SCOTTISH EXECUTIVE

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Circular No. CCD7/2003

Directors of Social Work

Copy to Chief Executives of Local Authorities
Directors of Finance of Local Authorities
Relevant Voluntary & Professional Organisations

8 October 2003

Dear Colleague

THE NATIONAL ASSISTANCE (ASSESSMENT OF RESOURCES) REGULATIONS 1992

THE NATIONAL ASSISTANCE (ASSESSMENT OF RESOURCES) AMENDMENT (NO.3) (SCOTLAND) REGULATIONS 2003

Summary

1. This circular provides further advice on a number of changes to the financial assessment for care home residents, principally related to the introduction of Pension Credit, as announced in my letter of 12 September and noted in circular CCD6/2003 of 30 September. It also highlights changes to COSLA's non-residential care charging guidance, again in response to Pension Credit. The circular comprises:

Annex A – Detailed guidance on the new savings disregard for supported residents aged 65 and over of up to £4.50 per week for single residents and £6.75 for couples in residential care.

Annex A.1 – A brief explanation of Pension Credit, including a note of qualifying income for Pension Credit.

Annex A.2 – A copy of DWP's recent Multi-Benefit Bulletin 94/03 to Pension Service and Jobcentre Plus Staff on the October benefit changes and disclosure of information, including a revised model customer consent form.

Annex A.3 – Worked examples of how the savings disregard should be calculated.

Annex B – Detailed guidance on other changes to the financial assessment for care home residents linked to the introduction of Pension Credit, including the disregard of concessionary coal.

Annex C – Guidance on other minor adjustments to the financial assessment for care home residents as a result of changes to benefits legislation.

Annex D - Endorsing COSLA's change to its guidance on charging for non-residential care services in response to the Pension Credit.

Charging for Residential Accommodation Guidance

2. The Charging for Residential Accommodation Guidance will be updated in November to take account of the above changes.

Regulations

3. Copies of the National Assistance (Assessment of Resources) Amendment (No.3) (Scotland) Regulations 2003 (SSI 425/2003), which comes into force on 6 October 2003, are available from the Stationery Office (telephone 0131 228 4181) or on the Scottish Statutory Instruments section of the HMSO Website at:

http://www.scotland-legislation.hmso.gov.uk/legislation/scotland/ssi2003/20030425.htm

Enquiries

4. All enquiries relating to this letter and attachments should be addressed to me or Agnes Rennick, (e-mail agnes.rennick@scotland.gsi.gov.uk, telephone 0131 244 3782).

5. Further copies of this letter and attachments are available from Agnes Rennick or on the internet at: http://www.show.scot.nhs.uk/sehd/ccd.asp.

PETER STAPLETON

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ANNEX A

RESIDENTIAL CARE CHARGING - SAVINGS DISREGARD

1. The National Assistance (Assessment of Resources) Regulations 1992 (the "Assessment of Resources Regulations") have been amended from 6 October 2003 by the National Assistance (Assessment of Resources) Amendment (No.3) (Scotland) Regulations 2003. This introduces a new savings disregard into the financial assessment for residential accommodation. The savings disregard applies to specified supported residents and is introduced to complement Pension Credit in general and savings credit in particular. It effectively rewards those supported residents who have made provision for their old age through second-tier pensions or similar savings.

2. Pension Credit replaces Minimum Income Guarantee and, from 6 October 2003:

- Gives a guarantee credit to ensure a standard minimum level of income to those aged 60 and over of £102.10 per week. For couples, the standard minimum guarantee is £155.80 per week. The standard minimum guarantee is increased to an appropriate minimum guarantee for people who qualify as severely disabled or as carers because of receipt of qualifying benefits.

- Gives a savings credit which, from age 65, provides a reward for individuals who have made additional provision for their retirement through second-tier pensions or similar savings. For a single individual the savings credit rises at 60p in the £ for pre-Pension Credit qualifying income between £77.45, and £102.10. It then falls at 40p in the £ for pre- Pension Credit qualifying income between £102.10 and £139.07. The maximum amount of savings credit an individual can receive is £14.79 per week (when pre-Pension Credit qualifying income stands at £102.10). The same principles apply to couples, and to individuals and couples who qualify as severely disabled or as carers because of receipt of qualifying benefits, although the levels of qualifying income and the maximum amount of savings credit given above will vary.

3. Pension Credit is described in more detail at Annex A.1, including a note of qualifying income for Pension Credit purposes.

4. The savings disregard works as follows:

- It is worth up to £4.50 per week for individual supported residents aged 65 and over with pre-Pension Credit qualifying income between £77.45, and £102.10 and who are in receipt of savings credit. For these residents, the level of the disregard is equal to the savings credit actually received or £4.50 whichever is less. A flat rate disregard of £4.50 per week applies to all individual supported residents aged 65 or over with pre-Pension Credit qualifying income in excess of £102.10, who either are in receipt of savings credit or possess qualifying income for savings credit but have income beyond £139.07 per week.

- It is worth up to £6.75 per week for couples in residential care together, and for couples where one partner is in temporary residential care and the other at home, with pre-Pension-Credit qualifying income between £123.80 and £155.80 and who are in receipt of savings credit. For these residents, the level of the disregard is equal to the savings credit actually received or £6.75 whichever is less. A flat rate disregard of £6.75 will apply to such couples with pre-Pension Credit qualifying income in excess of £155.80, who either

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are in receipt of savings credit or possess qualifying income for savings credit but have income beyond £203.80 per week. In general, couples are eligible for the savings disregard if they are treated as a couple for Pension Credit purposes and are in receipt of savings credit or possess qualifying income for savings credit but have income beyond £203.80 per week. However, in considering the situations of couples where one is in temporary care and the other is at home, local authorities should look to which partner is in receipt of Pension Credit on behalf of the couple.

5. The term "pre-Pension Credit qualifying income" refers to income that (a) excludes the level of guarantee credit and savings credit that individuals might receive through Pension Credit and (b) qualifies them for the savings credit.

6. The level of the savings disregard will be unaffected by whether or not individuals or couples qualify as severely disabled or as carers because of receipt of qualifying benefits. Attendance Allowance (AA) or Disability Living Allowance (care component) (DLA(care)) payable for the first four weeks following admission should not be included in identifying those whose income exceeds the lower threshold for savings credit. All the figures given above may change in future years.

7. Community Care Circular CCD6/2003 of 30 September provided advice on the administration of financial reassessments for care home residents affected by the introduction of Pension Credit and the new savings disregard, and the withdrawal of Residential Allowance and the Part III Rate (also known as the Part IV Rate). That circular included advice on sharing of benefits information with DWP. A copy of DWP's recent Multi-Benefit Bulletin 94/03 to Pension Service and Jobcentre Plus Staff on the October benefit changes and disclosure of information is attached at Annex A.2, including a revised model customer consent form.

8. The Charging for Residential Accommodation Guide will be revised to describe the savings disregard and include details on Pension Credit.

9. Worked examples of the calculation of the savings disregard are attached at Annex A.3.

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ANNEX A.1

BRIEF EXPLANATION OF PENSION CREDIT

1. Pension Credit is implemented from 6 October 2003. It has two elements Guarantee Credit and Pension Credit:

- The **Guarantee Credit**, which replaces the Minimum Income Guarantee, ensures a minimum level of income, or Standard Minimum Guarantee, of £102.10 per week to those aged 60 years or over (£155.80 per week for couples). For residents with £10,000 or less in savings any income from those savings is completely ignored and there will be no deemed income assumed. For any savings in excess of £10,000 a deemed income of £1.00 per week for every £500 (or part of) is assumed. (Note : the capital limit for residents admitted on a temporary basis will be £6,000, which is the same as those living in their own homes.) The Standard Minimum Guarantee is increased to an Appropriate Minimum Guarantee for people who qualify as severely disabled or as carers because of receipt of qualifying benefits. Where there are no such extra payments, the Appropriate Minimum Guarantee equals the Standard Minimum Guarantee.

- **Savings Credit** provides a reward for individuals aged 65 and over who have made additional provision for their retirement through second-tier pensions or similar savings. They could, for example, have taken out an occupational or other private pension, a State Earnings Related Pension Scheme or the new State Second Pension, or have other savings such as post office, bank or building society accounts. It will be in addition to any Guarantee Credit payable. For a single individual the Savings Credit will rise at 60p in the £ for pre-Pension Credit qualifying income between £77.45, and £102.10. It then falls at 40p in the £ for pre-Pension Credit qualifying income between £102.10 and £139.07. The maximum amount of Savings Credit an individual can receive is £14.79 per week (when Pre-Pension Credit qualifying income stands at £102.10). The same principles apply to couples, and to individuals and couples who qualify as severely disabled or as carers because of receipt of qualifying benefits, although the levels of qualifying income and the maximum amount of Savings Credit given above will vary.

2. The term "pre-Pension Credit qualifying income" refers to income that (a) excludes the level of Guarantee Credit and Savings Credit that individuals might receive through Pension Credit and (b) qualifies them for the Savings Credit.

3. Where individuals or couples do not qualify as severely disabled or as carers, the following figures apply to Savings Credit :

Individuals

• Lower threshold	£77.45
• Appropriate Minimum Guarantee	£102.10
• Maximum Savings Credit	£14.79
• Upper threshold	£139.07

Couples

• Lower threshold	£123.80
• Appropriate Minimum Guarantee	£155.80
• Maximum Savings Credit	£19.20
• Upper threshold	£203.80

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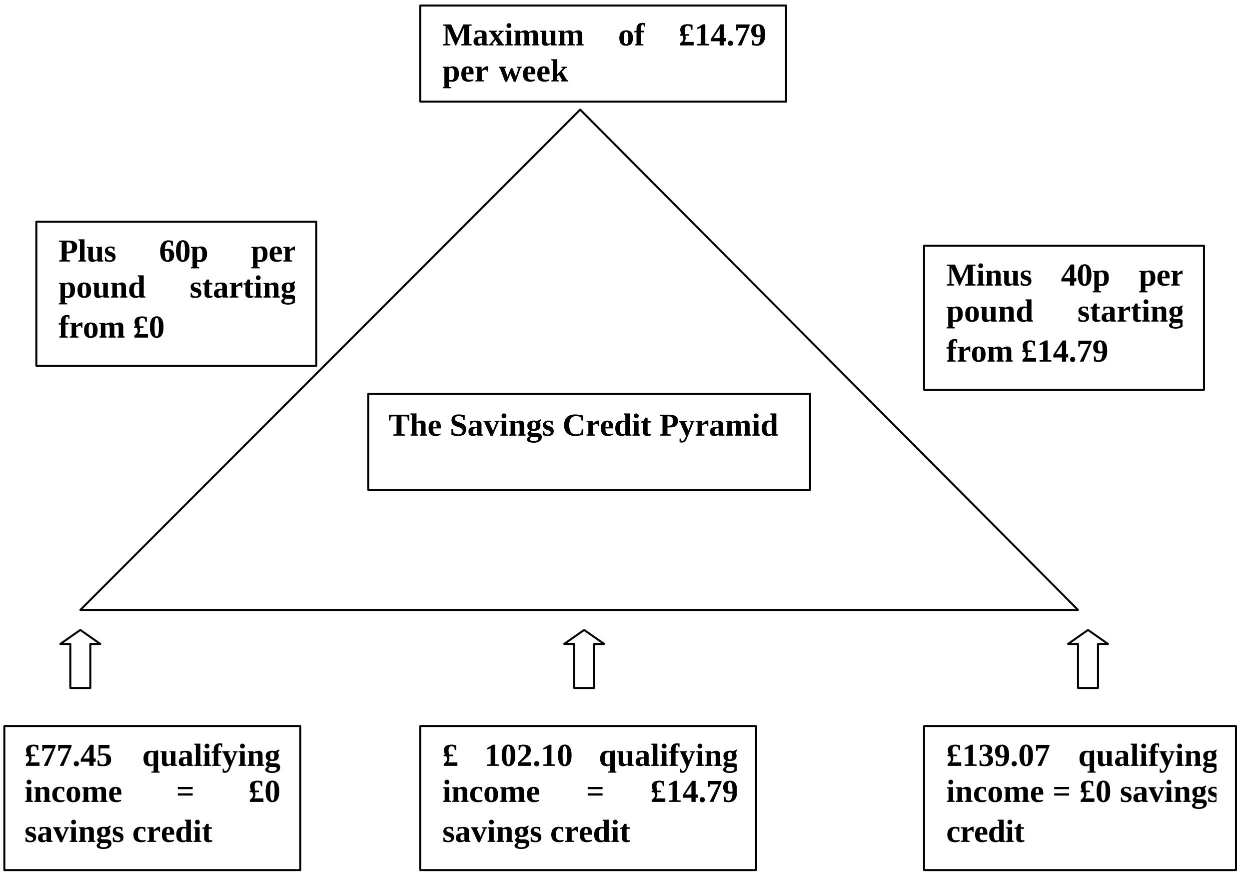
4. When individuals or couples are in receipt of additional benefit payments because of severe disability or caring responsibilities, the level of Savings Credit is maintained at the maximum level between the value of the Standard Minimum Guarantee and the value of Appropriate Minimum Guarantee.

5. The way that Savings Credit is calculated for a single person without additional amounts is shown in the following diagram and the same principle applies to couples with the substitution of the appropriate rates:



6. Further details of Pension Credit and Savings Credit can be obtained from *A Guide to Pension Credit* at www.thepensionservice.gov.uk/resource_centre/pension-credit.asp

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QUALIFYING INCOME FOR PENSION CREDIT

Savings Credit – qualifying income

- Retirement pension
- Bereavement allowance
- Widow's pension
- Widowed parent's allowance (note : the first £10 will continue to be ignored)
- Widowed mother's allowance
- Carer's Allowance (previously known as Invalid Care Allowance).
- Industrial injuries benefit
- All foreign social security benefits similar in nature to the above
- Regular payments from occupational and personal pension schemes (note : this includes UK and foreign equivalents)
- Payments from retirement annuity contracts
- Payments from non-pension annuities, such as a home income plan. (Note : if from a home income plan, or similar and an associated loan is secured on the person's home, the interest the person has to pay on that loan will continue to be offset)
- Earnings
- Income from boarders/ lodgers (note : Pension Credit will continue to ignore the first £20, plus 50% of the balance of payment from each boarder where meals are provided).
- War disablement and war widow's/ widower's pensions, including overage infirm allowance (note : the first £10 will continue to be ignored. The whole of any war widows supplementary pension – paid in addition to the normal pension to certain pre-1973 war widows – will continue to be ignored, as will the first £10 of other war pensions)
- Foreign war disablement and war widow's/ widower's pensions (note : the first £10 will continue to be ignored)
- Royalties and payments made under the Public Lending Rights Scheme
- Pension paid by the German or Austrian Governments to victims of National Socialist persecution (note : the first £10 will continue to be ignored)
- Assumed (or deemed) income from capital
- Income from subtenants
- Regular payments from trusts
- The capital value of the right to receive -
  - income under a life interest or from a life rent;
  - any rent if the customer (or their partner) is not the freeholder or leaseholder;
  - income from an annuity, or the surrender value of such an annuity

Any actual income paid will be taken into account in full.

Guarantee Credit - qualifying income

As above for Savings Credit plus :

- Incapacity Benefit
- Severe Disablement Allowance
- Maternity Allowance
- Contribution based Job Seekers Allowance
- Working Tax Credit
- Spousal maintenance payments

Note: Concessionary or ex-gratia payments in lieu of any of the categories of income listed above will be treated in the same way as actual payments of the income in question.

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DWP Department for Work and Pensions

Multi-Benefit Bulletin

Series No	**94/03**	**Date**	Thursday, 2 October, 2003
On desk date	Friday, 3 October, 2003	**Make changes by**	Not applicable
Subject	DISCLOSURE OF INFORMATION TO LOCAL AUTHORITIES (LAs) IN RESPECT OF CUSTOMERS IN CARE HOMES	**Action**	FOR IMMEDIATE ATTENTION OF ALL PENSION SERVICE AND JOBCENTRE PLUS MANAGERS
Contact	Benefit Specific Adviceline		
To	All Pension Service and Jobcentre Plus staff		

The 23 day rule does not apply to this bulletin as it is for information only.
The contents of this bulletin can be made available to the public on request.

Contents

Disclosure of information to Local Authorities (LAs) in respect of customers in care homes

1 Background

1.1 Joint IS/JSA Bulletin 10/00 gave details of the Community Care Service Level Agreement (SLA) setup between the then Benefits Agency (BA) and LAs. The purpose of the SLA was to facilitate the exchange of information between the BA and LAs with regard to customers in care homes.

1.2 In view of the changes to the organisation of this Department, the future format of this SLA is currently under consideration. In the meantime, the principles of the SLA continue to apply, and to apply to all benefits, not just to IS and JSA.

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2 Customer consent to the disclosure of information

2.1 One aspect of the current SLA which has been reviewed is the form giving the customer's consent to the disclosure of benefit information to LAs, in particular whether the form met the requirements of the Data Protection Act. As a result, the consent form has been revised and the new version is attached as an appendix to this bulletin.

3 Use of the revised customer consent form

3.1 The wording of the revised form has been agreed with Departmental solicitors and the Data Protection policy team. This means that where this form, signed by the customer, is held by the Department, you can disclose benefit information to the LA, on request, for the purposes of assessing the customer's contribution to the cost of their care only. **Benefit information cannot be disclosed for any other purpose** unless a separate agreement to disclose is held.

3.2 Benefit information may be given in writing, for example by the completion of form A124 or A124(PC), or over the telephone.

3.3 One signed consent form will be sufficient to cover all the benefits that the customer receives. You must, therefore, ensure that all interested DWP agencies and benefit sections are aware that signed consent to disclose is held.

3.4 Provided that the customer does not withdraw their consent, the consent form remains valid while:

• the customer is in a care home; and

• the same LA remains responsible for funding the customer's care.

3.5 You **must** note the relevant benefit paying systems, using the notepad facility, that the customer's consent to the continuing disclosure of benefit information for community care purposes is held. The note must be deleted if:

• the customer withdraws their consent;

• the customer is no longer resident in a care home; or

• a different LA becomes responsible for funding the customer's care.

3.6 The consent form should be treated as a supporting document for the purposes of document retention.

4 Existing customer consent form held

4.1 The new customer consent form updates the previous customer consent form attached to Appendix 1 of Joint IS/JSA Bulletin 10/00. Where, however, signed consent to the disclosure of customer benefit information to the LA is already held, you should continue to provide information to the LA on request.

4.2 Existing customer consent forms should be recorded and retained in accordance with paragraphs 3.5-3.6.

5 Changes from 6 October 2003

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5.1 LAs normally conduct annual financial assessments in April for those customers who live in care homes and receive LA assistance with their care fees. The assessments are conducted in April to coincide with the annual uprating of social security benefits, pensions and allowances.

5.2 From 6 October 2003:

- Residential Allowance is removed;

- The Part III Accommodation Rate is removed; and

- Pension Credit is introduced.

These changes will result in LAs conducting an additional financial assessment in October for all customers affected by the changes. This means that The Pension Service and Jobcentre Plus will receive a large number of enquiries from LAs requesting confirmation of individual customers' benefit entitlement. It is important to note that we have advised all customers to retain the notifications giving their revised benefit entitlement to show to the LA to assist them in dealing with the necessary financial re-assessments.

If you have any distribution queries regarding this and any other bulletin series, please contact
Corporate Document Services Orderline:
• 0113 399 4040 •

Issued by Corporate Document Services, 7 Eastgate, Leeds

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Customer's Consent to the DWP Disclosing their Benefit Entitlement Information to the LA for Community Care Assessment Purposes

Customer's details:

Full name ……………………………………………………

National Insurance number……………………………………………

Date of birth**…………………………………………………………….**

Customer's Consent

To be completed by the customer and forwarded to the appropriate pension centre or Jobcentre Plus office

I agree to The Pension Service/Jobcentre Plus passing details of the rate of my benefit and, where necessary, the components of that rate, to the Social Services/Social Work Department of ………………………………. Local Authority for the purposes of assessing my contribution to my cost of my care only.

I agree that The Pension Service/Jobcentre Plus may pass details of the rate of my benefit and, where necessary, the components of that rate, to the Social Services/Social Work Department of ………………………………. Local Authority for the purposes of assessing my contribution to my cost of my care only, on a continuing basis.

I understand that I may withdraw my consent to the supply of information regarding my benefit entitlement at any time by notifying, in writing, my local Jobcentre Plus office or pension centre.

Signed……………………………………(resident or their legal representative)

Date…………………………………………

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WORKED EXAMPLES OF HOW THE SAVINGS DISREGARD SHOULD BE CALCULATED

General notes

1. The examples given below demonstrate how Pension Credit interfaces with residential care charges. Each example shows how the Guarantee Credit and Savings Credit are calculated, and how the financial assessment for residential care deals with both these elements.

2. Each example gives a Standard Minimum Guarantee and an Appropriate Minimum Guarantee. These are the weekly levels of income that individuals will be assured of receiving through the provisions of Pension Credit. The Appropriate Minimum Guarantee will be greater than the Standard Minimum Guarantee where individuals or couples are treated by DWP as severely disabled or as having caring responsibilities or housing costs. In most other cases the Appropriate Minimum Guarantee is equivalent to the Standard Minimum Guarantee.

3. Up to the Standard Minimum Guarantee, the Savings Credit that an individual receives will be 60% of their qualifying income above the Savings Credit threshold.

4. If an individual's qualifying income exceeds their Appropriate Minimum Guarantee, the Savings Credit will be reduced by 40% of the difference between their total qualifying income and Appropriate Minimum Guarantee. The level at which this reduction starts will vary, as the Appropriate Minimum Guarantee is not a fixed amount. Single individuals whose Appropriate Minimum Guarantee does not include any additional amounts (that is, it is the same as the Standard Minimum Guarantee) will qualify for the maximum Savings Credit if they have qualifying income of £102.10 (for a couple the figure is £155.80). The 40% reduction will apply if their income is above that level.

5. Individuals who receive an extra amount because of their circumstances (for example, severe disability or caring responsibilities) will qualify for the maximum Savings Credit if their qualifying income is between the level of the Standard Minimum Guarantee and their Appropriate Minimum Guarantee.

6. In calculating deemed income on capital and savings, DWP assume a rate of £1 for every £500 or part thereof. Deemed income is only calculated on assets in excess of £10,000 for individuals in residential accommodation on a permanent basis and on assets in excess of £6,000 for individuals in residential accommodation on a temporary basis.

7. In situations where councils need to calculate qualifying income, including cases where residents have income in excess of the upper threshold for Savings Credit, they should apply DWP's deemed rate of income on assets in excess of £10,000 (£6,000 for temporary stays). For the financial assessment for residential accommodation councils should revert back to the rate of tariff income of £1 for every £250 between £11,500 and £18,500.

Example 1 – Miss Tee

Miss Tee is aged 79, single and a permanent resident of six month's standing. She has a state retirement pension of £77.45, an occupational pension of £8.00 a week, and savings of £10,500.

1. Guarantee Credit

Standard Minimum Guarantee £102.10
(= Appropriate Minimum Guarantee)

Weekly income	£77.45	Retirement pension
	£8.00	Occupational pension
	£1.00	Deemed income on £10,500
Total income	£86.45	
Guarantee Credit	£15.65 (£102.10 minus £86.45)	

2. Savings Credit

Qualifying income	£86.45
minus Savings Cr. threshold	£77.45
Savings Credit	£9.00 x 60% = £5.40

3. Charging assessment

Weekly income	£77.45	Retirement pension	
	£8.00	Occupational pension	
	£15.65	Guarantee Credit	**} Pension**
	£5.40	Savings Credit	**} Credit**
Total income	£106.50		
minus PEA	£17.50		
minus Savings Disregard	£4.50		
Assessed Charge	£84.50		

Note: Miss Tee's qualifying income does not exceed the Standard Minimum Guarantee (which in this case equals the Appropriate Minimum Guarantee). Her Savings Credit is therefore 60% of the amount by which her qualifying income exceeds the lower Savings Credit threshold. She is entitled to the maximum Savings Disregard as this is the lesser of £4.50 and the actual Savings Credit she is due.

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Example 2 – Mr MacLeod

Mr MacLeod is aged 82, single and lives alone. His married daughter who lives in the next street cares for him on a daily basis. He is going in for a two-week respite stay. He has a state retirement pension of £86.70, an occupational pension of £40 a week and savings of £18,000. He also gets Attendance Allowance so is entitled to an extra amount of £42.95 for severe disability.

1. Guarantee Credit

Standard Minimum Guarantee	£102.10	
Extra amount for severe disability	£42.95	
Appropriate Minimum Guarantee	£145.05	
Weekly income	£86.70	Retirement pension
	£40.00	Occupational pension
	£24.00	Deemed income on £18,000
Total income	£150.70	
Guarantee Credit	Nil	(income is higher than Appropriate Minimum Guarantee)

2. Savings Credit

Qualifying income £150.70

Qualifying Income above Appropriate Minimum Guarantee
£150.70 - £145.05 = £5.65

Savings Credit £14.79 – (£5.65 x 40%) = £12.53

3. Charging assessment

Weekly income	£86.70	Retirement pension
	£40.00	Occupational pension
	£26.00	Tariff income on £18, 000
	£12.53	Savings Credit
Total income	£165.23	
minus PEA	£17.50	
minus Savings Disregard	£4.50	
Assessed charge	£143.23	

Note: Mr MacLeod's qualifying income is greater than the Appropriate Minimum Guarantee. His Savings Credit is, therefore, £14.79 minus 40% of the excess of his qualifying income above the Appropriate Minimum Guarantee. As his income is greater than the Standard Minimum Guarantee, he is entitled to the maximum Savings Disregard of £4.50. Because of home commitments for heating and rent in his absence the local authority reduces the charge by £10 per week.

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Example 3 – Mr Clooney

Mr Clooney is aged 98, single and a permanent resident for over a year. He has a state retirement pension of £77.45 and an occupational pension of £6.50 a week. He has no savings.

1. Guarantee Credit

Standard Minimum Guarantee	£102.10	(= Appropriate Minimum Guarantee)
Weekly income	£77.45	Retirement pension
	£6.50	Occupational pension
	£83.95	
Guarantee Credit	£18.15	(£102.10 minus £83.95)

2. Savings Credit

Qualifying income	£83.95
minus Savings Cr. threshold	£77.45
Savings Credit	£6.50 x 60% = £3.90

3. Charging assessment

Weekly income	£77.45	Retirement pension
	£6.50	Occupational pension
	£18.15	Guarantee Credit **} Pension**
	£3.90	Savings Credit **} Credit**
Total income	£106.00	
minus PEA	£17.50	
minus Savings Disregard	£3.90	
Assessed charge	£84.60	

Note: Mr Clooney's qualifying income does not exceed the Standard Minimum Guarantee (which in this case equals the Appropriate Minimum Guarantee). His Savings Credit is therefore 60% of the amount by which his qualifying income exceeds the lower Savings Credit threshold.

He is entitled to a Savings Disregard of £3.90 as this is the lesser of £4.50 and the actual Savings Credit he is due.

Example 4 – Mr and Mrs Woolley

Mr and Mrs Woolley are aged 70, and are permanent residents (of six month's standing) who share a room in their care home and are being treated as a couple for Pension Credit purposes. Mr Woolley has a state retirement pension of £79.00, an occupational pension of £8.00 a week. Mrs Woolley has a state retirement pension of £46.35 a week. They have joint savings of £10,500. Mr Woolley will claim the Pension Credit on behalf of the couple. As the Pensions Service treats them as a couple their appropriate minimum guarantee will be the couples' rate.

1. Guarantee Credit

Standard Minimum Guarantee	£155.80	(= Appropriate Minimum Guarantee)
Weekly income	£79.00	Retirement pension (Mr W)
	£46.35	Retirement pension (Mrs W)
	£8.00	Occupational pension (Mr W)
	£1.00	Deemed income on £10,500
Total income	£134.35	
Guarantee Credit	£21.45	(£155.80 - £134.35)

2. Savings Credit

Qualifying income	£134.35
minus Savings Cr. threshold	£123.80
Savings Credit	£10.55 x 60% = £6.33

3. Charging assessment

Mr Woolley

Weekly income:	£79.00	Retirement pension	
	£8.00	Occupational pension	
	£21.45	Guarantee Credit	**}Pension**
	£6.33	Savings Credit	**}Credit**
Total income	£114.78		
minus PEA	£17.50		
minus Savings Disregard	£6.33		
Assessed charge	£90.95		

Mrs Woolley

Weekly income	£46.35
minus PEA	£17.50
Assessed charge	£28.85

Note: Mr & Mrs Woolley's qualifying income is less than the Standard Minimum Guarantee (which in this case equals the Appropriate Minimum Guarantee). Their Savings Credit is therefore 60% of the amount by which their qualifying income exceeds the lower Savings Credit threshold. They are entitled to a Savings Disregard of £6.33 as this is the lesser of £6.75 and the actual Savings Credit they are due. The example has presumed that Mr & Mrs Woolley are treated as a couple by the Pensions Service. Usually, couples in residential care together as permanent residents will be treated as individuals for Pension Credit purposes.

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Example 5 – Mrs Cameron

Mrs Cameron is aged 74 and is going in for a respite stay of three weeks. She has a state retirement pension of £46.35 and savings of £18,000. Her husband, Mr Cameron, has a state retirement pension of £79.20 and savings of £25,000. Mrs Cameron will claim the Pension Credit on behalf of the couple.

1. Guarantee Credit

Standard Minimum Guarantee £155.80
(= Appropriate Minimum Guarantee)

Weekly income	£79.20	Retirement pension (Mr C)
	£46.35	Retirement pension (Mrs C)
	£74.00	Deemed income on £43,000
Total income	£199.55	

Guarantee Credit Nil (income is higher than Appropriate Minimum Guarantee)

2. Savings Credit

Qualifying income £199.55

Qualifying income above Appropriate Minimum Guarantee
£199.55 - £155.80 = £43.75.

Savings Credit £19.20 – (£43.75 x 40%) = £1.70

3. Charging assessment

Weekly income	£46.35	Retirement pension
	£26.00	Tariff income on £18,000
	£1.70	Savings Credit
Total income	£74.05	
minus PEA	£17.50	
minus Savings Disregard	£6.75	
Assessed charge	£49.80	

Note: Mr & Mrs Cameron's qualifying income is greater than the Appropriate Minimum Guarantee. Their Savings Credit is, therefore, £19.20 minus 40% of the excess of their qualifying income above the Appropriate Minimum Guarantee. Even though Mr & Mrs Cameron only receive £1.70 a week Savings Credit, as they have qualifying income above the Standard Minimum Guarantee they are therefore entitled to the maximum Savings Disregard for couples of £6.75. In this case and other examples of respite care, the council applies the Assessment of Resources Regulations 1992. However, in practice an assessment of ability to pay is not required for the first eight weeks of a temporary stay. Where a council makes no such assessment, the charge that is set should be reasonable.

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Example 6 – Mrs Anderson

Mrs Anderson is aged 56 and is going in for respite care for five weeks. She receives incapacity benefit of £64.35. She has savings of £13,000. Mr Anderson, her husband, is 66 and has a state retirement pension of £77.45, an occupational pension of £25 a week and savings of £16,000. Mr Anderson claims the Pension Credit on behalf of the couple.

1. Guarantee Credit

Standard Minimum Guarantee £155.80
(= Appropriate Minimum Guarantee)

Income	£77.45	Retirement pension (Mr A)
	£25.00	Occupational pension (Mr A)
	£64.35	Incapacity benefit (Mrs A)
	£46.00	Deemed income on £29,000
Total income	£212.80	

Guarantee Credit Nil (income is higher than Appropriate Minimum Guarantee)

2. Savings Credit

Qualifying Income	£148.45
minus Savings Cr. Threshold	£123.80
Savings Credit	£24.65 x 60% = £14.79

3. Charging assessment

Weekly income:	£64.35	Incapacity benefit
	£6.00	Tariff income on £13,000
Total income	£70.35	
minus PEA	£17.50	
Assessed charge	£52.85	

Note: Incapacity benefit is taken into account when assessing entitlement to the Guarantee Credit but is not qualifying income for Savings Credit.

Mr & Mrs Anderson's qualifying income is less than the Standard Minimum Guarantee (which in this case equals the Appropriate Minimum Guarantee). Their Savings Credit is therefore 60% of the amount by which their qualifying income exceeds the lower Savings Credit threshold.

The Savings Disregard is not applicable for the charging assessment for residential care as Mrs Anderson is under 60. Her partner is in receipt of Pension Credit, which is therefore not included in the financial assessment. The local authority and Mr Anderson are satisfied that he has enough to live on at home.

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Example 7 – Mrs Jabang

Mrs Jabang is 61 and is going in for respite care for three weeks. She has a state retirement pension of £32.45, an occupational pension of £12.25 a week and savings of £12,500. Mr Jabang is 67 and has a state retirement pension of £72.00, an occupational pension of £20 a week and savings of £25,000. Mrs Jabang claims Pension Credit for the couple.

1. Guarantee Credit

Standard Minimum Guarantee: (= Appropriate Minimum Guarantee)	£155.80	
Weekly income	£32.45	Retirement pension (Mrs J)
	£72.00	Retirement pension (Mr J)
	£12.25	Occupational pension (Mrs J)
	£20.00	Occupational pension (Mr J)
	£63.00	Deemed income on £37,500
Total income	£199.70	

Guarantee Credit — Nil (income is higher than Appropriate Minimum Guarantee)

2. Savings Credit

Qualifying income — £199.70

Qualifying income above Appropriate Minimum Guarantee
£199.70 - £155.80 = £43.90

Savings Credit — £19.20 – (£43.90 x 40%) = £1.64

3. Charging assessment

Weekly income	£32.45	Retirement pension
	£12.25	Occupational pension
	£1.64	Savings Credit
	£4.00	Tariff income on £12,500
Total income	£50.34	
minus PEA	£17.50	
minus 50% Occupationl pension	£6.13	
minus Savings Disregard	£6.75	
Assessed charge	£19.96	

Note: Mr & Mrs Jabang's qualifying income is greater than the Appropriate Minimum Guarantee. Their Savings Credit is, therefore, £19.20 minus 40% of the excess of their qualifying income above the Appropriate Minimum Guarantee. Although Mr & Mrs Jabang receive £1.64 a week Savings Credit, as they have qualifying income above the Standard Minimum Guarantee they are entitled to the maximum Savings Disregard for couples of £6.75.

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Example 8 – Mrs Hart

Mrs Hart is aged 67 and is going in for a respite stay for 10 days. She has a retirement pension of £19.65 and an occupational pension of £6.50 a week. Her husband, Mr Hart, has a retirement pension of £53.20 and an occupational pension of £15.00 a week. They have joint savings of £25,500. Mr Hart claims the Pension Credit on behalf of the couple.

1. Guarantee Credit

Standard Minimum Guarantee: £155.80
(= Appropriate Minimum Guarantee)

Weekly Income	£19.65	Retirement pension (Mrs H)
	£53.20	Retirement pension (Mr H)
	£6.50	Occupational pension (Mrs H)
	£15.00	Occupational pension (Mr H)
	£39.00	Deemed income on £25,500
Total weekly income	£133.35.	

Guarantee Credit £22.45 (£155.80 - £133.35)

2. Savings Credit

Qualifying income	£133.35
minus Savings Cr. threshold	£123.80
Savings Credit	£9.55 x 60% = £5.73

3. Charging assessment

Weekly Income:	£19.65	Retirement pension
	£6.50	Occupational pension
	£5.00	Tariff income on £12,750
Total weekly income	£31.15	
minus PEA	£17.50	
minus 50% Occupational pension	£3.25	
Assessed charge	£10.40	

Note : Mr & Mrs Hart's qualifying income is less than the Standard Minimum Guarantee (which in this case equals the Appropriate Minimum Guarantee). Their Savings Credit is therefore 60% of the amount by which their qualifying income exceeds the lower Savings Credit threshold. As Mr Hart claims Pension Credit for the couple, and the couple has income below the Standard Minimum Guarantee, Mrs Hart is not entitled to the Savings Disregard.

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Example 9 – Mr Douglas

Mr Douglas is aged 72 and is going into respite care for two weeks. He has a retirement pension of £76.00, an occupational pension of £35.15 a week and savings of £18,000. His wife, Mrs Douglas, is aged 70 and has a retirement pension of £62.35, an occupational pension of £28.00 a week and savings of £22,000.

1. Guarantee Credit

Standard Minimum Guarantee £155.80
(= Appropriate Minimum Guarantee)

Weekly Income	£76.00	Retirement pension (Mr D)
	£62.35	Retirement pension (Mrs D)
	£35.15	Occupational pension (Mr D)
	£28.00	Occupational pension (Mrs D)
	£68.00	Deemed income on £40,000
Total weekly income	£269.50	

Guarantee Credit Nil (income is higher than Appropriate Minimum Guarantee)

2. Savings Credit

Qualifying income £269.50

Mr & Mrs Douglas's total weekly income is too high to qualify for the Savings Credit.

3. Charging assessment

Weekly Income	£76.00	Retirement pension
	£35.15	Occupational pension
	£26.00	Tariff income on £18,000
Total weekly income	£137.15	
minus PEA	£17.50	
minus 50% Occ pen	£17.58	
minus Savings Disregard	£6.75	
Assessed charge	£95.32	

Note: Because Mr Douglas is going into a care home temporarily, Mr and Mrs Douglas are assessed as a couple for Pension Credit purposes and therefore the couple's rate of savings disregard applies. Where a couple have qualifying income above the Standard Minimum Guarantee the resident qualifies for the maximum Savings Disregard. In this situation, if the resident's partner is claiming Pension Credit it cannot be taken into account as part of the resident's assessed income.

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RESIDENTIAL CARE CHARGING - OTHER MATTERS LINKED TO PENSION CREDIT

1. This Annex covers a number of consequential changes associated with the introduction of Pension Credit and the different calculation of benefit entitlement between Pension Credit and Income Support.

Cash in lieu of concessionary coal

2. With regard to the calculation of Income Support, cash payments in lieu of concessionary coal are taken into account as income. However, within Pension Credit these payments are ignored. Within the financial assessment for residential accommodation, these payments have been taken into account as income. These charging rules are retained with respect to permanent residents, as heating is part of the basic package of care. However, the Assessment of Resources Regulations are amended from 6 October 2003, so that cash in lieu of concessionary coal is fully disregarded for temporary residents of any age. This is because, during their absence their own home may well need to be heated if another person is living there or in the winter to avoid burst pipes etc.

Couples where one is in temporary care

3. Income Support for couples where one is in temporary care is calculated and paid at the rate for two single people. In similar circumstances, Pension Credit is calculated and paid at the couple's rate. Within the financial assessment for residential accommodation, local authorities are asked to exercise discretion to ensure that the partner at home has sufficient income for their needs. It will be important for authorities to consider most carefully the needs of couples in receipt of Pension Credit in this regard as, on the face of it, they now receive less benefit than younger individuals.

Deprivation of Capital

4. Pension Credit includes slightly more relaxed rules relating to notional capital than Income Support. In Income Support, individuals may be treated as if they still possess capital in circumstances where they have deliberately deprived themselves of it in order to maximise their benefit entitlement. Pension Credit specifies circumstances in which this would not apply. For example, individuals who choose to use their savings to reduce or clear a debt (including debts not immediately repayable) will no longer be considered as having deliberately deprived themselves to maximise entitlement. Pension Credit will also have slightly different rules for what resources an individual may be assumed to have when they apply for benefits. The deprivation/resources on application rules within the residential care charging system are retained, in line with the rules for Income Support.

Backdated claims

5. Local authorities are advised that the Pensions Service is contacting all pensioner households between April 2003 and June 2004 to provide a direct mail pack that will help them to decide whether to apply for Pension Credit. Provided applications are made by October 2004, the payment will be backdated to the date of entitlement though authorities may wish to liaise with their local Pensions Service to ensure a co-ordinated and timely approach to assisting residents to whom the new provisions apply to make applications. The financial assessment for residential accommodation should also take due regard of back-dated payments of Pension Credit, which can be treated as if they had been in payment for the period which the payment relates to.

Deferred payments

6. The position of residents who have a deferred payment agreement may be affected by the introduction of Pension Credit and changes to AA and DLA(care) regulations that came into force on 6 October 2003. The switch to a single capital limit under Pension Credit means that some residents subject to a deferred payments arrangement may benefit as the deemed income from the value of their property is considered as qualifying income for savings credit. The changes to the AA/DLA regulations mean that care home residents can continue to claim AA/DLA(care) if they are repaying the local authority for the cost of their care (usually under a deferred payments arrangement) while being entitled to Pension Credit, Income Support and other income-related benefits. However, residents over 65 benefiting from free personal care continue to be ineligible for AA/DLA(care).

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ANNEX C

MINOR CHANGES TO THE RESIDENTIAL CARE CHARGING ASSESSMENT TO TAKE ACCOUNT OF CHANGES TO SOCIAL SECURITY LEGISLATION

Special payments to war widowers

1. To ensure that war widowers receive the same provisions as war widows within Income Support legislation, from October 2003, the Department for Work and Pensions is introducing a new disregard of War Widowers Special Payments. Such payments are made to widowers of women who died from injuries and illness resulting from service ending before 31 March 1973.

2. The care charging regulations are directly linked to Income Support regulations and will automatically reflect the new disregard from October 2003.

Down-rating of hospital benefits

3. Local authorities are reminded the period before which benefits are down-rated was extended to 52 weeks from 21 May 2003. The change will apply to all residents including those residents in council-provided accommodation. Authorities will wish to amend their procedures for notifying the Pensions Service when residents are admitted to hospital. (Authorities were advised of this change in circular CCD 3/2003.)

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ANNEX D

PENSION CREDIT AND CHARGING FOR HOME CARE SERVICES

The Scottish Executive endorses the changes to COSLA's non-residential care charging guidance in response to the introduction of Pension Credit described in COSLA's letter to local authorities of 8 September 2003. Local authorities are encouraged to use their discretion to follow the change recommended by the 8 September letter.

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