Factsheet:
How Financial Assessments Work

If you have any queries about the information in this factsheet, please see our Contacts Page which explains who to contact.

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1. What is a financial assessment?

Financial Assessments are a form of means test. They work out how much you can afford to pay towards your care, using a method which is governed by the Care Act 2014 and Southampton City Council's Adult Social Care Charging Policy.

While the steps of the process are standard, we do take individual circumstances into account, and the resulting "maximum assessed charge/contribution" is personal to you, based on your own financial circumstances.

2. When does the financial assessment happen?

First, your social worker will carry out an assessment of your care needs, to see if you are eligible for support with social care. If you are eligible, they will discuss the kind of care and support you need and where it might come from. (Find out more about eligibility).

The social worker will explain how charging works and what your options are. They will ask for your consent to carry out a financial assessment. (You don't have to agree, but without a financial assessment we will have to charge you for the full cost of your care).

If you have consented, at this point they will refer you to our Financial Assessment and Benefits Team (the FAB Team), who will contact you with instructions.

3. Can I get an early indication of my likely contribution?

Yes. We have an online financial assessment portal called Bettercare, which is available on the web site here. You can use this at any time to input details of your assets, income and expenses, and see what you are likely to have to pay towards the cost of any residential or non-residential care you might need in the future.

If, at a later date, you are assessed as having eligible needs and you agree to a full financial assessment, the information you entered during your enquiry will be retained for a year, and can be made available to you, to update and submit.

4. What different types of financial assessment are there?

There are two main approaches to financial assessments. We can do a full assessment, or a light touch assessment.

4.1 Light touch assessment

A light touch financial assessment is a shorter and quicker way to work out your maximum assessed charge.

We have to be satisfied that you are both willing and able (can afford) to pay any charges due, now and in the future. If we cannot be sure of this, then a full financial assessment may be required.

The most common reasons for a light-touch assessment are:

a) You can provide assurance that you have assets above the capital limit, but would still like the council to arrange your care.

b) Your charges will be nominal or very low, and you can demonstrate that you have sufficient income to meet these charges. In these situations, a full financial assessment would be disproportionate.

c) It is clear from the type of benefits you receive, that you will not be able to afford to pay towards the cost of your care. We can access DWP (Department of Work and Pensions) records to establish your benefit data, but we need your written consent to do this.

4.2 Full assessment

When carrying out a full assessment, we ask you to supply detailed information about your financial assets, income and expenses. We also ask you to provide supporting documentary evidence.

We have an online financial assessment tool called Bettercare which allows you to record the data and upload your documents. Bettercare leads you through the process step by step, with video clips to explain what is needed.

However, if you prefer we can email or post a form to you (called a “Statement of Financial Circumstances” form). Alternatively we can make a phone appointment with you to help you fill in the Bettercare online form.

5. How does the financial assessment work?

During the financial assessment we gather information about your financial assets, weekly income and weekly expenses.

We use your data to work out whether you need to pay the full cost of your care, or a contribution towards the cost.

The contribution is also known as a maximum assessed charge and represents the most you can afford to pay per week towards the cost of your care. There are two parts to the contribution:

- your “net disposable income”, that is the amount of income you have left over each week after making allowances for your day-to-day living expenses and any disability related expenses
- a contribution from your assets (if your assets are above a certain amount). This is called “tariff income”

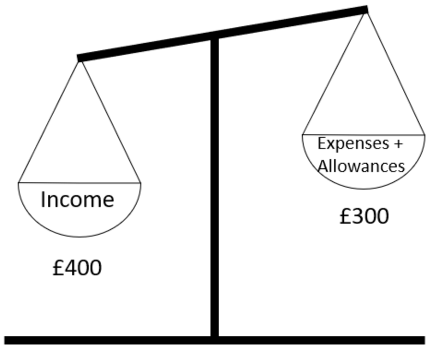
We look at your financial assets first. The Care Act 2014 dictates which assets are considered, and which are ignored (“disregarded”). The rules vary depending on whether you are moving permanently into a care home, or still living at home. See section 6.1 below for more details about which assets count.

- If the value of your assets is £23,250 or above, then you are expected to pay the full cost of your care. In this case we do not look at your weekly income and expenses.

- If the value of your assets is £14,250 or above, but below £23,250, then you are expected to pay a contribution towards the cost of your care. This contribution draws on both your assets (the “tariff income”) and your weekly net disposable income.

- If the value of your assets is below £14,250, then you are expected to pay a contribution towards the cost of your care. This contribution draws only on your weekly net disposable income. If you have a very low income your contribution may be zero.

Here is an example, for someone with assets below £14,250:



- This person’s weekly income is £400 (see below for more details about what counts as income)
- Their weekly expenses and living allowance total £300 (see below for more details about allowances and what counts as an expense)
- Therefore their net disposable income is £100 per week (£400 minus £300)
- They will be charged £100 per week towards the cost of their care (assuming the care costs more than £100 per week).
- Note:
    - If they had assets between £14,250 and £23,250 they would pay a bit more than this, the extra amount representing a contribution from their assets.
    - If they had assets over £23,250 they would pay the full cost of their care.

6. Which financial assets count?

Examples of assets are property, land, savings, shares, trust funds etc.

The Care Act 2014 provides a list of assets to be considered, as well as a list of assets which must be ignored (“disregarded”) during the financial assessment.

For more information, see:

- Section 3.5 and Appendix B of our Adult Social Care Charging Policy
- The Care and Support Statutory Guidance, Annex B (Treatment of Capital)

6.1 Property (for non-residential care)

If you need non-residential care (so you are still living at home), the value of your home (the property which is owned and occupied by you as your main residence) will be ignored when assessing your assets.

However, the value of any other properties, land or assets you own either in the UK or abroad, will be counted.

6.2 Property (for residential care)

If you need to move permanently into a care home, the value of your home (the property which is owned by you and is occupied by you as your main residence until you move into the care home) will be counted as an asset, unless one of the following people also lives in the home, and will continue to live there after you have moved into the care home:

- a husband, wife or civil partner
- a close relative over the age of 60
- a dependent child
- a relative who is disabled or incapacitated
- other third parties, at our discretion

If your home does count as an asset, the Care Act 2014 requires that we apply a "12-week property disregard". This means we ignore (disregard) the value of your home for a period of 12 weeks, starting from the date your care starts.

This is to give you time to either sell the property or make other arrangements to fund your care in the long term.

During the property disregard period, we will charge you what you can afford to pay towards your care, based on a financial assessment which considers any other assets you have, as well as your weekly income and weekly expenses/living allowance.

Once the property disregard period has ended, the property or any funds arising from its sale are counted as assets. This usually means that you have assets over the £23,250 threshold, so you become a self-funder (you pay the full cost of your care directly to the care home).

If you do not have sufficient weekly income to pay for your care, and you do not want to sell your property, you could consider applying to the council for a deferred payment loan. More details can be found here.

6.3 Deprivation of assets

Deprivation of assets is the term used when there is evidence that you have deliberately deprived or decreased your overall assets or income, with the intention of reducing the amount you are charged towards your care.

If, after a thorough investigation, we believe that deprivation of assets has occurred, we have the right, under the Care Act 2014, to calculate your contribution as if you still owned the assets involved.

7. Which types of income count?

The Care Act 2014 provides a list of income types which must be ignored ("disregarded") during the financial assessment.

This factsheet explains how we handle the most common types of income but in all cases we recommend you check the fine details in the Care and Support Statutory Guidance, Annex C (Treatment of Income)

7.1 Earnings

The amount you earn as an employed or self-employed person is not counted as income.

7.2 Benefits

In most cases, benefits do count as income. This includes:

- Income Support
- Universal Credit
- Employment and Support Allowance
- State Pension
- Pension Credit – Guaranteed Credit
- Incapacity Benefit
- Care component of Disability Benefit

However, the Care Act 2014 states that the following benefits must not be counted. This means they are "disregarded" (ignored):

- Direct Payments
- Guaranteed Income Payments made to veterans under the Armed Forces Compensation Scheme
- War Pension Scheme payments made to veterans with the exception of Constant Attendance Allowance payments
- the mobility component of Disability Living Allowance
- the living component of Personal Independence Payments
- working tax credits (for people receiving non-residential care)
- savings credits (for people receiving non-residential care)
- other types of income as listed in the Care and Support Statutory Guidance, Annex C (Treatment of Income)

The council will also ignore (disregard) disability related benefits (including Disability Living Allowance, Personal Independence Payments, Attendance Allowance and Constant Attendance Allowance), if you are terminally ill and have been issued with a DS 1500 form by a medical practitioner.

It is important that you claim benefits which you are entitled to, and we can help you with this. See our Contacts Page. There is also information and help with applying for benefits on our Bettercare online financial assessment portal.

7.3 Tariff Income

Tariff income is a notional weekly amount you are expected to pay towards your care, out of your assets. It will be added to your other forms of income.

The amount depends on the value of the assets:

- If your assets are below £14,250, the tariff income does not apply.
- If your assets are between £14,250 and £23,250, we will apply a tariff income of £1 per week, for each £250 of assets.
    - For example, if a person has £15,000 in the bank, their tariff income will be £3 per week – because the difference between £14,250 and £15,000 is £750 (3 x £250).

  If your assets are above £23,250, you will be expected to pay the full cost of your care, so the tariff income is not relevant.

7.4 Other income

Other forms of income, including private pensions and occupational pensions, are generally counted as income.

8. Which types of expense count?

Expenses represent your day-to-day living costs. We need to ensure that you have enough income to cover your reasonable living expenses before we ask you to contribute towards the cost of your care.

The financial assessment uses a mixture of "allowances" and actual expenses.

Allowances are amounts of money, set annually by the government, which represent what you need per week to cover basic living expenses.

Allowances vary by age group and the kind of benefits you receive.

8.1 Weekly living allowance

If you receive non-residential care, we will apply the allowance called the Minimum Income Guarantee. This is expected to cover most day-to-day living expenses including food, clothing, utility bills, travel, leisure activities, home maintenance etc – in fact anything not covered in "Other Living Expenses" and "Disability Related Expenses" below.

If you live permanently in a care home, we will apply the allowance called the "Personal Expenses Allowance". This is a flat rate and reflects the minimal additional expenses you incur when you live in a care home.

See section 2.2 of our Rates Document for the values of these allowances this year.

In both cases, your financial assessment is automatically updated in April each year, to apply the new Minimum Income Guarantee/Personal Expense Allowance rate published by the government.

8.2 Other living expenses

If you receive non-residential care, other expenses will be taken into account, such as:

- Rent not covered by Housing Benefit or Universal Credit (including rent payable for 'under occupancy')
- Council Tax not covered by Council Tax Reduction
- Mortgage repayments
- Some service charges

We ask you to provide this information, with supporting evidence, during the financial assessment.

8.3 Disability related expenses

Disability Related Expenses (known as DREs) are the reasonable additional costs which a person receiving non-residential care cannot help incurring, due to their disability, in order to live independently. The costs may vary from person to person.

DREs are calculated as a weekly amount, and may be:

- ongoing costs, for example, the cost of carrying out a higher-than-normal amount of laundry
- one-off costs, for example the cost of purchasing and installing a stairlift. In these cases, the cost is spread over a period of time

To qualify for DREs, you need to be:

- receiving non-residential care, and
- paying a contribution towards the cost of your care (DREs do not apply to people already receiving care free of charge, or people paying the full cost of their care), and
- in receipt of either Disability Living Allowance, Personal Independence Payments or Attendance Allowance.

We ask you to provide this information, with supporting evidence, during the financial assessment.

For more information about DREs, including reasonableness guidelines and rates, please see:

- Factsheet: How Disability Related Expenses Work (see the Paying for your social care services page)
- Section 3.8 of our Charging Policy
- Section 2.4 of our Rates Document

9. Finalising the contribution

Once you have supplied all your financial information and supporting evidence, we complete the financial assessment and confirm whether you need to pay the full cost of your care, or a contribution, and how much that contribution is.

The contribution represents the most you can afford to pay per week towards the cost of your care, based on the financial assessment just completed, and as governed by the Care Act 2014.

You will receive a letter explaining the outcome.

- From this point, we can calculate what you will be charged each week. Charges apply from your care start date. See our Factsheet: How Charging Works for more information (on the Paying for your social care services page).

10. Keeping the financial assessment up to date

Some aspects of the financial assessment will be updated by us in April each year. This includes:

- Updated allowances for living expenses
- Updated benefit rates / state pensions
- Updated council tax expenses

You will receive a letter in late March with your new contribution for the new tax year.

If there are any other changes in your circumstances (relating to your finances or the people in your household) it is your responsibility to let us know promptly. We will then update your contribution.

You can report details of your change in circumstances using our online financial enquiry form, or by phone or email. See our Contacts Page for the details.

11. What if I am not happy about the outcome of my financial assessment?

We have an appeal process for financial assessment outcomes, which is explained in full in our Adult Social Care Charging Policy.

In summary:

Most queries are resolved by contacting the Financial Assessment and Benefits (FAB) team and asking for the FAB Officer to go through the financial assessment calculation with you. Any mistakes, misunderstandings or missing evidence can then be resolved. Your financial assessment will be updated and details of the new contribution amount will be sent to you.

If this does not resolve the concern, contact the FAB team by email or letter requesting an appeal. This should include your reasons and supporting evidence.

We must receive the appeal within 28 days of the date on your unsatisfactory financial assessment outcome letter.

The appeal may relate to (but is not limited to):

- treatment of a property
- treatment of deprivation of assets
- the way allowances and income have been taken into account
- start and end dates of financial assessments
- disability related expenses

We will write to acknowledge receipt of the appeal.

The FAB Supervisor will review the case. They will write to the person within 20 working days explaining the result of their investigations and the outcome of the appeal.

If the person is still not satisfied, they can contact the FAB team by email or letter, requesting a review of the appeal.

A member of the Adult Social Care Senior Management Team will review the first appeal. They will write to the person within 20 working days explaining the result of their investigations and the outcome of the appeal review.

If the person is still not satisfied after the appeal has been reviewed, they can ask the Local Government and Social Care Ombudsman to review the decision.

Home - Local Government and Social Care Ombudsman

Advice line: 0300 061 0614