

**ASSESSMENT FOR FINANCIAL SUPPORT AS PART OF A SUPPORT
PLAN LINKED TO AN ADOPTION, SPECIAL GUARDIANSHIP OR
RESIDENCE ORDER**

**Officer Responsible: Family Services Safeguarding and Family Support Placements
Service Manager**

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“Carer” is used to refer to the person/s making the request for financial support.

Introduction

The financial assessment carried out by the Council will take a carer’s income and notional income from savings, and deduct personal allowances and specific allowable expenses to arrive at a figure called the Net Residual Income. The purpose of the financial assessment is to determine whether a carer has a sufficient level of net income in order to maintain a reasonable standard of living within which to support children.

The Net Residual Income figure is used to:

- **Determine initially whether or not financial support may be granted.**
- **Calculate the level of that financial support.**

NO financial support will be made if:

- **They have savings, singly of £21500 or jointly, of £43000. This is in line with the National Assistance Assessment of Resources Regulations 1992 in line with the Charging Regulations for Accommodation Guide (CRAG). This ensures we have consistency across all policies in Family Services where financial assistance is requested i.e. Non-Residential Services, Residential Services, Adoption, Special Guardianship and Residence Order.**
- **They possess a second property (other than their main home).**
- **They choose not to disclose all details of their financial circumstances.**

If the carer is living with a partner, the assessment will be made on the joint income.

Special calculations can apply to carers who were previously fostering children prior to the making of an adoption, residence or special guardianship order. The Adoption and Children Act 2002 and subsequent Regulations require the Local Authority to make arrangements for the provision of support services and the Regulations allow for the payment of financial support within this. Former foster carers will undergo an

assessment in the same way as other applicants with the additional consideration of the degree to which their existing payments include remuneration.

In some cases applicants will be the child's Foster Carers who were also receiving an element of remuneration in their fostering allowance. If so, and if the outcome of the assessment is that the continuation of the remuneration would facilitate the permanency of the child in that family and that this is the most appropriate way of meeting the child's needs, a request to include remuneration into the level of regular payment may be considered.

Income (See Appendix 2)

- The items to be taken into consideration are set out in Appendix 2 and detailed on financial assessment forms.
- Earned income should be the net figure after deducting Income Tax, National Insurance and contributions to occupational pension schemes. Where pension contributions have been deducted from income, they should not also be included under "Allowances".
- Working tax credits documents must be supplied where applicable
- Income for self-employed persons is taken as profits, money or drawings (whichever is greater) as per the most recent year's accounts, which have been recognised by the Inspector of Taxes. These may be on the preceding year's accounting period basis. Evidence will be required e.g. copy of accounts.
- In order to assess on this basis, the Inland Revenue net assessment should be received along with any details of contributions to pension schemes.
- Any financial resources of the child to be placed must also be included.
- Carers who receive Income Support/Child Tax Credit should complete a financial assessment form, even though their level of income is likely to guarantee their receiving financial support.
- Housing Benefit may be shown as a deduction from rent under "Allowable Expenses", rather than as income.

The list of income items reflects the more common incomes/benefits, but is not an exhaustive list.

Any income not shown in Appendix 2 should be taken fully into account unless there appears to be exceptional reasons why it should be excluded. Where there is any doubt, Residential & Fairer Charging* principles should be followed. The Welfare Rights & Assessment Advisor will check guidance on benefits.

*Assessments will be calculated on benefits/income that the carer is entitled to receive.

Welfare Benefits such as Attendance Allowance (AA), Disability Living Allowance Care/Mobility component (DLA) and Constant Attendance Allowance (CAA)

Treatment of benefit income relating to disability is different from its treatment for Residential and Fairer Charging purposes. Such benefits will generally be disregarded. The reason for this is that we will not be carrying out a Disability-Related Expenditure disregard in respect of the carer. For the same/similar reasons, disability-related income support premiums will not feature in the personal allowances section.

However, in calculating special needs related expenditure for the child, Disability Living Allowance (both Care and Mobility components) will be set off against assessed costs.

The carer will retain the value of either component to the extent that it exceeds the related assessed costs, i.e. the excess will be disregarded as income for the carer.

Notional Income from Savings

In assessing carer's savings and other capital, the following should be disregarded:

- The value of a carer's main home
- Capital less than double the limit set down in the Charging for Residential Accommodation Guide (CRAG).

For definitions of capital and more detailed advice, Fairer Charging/CRAG principles should be followed.

Tariff (or Notional) Income

Where single carers or couples have capital of more than double the lower CRAG level (£26000 as at April 2007) but less than double the higher CRAG level (£43000 as at April 2007), notional weekly income of £1 for every complete or part of £250 over double the lower CRAG level should be taken into account. Where capital exceeds £43000 then no financial support will be granted.

Personal Allowances and Allowable Expenses

To calculate a weekly financial support figure, the following will be set off against the carer's income:

- Basic Income Support levels (Applicable amount plus age-related premiums, dependent children and family premiums but not any disability-related premiums). See Appendix 1.
- A 65% buffer on this sum.
- Assessed levels of special needs-related expenditure (SNRE) in respect of the child. (SNRE is only allowed to the extent that the individual care and mobility related costs exceed the care and mobility components of DLA). At the time of writing these procedures, there are no SNRE calculations in respect of Residence Orders.
- Housing Costs:
 - Rent (net of Housing Benefit)
 - Mortgage
 - Service Charges i.e. communal charges in sheltered/flat accommodation for services like gardening which are not payable through housing benefits
 - Council Tax (Net of Council Tax Benefit)
 - Home Maintenance Allowance for owner-occupiers
 - House Buildings insurance – Allowance to be made for building insurance only, not house contents insurance
 - Contributions to Private Pension Plans (not already deducted from income)

Housing costs

- If claimed, costs (e.g. rent) include items, which are considered normal living costs, such as water charges or fuel costs, this element should be excluded from the housing cost.
- If a carer is paying rent to a relative, the amount of this “rent” will not automatically be allowed as expenditure in the financial assessment. Evidence of a rent agreement and payments made will need to be produced for this to be considered. This situation could arise when a carer is living in the same house as a relative and is being charged rent, or where a relative rents a house to the carer. Housing Benefit principles should be followed to determine if a commercial arrangement is in place in which case an allowance for housing costs should be considered. It may be necessary to seek advice from a manager in housing benefit. However, documentary evidence should be the only situations where we may apply this. These principles apply in Residential and Non Residential Policies.

Mortgages

- The full amount that the carer is required to pay for their mortgage will be included in the assessment of housing costs. This includes any amount payable for the insurance element of an endowment mortgage. If the carer is making increased payments to reduce the term of their mortgage, then the additional payments will not be allowed except where the carer has no alternative but to pay these increased charges.

Service Charges

- An allowance may be made for service charges that must be paid under the terms of the lease and which relate to the provision of adequate accommodation. Accordingly, an allowance may be given for items such as management fees, insurance, repairs and the cleaning of communal areas.
- However there are some types of charges where an allowance should not be made, such as items that can be considered normal day-to-day living expenses e.g. heating, laundry or meals.
- An allowance for eligible service charges should only be considered if Housing Benefit or a Supporting People grant does not already cover them.

Other Costs

All specific costs other than the housing costs stated above are deemed to be covered by the appropriate benefit allowances i.e. income support, pension credit and the buffer. Any other costs would only be allowed in exceptional circumstances. These must be determined by Family Services in the care plan.

Rounding

When any calculation in the assessment results in a fraction of a penny, round up if that would be in the user’s favour (e.g. in the calculation of allowances) or otherwise round

down (e.g. in the calculation of income).

Weekly Financial Support Calculation

Weekly Allowances less weekly income are calculated as the Net Residual Income. The actual weekly financial support payment is calculated as follows (see example at Appendix 3):

- **Take the basic weekly financial support figure for the age group of the child (See Appendix 1) with the following adjustments:**
- **Add the weekly Special Needs Related Expenditure figure (Subject to a maximum of £100 per week, unless Service Manager approval has been given to a higher individual sum). This MUST only be applied if we have not already included the SNRE payments they receive as part of their income.**
- **Deduct any positive Net Residual Income figure (i.e. Ignore any negative figure)**
- **Deduct Child Benefit (See Appendix 1) relating to the child unless the person with whom the child or young person is living is in receipt of Income Support. (Adoption, SGO and Residence Order financial support payments are regarded as income by the DWP**
- **In all cases, deduct any other DWP benefit that would be brought into an Income Support calculation. (I.e. not Disability Living Allowances or Carer Allowances.) wouldn't this apply to all?**
- **In all cases, deduct any maintenance payments received from a child's parents.**

Any positive balance will be equal to the weekly financial support payment.

Special calculations for previously fostered children

Where children were being fostered prior to a Residence/Adoption/Special Guardianship Order being granted, financial assessment will be carried out under "Part A" procedures. The carer will undergo an assessment in the same way as other applicants with additional consideration given to their existing payments, including any level of remuneration.

Where children have been fostered prior to adoption, the Regulations make provision for financial support for a transitional period to be based on the fostering allowance they would have received. If lower than the adoption rate, payment will continue at the adjusted foster care rate for one year. The adjusted foster care rate is the rate after deducting any income that a foster carer would be unable to access, e.g. Child Benefit.

One-off and lump sum payments

The Adoption Regulations (2003) list the following costs, which must be taken into consideration when assessing the needs of the adoptive parents:

- **Costs associated with introducing the child to the adoptive parents**
- **Initial expenditure necessary to accommodate the child, such as furniture and fittings, alterations and adaptations, means of transport, clothing and toys.**

- Legal costs and court fees
- Special needs equipment
- Damage due to special behavioural difficulties
- Boarding school placement due to special needs
- Travel visits between the child and related persons

Some of these items could well feature as ongoing costs requiring regular payment, but others may require single lump sums or a series of payments.

Under current policy detailing Adoption Support Services in Wakefield the full costs of some of these are met. A sum of £400 is currently being paid to all prospective adopters to cover settling in costs. However this amount can be varied in exceptional circumstances. Examples of such situations could be where a contribution is needed towards the cost of adapting a house to provide an additional bedroom or towards the purchase of a larger car to cope with transporting a large sibling group placement. In such cases, the assistance of the Group Accountant must be sought and the approval of the Service Manager obtained. For larger sums, especially those linked to property, please see the relevant procedure.

Final Calculation

- The calculation document or spreadsheet should be prepared by a Welfare Rights & Assessment Officer and checked by a Welfare Rights & Assessment Supervisor. Both will sign and date the form to confirm correctness and authorisation of the figures on the form.
- A copy of the form should then be sent to the relevant Payments & Income Officer for the resulting financial support calculation to be used.

Objections to the financial assessment and appeals

The Financial Assessment Review & Appeal Process will be amended to incorporate this.

Clarification of Assessment Procedures and Methodology

The Special Needs Related Expenditure (SNRE) allowance is not to be included in the calculation of total allowances as this has the effect of double counting.

- 1 The SNRE additional payment is only to be given to the extent that SNRE exceeds any Disability Living Allowance income. Therefore, the SNRE form should include all Special Needs Related Expenditure incurred, the Disability Living Allowance received is then deducted to arrive at the Special Needs Allowance to be paid.
- 2 Carers Allowance (previously ICA) is not disregarded from the income calculation because it is understood to be a substitute for income.
- 3 Child benefit is not to be deducted from the amount payable for Adoption allowance Residence orders, as this income would already have been offset by allowances.
- 4 Commission should be included as income. Where possible the average of the previous 3 years actual Commission should be used, however a 5 year average may be necessary where this income varies significantly up and

- down. The assessor **MUST** see the actual accounts
- 5 Income may be calculated from pay slips using the actual pay to date information on pay slips where this provides for a longer period than that covered by actual pay slips.
 - 6 Car allowance payments are to be counted as income. Where business mileage exceeds 18,000 per year this income may be offset in full by an allowance. Where business mileage is less than 2,500 per year then no offsetting allowance is given. Between 18,000 and 2,500 miles an allowance of 50% of the payment should be given.
 - 7 Income Support Premiums – If one carer is over 60 years, the pensioner couple premium is selected. The Family premium is additional to this.
 - 8 It is noted that expenditure is currently assessed as far as possible on the expected rates for the future year. However, income is assessed on the most recent known rates. Where these relate to the previous year, the figures should be corrected by means of an inflationary increase.
 - 9 All SNRE forms will be costed out and forwarded direct to the Team Manager to be reviewed and authorised as appropriate.
 - 10 Trust funds should be treated as follows: Where there are specific rules about how the trust fund may be accessed follow these rules. This will often take trust funds out of the equation completely, as many cannot be accessed until the child is 18 or 21. Where there are no rules governing the use of the trust fund, assume that half the capital in the fund may be used up to the age of 18. Convert to a weekly figure by dividing by the number of years remaining until the child reaches 18 and divide the answer by 52.
 - 11 War pensions should be disregarded as income.
 12. Mid year reassessment of average weekly net pay from payslips. When a reassessment is requested part of the way through the financial year, the calculation of net pay should be based as far as possible on the past 12 months earnings.

For example a reassessment requested in August (month 5);

The average of 5 months earnings are taken into account from the information given in the pay to date section of the August payslip.

Income for the 7 months in the previous financial year is calculated by taking 7/12 of the net pay from the last financial assessment.

Exception: if the assessed person has not been in employment for the whole of the past 12 months, income will be based on the actual period of employment during the 12 months preceding the reassessment.

Appendix 1

Basic Income Support Personal Allowances

Personal Allowances for 2007/08 are awarded depending on age and circumstance as follows

	2007/08	2006/07
Single people, including lone parents		
Aged 18-24	£46.85	£45.50
Aged 25 or over	£59.15	£57.45
Couples		
Both aged 18 or over	£92.80	£90.10
Dependent Children From birth to the day before 19 th birthday	£47.45	£45.58
Premiums		
Family	£16.43	£16.25
Pensioner (single) aged 60 or over	£59.90	£56.60
Pensioner (couple) aged 60 or over	£88.90	£83.95

Rates increase annually in April. Figures are provided on The Schedule of Income Support produced by the DWP.

Basic Weekly Financial Support Rates

Age of Child			Rate 2005/06	Rate 2006/07
	£	£	£	£
UNDER 5			57.40	58.52
5 – 10			70.28	71.68
11-12			79.94	81.55
13 – 15			86.31	88.06
16 – 18			115.01	117.32

Child Benefit

	2004/05	2005/06	2006/7	2007/8
Eldest Child	£16.50	£17.00	£17.45	£18.10

Each Subsequent Child	£11.05	£11.40	£11.70	£12.10
Lone Parent Supplement, where being received	£1.05	£0.55	£0.10	NIL

Notional Income from Savings

	2005/06	2006/07	2007/08
CRAG Lower Level	12500	12750	13000
CRAG Higher Level	20500	21000	21500

Rates are published annually by www.inlandrevenue.gov.uk

TREATMENT OF INCOME

Appendix 2

	Description	Notes	Status in current Adoption Allowance scheme
A) INCOME TAKEN FULLY INTO ACCOUNT			
	Earnings (incl. SSP, SMP, SPP, AP)	Net of tax and NI	Included 100%
	Occupational and Personal Pensions		Included 100%
	Retirement Pension		Included 100%
	Bereavement Allowance		Not specified
	Working Tax credit		Not specified
	Child Tax Credit		Not specified
	Child Benefit		Included 100%
	Income Support (incl. SDP & Pension Credit)	Previously gave entitlement to maximum level of support without means testing	Included 100%
	Incapacity Benefit		Included 100%
	Income from sublets (which are not part of the service user's living accommodation)		Included 100%
	Invalid Care Allowance		Included 100%
	Maintenance or Separation Order		Included 100%
	Maternity Allowance		Not specified
	Minimum Income Guarantee		Not specified
	Severe Disablement Allowance		Not specified

	Widowed Parents Allowance		Not specified
	Guardians Allowance	Not Applicable in Adoption cases	Not specified
	Housing Benefit		Included 100%
	Notional Income from Capital and Savings		Actual Income Included 100%

	To follow the Home Care principles. Possession of Capital and savings (including a second property) exceeding the upper capital limits (£39,000 currently for a couple) will normally exclude the carers from receiving any allowance.		
	<i>B) INCOME DISREGARDED IN FULL</i>		
	The following allowances for the child:		
	• Disability Living Allowance Care and Mobility components	Taken into account in any SNRE assessment	Disregarded 100%
	• Exceptionally Severe Disablement Allowance	Taken into account in any SNRE assessment	Not specified
	The following allowances for family members other than the child:		
	• Disability Living Allowance Care and Mobility components		Disregarded 100%
	• Exceptionally Severe Disablement Allowance		Not specified
	Payments from The Independent Living Fund		Not specified
	War Pensioners Mobility Supplement		Not specified
	War Disability Pension		Not specified
	War Widows Pension		Not specified
	War Widows Supplementary Pension		Not specified
	War Widows Special Payments		Not specified
	Winter Fuel & Cold Weather Payments		Not specified
	<i>C) PARTIAL DISREGARD APPLIED</i>		
	Civilian War Injury Pension – Disregard £10		Included 100%

	Regular Charitable Payments – Disregard £20		Included 100%
	(£20 per week is the aggregate maximum disregard if more than one payment is received in respect of the above 2 items)		

	Payments from Boarders		
	The first £20 per week should be disregarded plus half of any balance over this sum.		
	Payments from subtenants (where sublet is part of service users home)		
	The first £4 is disregarded + £15.45 if heating is included.		
	Any other income that is disclosed on the financial assessment form but not shown above should be taken into account unless there appear to be exceptional reasons why it should be excluded. Further guidance may be needed from the appropriate service manager or Team manager.		

Appendix 3

Adoption Financial Support Assessment - Simplified example (figures rounded):

Couple under retirement age, with annual earnings of £34,112, savings of £15,000, with two children aged 8 and 5. This assessment relates to the younger child, who has a special needs related expenditure assessment of £25 per week.

	£/Week
£/Week Income:	
Salaries and Wages	656
Child Benefit	
30	
Child Tax Credit	10
Tariff Income on Savings	<u>0</u>
Total Assessable income per week	696

Allowances		
Basic Income Support Level	93	
Dependent Children Premiums	95	
Other Income Support Premiums		16
		204
65% Buffer	133	
Specific Allowances (e.g. Mortgage and Council Tax)	<u>369</u>	
Total Allowable expenditure per week	706	
Net Weekly Residual Income (696-706)	NIL	
Maximum Weekly Financial Support Calculation (£97)		
Basic Financial Support (age-banded rate)	72	
Special Needs Related Expenditure re Child(as above)	<u>25</u>	
Less Net Residual Income Deduction (as above)	NIL	
Less child benefit		12
<u>Net Assessed Financial Support per week</u>	<u>£85</u>	