



**Local Authority Circular**

**LAC(DH)(2015)1**

To:           The Chief Executive  
              County Councils                                }  
              Metropolitan District Councils        } England  
              Shire Unitary Councils                    }  
              London Borough Councils  
              Common Council of the City of London  
              Council of the Isles of Scilly

Copy to:     The Director of Social Services  
              Chief Executive - Care Trusts  
              Chief Executive – NHS England Regions

**Date: February 2015**

**SOCIAL CARE – CHARGING FOR CARE AND SUPPORT**

**1. Summary**

**This circular:**

- I. Sets out the revised Personal Expenses Allowance (PEA) for local authority supported care home residents of £24.90, which comes into force on 6<sup>th</sup> April 2015.**
- II. Confirms that the capital limits remain at their current level (i.e. lower capital limit £14,250 and upper capital limit £23,250).**
- III. Confirms that the savings credit disregards remain at their current level (i.e. up to £5.75 per week for individual supported residents and up to £8.60 per week for couples).**
- IV. Sets out revised figures for the Minimum Income Guarantee (MIG) for people receiving local authority arranged care and support other than in a care home, which come into force on 6<sup>th</sup> April 2015.**

The Annex to this circular contains fuller details.

## **2. Action**

**This circular is issued under section 78 of the Care Act 2014.**

## **3. Enquiries**

Enquiries about this circular should be made by email to:

[payingforcare-secretariat@dh.gsi.gov.uk](mailto:payingforcare-secretariat@dh.gsi.gov.uk)

Current circulars are now listed on the Department of Health website on the Internet at:

[www.dh.gov.uk/letters](http://www.dh.gov.uk/letters). Full text of recent circulars is also accessible at this site.

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## ANNEX TO THE CIRCULAR

### I. PERSONAL EXPENSES ALLOWANCE (PEA)

#### Legal basis

1. The PEA is the weekly amount that residents are assumed to need as a minimum for their personal expenses and local authorities must apply this. The PEA is specified in regulations made under section 14(7) of the Care Act 2014 (“the 2014 Act”). This amount will be updated each April.
2. The PEA applies in relation to all persons whose care and support in a care home is arranged by a local authority under section 18 or 19 of the 2014 Act.

#### New PEA amount from 6<sup>th</sup> April 2015

3. The Care and Support (Charging and Assessment of Resources) Regulations 2014 (“the 2014 Charging Regulations”) will be amended to provide for the PEA to increase from £24.40 to £24.90 with effect from 6<sup>th</sup> April 2015.
4. This is larger than the usual formula increase (50p per week rather than 15p per week). This is because DWP is making a number of increases to pensioner benefits from April 2015. The changes to benefits should result in a gain for local authorities 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. Based on a financial assessment of an individual’s resources, under the 2014 Charging Regulations, individuals must be left with the full value of their PEA. It is then up to the individual to determine how they spend it.
7. Local authorities, providers of accommodation and residents are reminded that the PEA should not be spent on aspects of care and

support that have been contracted for by the local authority and/or assessed as necessary to meet individuals' eligible care and support needs by the local authority or the NHS. Neither local authorities 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.

## **II. CAPITAL LIMITS**

### **Care home charges**

8. As previously announced, in the context of the Spending Review 2010 and the Spending Review 2013, the capital limits will remain at their current level, £23,250 for the upper capital limit and £14,250 for the lower capital limit until April 2016.
9. The intention is to help protect the level and quality of social care services by enabling local authorities to raise additional revenue to pay for these services, from care home charges. This extra revenue should help ensure local authorities can maintain the existing quality and quantity of social care.
10. However, as part of the implementation of the recommendations of the Dilnot Commission on funding reforms the intention is to uprate the capital limits in April 2016. Confirmation of the details will be made nearer the time.

### **Home care charges**

11. With respect to charging for care and support outside of a care home, savings and capital are treated no less generously than under the rules for assessing care home charges. Local authorities should note that the capital limits set out in this circular apply automatically as minimum requirements for home care charges but local authorities have discretion to set higher limits if they wish.

## **III. SAVINGS CREDIT DISREGARD**

12. LAC 2003(22) introduced a new savings credit disregard from October 2003, in response to the introduction of Pension Credit.
13. DWP is, once again, making changes to the Savings Credit threshold. However, as mentioned above, DWP is making a number changes to benefits for pensioners. These changes to benefits should result in a gain for local authorities in income from charging. Therefore, Ministers have decided to make no change to the savings disregards. These

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. MINIMUM INCOME GUARANTEE**

14. People receiving local authority arranged care and support other than in a care home need to retain a certain level of income to cover their living costs. Under the 2014 Act read with the 2014 Charging Regulations, charges must not reduce people's income below a certain amount. As the Care and Support Statutory Guidance makes clear this amount represents basic levels of Income Support or the Guaranteed Credit element of Pension Credit plus a buffer of 25 per cent. However, local authorities can allow people to keep more of their income if they wish. Under the Regulations this amount is known as the Minimum Income Guarantee (MIG).

#### **New MIG amounts from 6<sup>th</sup> April 2015**

15. To keep the MIG in line with the increase to Income Support rates from April 2015 the 2014 Charging Regulations will be amended. The MIG consists of a number of elements. The uprated MIG rates in regulation 7 are planned to be as follows:
- 7(1)(b) where the adult concerned is responsible for, and a member of the same household as, a child, the amount of £83.65 in respect of each child.
  - 7(2) Where the adult concerned is a single person and—
    - (a) is aged 18 or older but less than 25, the amount of £72.40;
    - (b) is aged 25 or older but less than pension credit age, the amount of £91.40;
    - (c) has attained pension credit age, the amount of £189.00.
  - 7(3) Where the adult concerned is a lone parent aged 18 or over, the amount of £91.40.
  - 7(4) Where the adult concerned is a member of a couple and—
    - (a) one or both are aged 18 or over, the amount of £71.80;
    - (b) one or both have attained pension credit age, the amount of £144.30.
  - 7(5) Where the adult concerned is a single person who is in receipt of, or the local authority considers would, if in receipt of income support, be in receipt of—
    - (a) disability premium, the amount of the applicable premium is £40.35;
    - (b) enhanced disability premium, the amount of the applicable premium is £19.70.
  - 7(6) Where the adult concerned is a member of a couple and one member of that couple is in receipt of, or the local authority considers would, if in receipt of income support, be in receipt of—
    - (a) disability premium, the amount of the applicable premium is £28.75;
    - (b) enhanced disability premium, the amount of the applicable premium is £14.15.
  - 7(7) Where the adult concerned is in receipt of, or the local authority considers would, if in receipt of income support be in receipt of, carer premium, the amount of the applicable premium is £43.25.