



## **2. Action**

**This circular is issued under section 7(1) of the Local Authority Social Services Act 1970.**

## **3. Enquiries**

Enquiries about this circular should be made by email to:  
**SCP-SERVICESANDCHARGING@DH.GSI.GOV.UK**

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## **ANNEX TO THE CIRCULAR**

### **I. PERSONAL EXPENSES ALLOWANCE (PEA)**

#### **Legal basis**

1. The PEA is the weekly amount that councils must, in the absence of special circumstances, assume residents need for their personal expenses. The PEA is specified in regulations made under section 22(4) of the National Assistance Act 1948 ("the 1948 Act"). This amount is updated each April, usually in line with the increase in average earnings.
2. The PEA applies in relation to all persons whose accommodation is arranged by a council under Part 3 of the 1948 Act, including residents of care homes with nursing on the premises, residents of council run homes and homes run by the private and voluntary sector.

#### **New PEA amount from 9th April 2012**

3. The Regulations will be amended to provide for PEA to increase from £22.60 to £23.50. Paragraph 5.002 of CRAG will be amended accordingly.
4. This is larger than the usual formula increase (90p per week rather than 65p per week). This is because DWP is making a number of significant increases to benefits from April 2012. For example, basic state pension will increase by 5.2%. These changes should result in a gain for councils in income from charging.
5. The intention of the above formula increase in PEA is to enable residents to keep some of the increase they are receiving in benefits, for their personal use. The increase to PEA has been set at a level that is expected to keep broadly constant the proportion of care home costs met from charges on residents.

#### **The purpose of the PEA**

6. The PEA is intended to allow residents to have monies for personal use. Councils, providers of accommodation and residents are again reminded that the PEA should not need to be spent on aspects of board, lodging and care that have been contracted for by the council and/or assessed as necessary to meet individuals' needs by the council or the NHS. Councils should therefore ensure that an individual resident's need for continence supplies or chiropody is fully reflected in their care plan. Neither councils nor providers have the authority to require residents to spend their PEA in particular ways and, as such, should not do so. Pressure of any kind to the contrary is extremely poor practice. See LAC(2002)11 for fuller guidance.

## **II. CAPITAL LIMITS**

### **Residential care charges**

7. As set out in LAC(DH)(2011)1, in the context of the Spending Review 2010, the capital limits will continue to remain at their current level, £14,250 for the lower capital limit and £23,250 for the upper capital limit.
8. The intention is to help protect the level and quality of social care services by enabling councils to raise additional revenue to pay for these services, from residential care charges. This extra revenue should help ensure councils can maintain the existing quality and quantity of social care.
9. The Spending Review 2010 covers Government spending up to April 2015. However, the Department intends to consider the level of the capital limits in the context of the next local government finance settlement in the autumn of 2012.

### **Home care charges**

10. With respect to charging for home care, savings and capital should be treated no less generously than under the rules for assessing residential care charges. Councils should note that the capital limits set out in this circular will apply automatically as minimum requirements for home care charges.

## **III. SAVINGS CREDIT DISREGARD**

11. LAC 2003(22) mentioned the introduction of a new savings credit disregard from October 2003, in response to the introduction of Pension Credit.
12. From April 2012, DWP will increase the state pension by 5.2% in line with the usual formula (the so-called 'triple lock') and increased the pension credit standard minimum guarantee (SMG) by 3.9%, which is over 1% more than suggested by the usual formula which for the SMG is average earnings. To fund the higher than usual increase in the SMG DWP has reduced the maximum level of savings credit that can be received.
13. However, as mentioned above (paragraph 4), DWP is making a number changes which should result in a gain for councils in income from charging. Therefore, Ministers have decided to make no change to the savings disregards. These will remain unchanged at up to £5.75

a week for individual supported residents aged 65 and over, and up to £8.60 a week for couples.

**IV. CHANGES TO EX-GRATIA PAYMENTS MADE TO PEOPLE WHO HAVE RECEIVED CONTAMINATED BLOOD AND HOW THESE SHOULD BE TREATED IN THE FINANCIAL ASSESSMENT FOR RESIDENTIAL CHARGING.**

14. Under paragraph 15 of Schedule 4 of the National Assistance (Assessment of Resources) Regulations 1992 (the “Assessment of Resources Regulations”) the following are disregarded in the financial assessment for charging for accommodation arranged under Section 21 of the National Assistance Act 1948. Any payments made by or derived from the Macfarlane Trusts, the Fund, the Eileen Trust, the MFET Limited, the Independent Living Fund, the Skipton Fund and the London Bombings Relief Charitable Fund. These disregards are incorporated in the Assessment of Resources Regulations through the Income Support (General) Regulations 1987.
15. On 10<sup>th</sup> January 2011, Ministers announced plans for new measures for people who contracted hepatitis C and HIV from contaminated blood. Details can be found on the DH website at [www.dh.gov.uk/en/Aboutus/Features/DH\\_123381](http://www.dh.gov.uk/en/Aboutus/Features/DH_123381). These measures, including the creation of the Caxton Foundation, came into force on 31<sup>st</sup> October 2011. Councils should ensure their charging practices reflect these changes.
16. Paragraphs 6.030 and 8.042 of CRAG have been amended accordingly.