relative as part of an unmarried couple, married to, or in a civil partnership.

For the purposes of the disregard, the meaning of 'incapacitated' is not closely defined. However, it will be reasonable to conclude that a relative is incapacitated if either of the following conditions apply:

- (a) The relative is receiving one (or more) of the following benefits: incapacity benefit, severe disablement allowance, disability living allowance, personal independence payments, armed forces independence payments, attendance allowance, constant attendance allowance, or a similar benefit; or
- (b) The relative does not receive any disability related benefit but their degree of incapacity is equivalent to that required to qualify for such a benefit. Medical or other evidence may be needed before a decision is reached.

A property must be disregarded where the relative meets the qualifying conditions as above (i.e. is aged 60 or over or is incapacitated) and has occupied the property as their main or only home since before the resident entered the care home.

In most cases it will be obvious whether or not the property is occupied by a qualifying relative as their main or only home. However, there will be some cases where this may not be clear, in such circumstances the Council will undertake a factual enquiry weighing up all relevant factors in order to reach a decision.

Examples of some facts which will be taken into consideration when making this decision are as follows:

- Does the relative currently occupy another property?
- If the relative has somewhere else to live do they own or rent the property (i.e. how secure/permanent is it?)
- If the relative is not physically present is there evidence of a firm intention to return to or live in the property
- Where does the relative pay council tax?
- Where is the relative registered to vote?
- Where is the relative registered with a doctor?
- Are the relative's belongings located in the property?
- Is there evidence that the relative has a physical connection with the property?

2. Discretionary Disregard

The Council may also use its discretion to apply a property disregard in other circumstances. However, the Council will need to balance this discretion with ensuring a person's assets are not maintained at public expense. An example where it may be appropriate to apply the discretionary disregard is where it is the sole residence of someone who has given up their own home in order to care for the person who is now in a care home or is perhaps the elderly companion of the person.

The Council will consider if the principal reason for the move is that it is necessary to ensure the relative has somewhere to live as their main or only home. A discretionary disregard would not be appropriate, for example where a person moves into a property solely to protect the family inheritance.

The Council needs to ensure that people are not inappropriately maintained at public expense and will need to take account of the individual circumstances of each case; however, when making its decision it may take into account the factors listed above for the mandatory disregard plus the following additional factors:

- Was the relative occupying another property as their main or only home at the time of the previous financial assessment?
- Could the relative have reasonably expected to have the property taken into account at the time they moved into the property?
- Would failure to disregard the property result in the eligible relative becoming homeless?
- Would failure to disregard the property negatively impact on the eligible relatives own health and wellbeing?

12-week property disregard

The Council must disregard the value of a person's main or only home when the value of their capital, excluding their former main or only home, is below the upper capital limit for 12 weeks in the following circumstances:

- (a) When they first enter a care home as a permanent resident;
or
- (b) When a property disregard other than the 12-week property disregard unexpectedly end because the qualifying relative has died or moved into a care home.

The Council also has discretion to choose to apply the 12-week disregard when there is a sudden and unexpected change in the person's financial circumstances. For example, there is a sudden and significant fall in share prices or there is an unanticipated debt.

Each case will be considered on its own merits.

Deferred Payment Scheme

After the 12-week property disregard period, the value of the property which was your main or only home, will be included in your financial assessment. If the value of that asset plus any other capital is above the upper capital limit, you will be assessed as being able to pay for your care costs in full.

However, if the property is registered with Land Registry and you choose to enter into a Deferred Payment Agreement, the value of the property will be disregarded during the lifetime of the agreement. Please note, if the property is not registered with Land Registry, it is not possible for a Deferred Payment Agreement to be entered into.

A Deferred Payment is a loan, which is secured against your registered property, by way of a legal charge, similar to that of a mortgage. You pay the part of the weekly care contribution that you have been Financially Assessed as being able to pay from your income and savings, and the Council pays the part that you cannot meet, up to a maximum of the standard weekly rate which the Council has set.

This amount that the Council pays is a loan to you and accrues as a debt against the value of your registered property. This is repayable when you have the capital available to clear the debt. For most people this will be when the property is sold, either immediately or a later date.

For more information regarding the Deferred Payment Scheme please see Worcestershire County Council's Deferred Payment Scheme Policy.

Other Property or Land

Where you own property or land other than what was your former main or only home, it will be taken into account based on the current value of the property/land after deducting any

outstanding mortgage/loans and allowing 10% of the value for the cost of sale.

Jointly Owned

Where a property is jointly owned, except where there is evidence that the person owns an unequal share, the total value of the property will be divided equally between the joint owners.

The value of the person's share will be treated as capital and taken into account within the financial assessment, minus 10% which would cover any sale costs, any outstanding mortgage the person is responsible for, less the lower capital limit.

End of Appendix R(D)

Appendix R(E): Allowances and Expenditure when receiving care in a Care Home

For those without a Deferred Payment Agreement

Allowances

The Council must leave the person receiving care and support, with a minimum amount of income; this is known as the 'Personal Expense Allowance' and is set nationally by the Government each year.

The purpose of the Personal Expense Allowance is to ensure that the person has money to spend as they wish on such things as toiletries, newspapers, hairdressing and clothing. It is not to be used in any way to cover any aspect of their care and support.

In some circumstances the Council can decide to allow a person to retain more income than the standard Personal Expense Allowance.

For example:

- If the person has a dependent child.
- Younger adults in a care home, where the personal expense allowance may not be sufficient to allow them to achieve an increased level of independence, for example meeting their educational needs.

Current rate of Personal Expense Allowance: From April 2026: £31.80 per week

Expenditure

In some circumstances, the Council can allow certain housing costs for what was your former main or only home. If you rented your former home, this expenditure will only be allowable for the first 4 weeks of your stay in a care home.

Where a property is disregarded (for example where the property is occupied by a qualifying relative, or during the 12-week property disregard period) a discretionary increase to the Expense Allowance may be considered at the discretion of the Council, where evidence of actual expenditure is provided. Each case will be considered on its own individual circumstances. Where the property is jointly owned, we will only consider the residents share of any ongoing expenditure.

For those with a Deferred Payment Agreement (from week 13)

Allowances

Once you have entered into a Deferred Payment Agreement, you have the right to retain more of your income for you to ensure that you meet the terms and conditions of the agreement, for example, ensuring the property is adequately maintained and insured.

The Government acknowledges that the standard Personal Expense Allowance may not be sufficient to enable you to do this. Therefore, with a Deferred Payment Agreement, you are entitled to retain a higher amount called the 'Disposable Income Allowance'.

You may, however, choose to keep less than the Disposable Income Allowance, this can be advantageous as you would be contributing more towards the cost of your care and consequently reducing the amount of the weekly debt which is accruing.

This is entirely the choice of the person requiring care and support or their legal representative and the Council will automatically assume you want to keep the full amount of the Disposable Income Allowance unless you specifically advise otherwise.

Current rate of Disposable Income Allowance: From April 2026: Up to £144.00 per week

Treatment of Rental Income

Once you have entered into a Deferred Payment Agreement, if you choose to rent out your property, you must first obtain consent from Worcestershire County Council, to do so.

Once consent has been given, the Council will complete a new financial assessment to take account of this rental income. However, in these cases, the Council will disregard 25% of the gross weekly rental income.

End of Appendix R(E)

Appendix R(F): Temporary Residents

If a person is assessed as needing a temporary stay in a care home, the Council will complete a financial assessment. Temporary residents receiving Replacement or Respite care will be charged as though their care is being provided in the community and it will be assessed as a non-residential service.

Please see: Financial Assessment and Care Contributions – Non-Residential Services.

End of Appendix R(F)

End of document