

## **Leaflet 3 - How the Fund works out your payments**

### **This leaflet contains information about:**

- How the cost of the care that you need is worked out
- The Fund's maximum payment
- How the Fund takes into account your DLA when working out your Fund payments
- How the Fund takes other income into account when working out your Fund payments
- How Local Authority charges are taken into account when working out your Fund payments
- How the Fund looks at Tax Credits
- How the Fund looks at Access to Work

## **How the Fund works out the cost of your care**

The Fund uses the cost of the care that you need to work out how much your payments should be each week. The final calculation depends on how much care you need.

### **Maximum payments**

There is a limit to how much money the Fund is able to give to a Fund user each week.

**If you are a user of the 1993 Fund** (you will be a user of this Fund if you applied after 1 April 1993), then the maximum payment you can receive is **£420 per week**.

**If you are a user of the Extension Fund** (you will be a user of this Fund if you started to get payments from the Fund before 1 April 1993), then the maximum payment you can receive is **£715 per week**.

### **Working out your payments on the number of hours you need**

The Fund usually works out your payments according to the number of hours you need support for each week. We will look at the hourly cost of the support to work out how much the payment should be.

The **hourly cost** of the support that you need might be the hourly rate charged by an agency, or the hourly rate you pay a private carer or personal assistant (PA). If you choose to employ a private carer or PA, please remember that the hourly rate you need to agree with the Fund will be more than you actually pay your PA because you will need to include extra money for things like tax, national insurance and holiday pay. **Please see leaflet 5 “Employing Personal Assistants” for more information about how much to pay your PAs.**

If we are working out your payment according to the number of hours you need each week, there is a simple calculation based on the total

number of hours, multiplied by the cost per hour, eg 20 hours at £5 per hour = £100.

### **Working out your payments based on the overall weekly cost of the support that you need.**

Sometimes, it is not possible to break down the number of hours needed each week. This is usually the case if someone needs round-the-clock support. If this is the case, it might be easier to pay a weekly wage to the PAs rather than pay them by the hour. If this is the case, the Fund can work out your weekly payment according to the overall weekly cost of employing your PAs.

**There are examples of how weekly payments might be worked out later in this leaflet.**

### **Taking your DLA into account**

DLA stands for Disability Living Allowance. DLA is paid in two parts; the care component (for help with care throughout the day and night) and the mobility component (for help with getting around).

You must be getting the **highest rate care component** of DLA to qualify for payments from the Fund. If you stop getting the highest rate care component of DLA, you must tell the Fund at once. There is more information about this in leaflet 6.

The Fund takes account of your DLA care component when working out how much your weekly payment should be. Half of your DLA care component is considered to be available to pay for the assistance you need.

This means that you will need to add half of your DLA to your weekly payment from the Fund to pay for your care bill every week.

Example:

- Imagine that your bill for personal assistance is £150 each week
- Imagine that your DLA care component is £60 per week. Half your DLA is therefore £30 per week (please note that these are not the real figures, just figures to use in this example)
- The Fund takes away the £30 (from the half of your DLA that has been included to help pay for your personal care needs) from the care bill of £150 to arrive at a Fund payment of £120 every week
- You will need to add £30 of your DLA money to the Fund payment of £120 to pay the full cost of your care bill every week

If you are paying a Local Authority charge from your DLA, the Fund will take this into account – see page 10 of this leaflet.

**If you have got any questions about this, please telephone the Fund and a member of staff will be happy to help.**

## **Fund Users on Income Support**

If you are getting Income Support, the Fund does not need to gather full financial details from you. However, the Fund does confirm with the Department for Work and Pensions (DWP) that you receive Income Support. This is why the Fund asks for your signed consent to contact the DWP on the application form and each time you have your ILF review.

The Fund asks the DWP for a breakdown of your Income Support. This is because there is a part of Income Support that is taken into account by the Fund in the same way that DLA is taken into account.

The part of Income Support that is taken into account is called **Severe Disability Premium (SDP)**. Not everyone on Income Support gets SDP. SDP is paid with Income Support to people with disabilities who:

- Receive DLA care component at either the middle or higher rate, and
- Live alone, or
- Live with another person who is unable to provide care for them because they receive DLA care component at either the middle or higher rate

**Please note that SDP cannot be paid with Income Support if someone is claiming Carers Allowance (CA) in connection with the disabled person who gets Income Support. Carer's Allowance used to be called Invalid Care Allowance (ICA).**

## **How does the Fund take SDP (or Severe Disability Addition) into account?**

The Fund takes all of SDP (or Severe Disability Addition) into account as being available towards the cost of care. Like with DLA, this means that, if you receive SDP, your payments from the Fund are adjusted to take account of it.

Example:

- Imagine that your bill for personal assistance is £150 each week
- Remember that the Fund will count half your DLA as being available towards the cost of your care. Like with the example above, let's say that half DLA is £30 per week (please note that this is not the real figure, just a figure to use for this example)
- If you also get SDP, this is available. Let's say that SDP is £45 per week (please note that this is not the real figure, just a figure to use in this example)
- The Fund takes away £30 (from the half of your DLA that has been included to help pay for your personal care needs) plus the extra £45 from SDP. This is £75 in total and this is taken away from the total care bill of £150 to arrive at a Fund payment of £75 each week
- You will pay your care bill by adding your £75 Fund payment to the £30 you have received from DLA and the £45 you have received as SDP

**If you have got any questions about how the Fund takes SDP into account, please contact the Fund and a member of staff will be happy to help.**

## **How does the Fund take your income into account if you do not get Income Support?**

If you do not get Income Support, the Fund will still take half your DLA into account as being available to pay towards the cost of your care.

You may also get some other income that the Fund will take into account. Please note that, if you have a partner, the Fund will take their income into account as well as your own.

### **Earned Income (money from a job or from self-employment).**

The Fund used to take earned income into account when working out your Fund payments. In April 2002, there was a change in this policy and the Fund has not taken earned income into account since then. This means that, if you and/or your partner have a job, your joint wages, or money from work that you do, will be disregarded by the Fund.

### **So what income does the Fund take into account?**

If you are not on Income Support, the Fund will take other benefits and income into account, for example:

- Occupational Pension
- Severe Disablement Allowance (SDA)
- Incapacity Benefit
- War Pension
- Widows' or Widowers' Pension
- Industrial Injuries Benefit
- Child Benefit
- Constant Attendance Allowance
- Income from capital, investments or savings

**This is not a complete list.**

The list does not cover everything and you or your partner may receive other income or benefits that are not on this list. The Fund needs to have details of all the income and benefits you receive before your payments can be worked out correctly. We will therefore ask you about your income when you first apply to the Fund and again every time you have your ILF review.

**Please remember that you need to tell the Fund about any changes in your or your partner's income so that we can make sure that your payments are correct. There is more information about changes you need to tell the Fund about in leaflet 6.**

**How does the Fund work out how much of your income should be taken into account if you are not on Income Support?**

If you are not on Income Support, but you receive other income or benefits, the Fund carries out a **financial assessment**.

As part of the financial assessment, the Fund works out how much money you would get each week if you were getting Income Support.

The Fund then works out how much money you are actually getting each week. Remember that, if you have a partner, the Fund will take their income into account as well.

If you are getting more money each week than you would be if you were getting Income Support, the Fund will take the difference between the two as the starting point for the money that is available towards the cost of your care.

However, the Fund will not take all of this money into account. This is because some of your housing costs will be deducted before a final figure is arrived at.

The housing costs that are deducted are:

- Rent or mortgage (including endowment policy)
- Council tax
- Water rates

The Fund can also allow for interest payable on specific loans that have been taken out to improve, adapt or extend your home, as long as they are related to your disability.

If, after your weekly housing costs have been taken away from your income, you still have more money than you would have if you were getting income support, then this money is taken into account as being available towards the cost of your care. The Fund calls this your **available income**.

Example:

- Imagine that you are not getting Income Support. Instead, you have an occupational pension. Your weekly income from this is £170.00
- The Fund works out that you would be entitled to £96.20 if you were getting Income Support
- The difference between how much income you actually get and how much income you would have if you were getting Income Support is £73.80 per week
- You pay rent of £55 per week, water rates of £6 per week and council tax of £3.50 per week. In total, this is £64.50 per week

- The Fund takes the £64.50 you pay in housing costs away from the £73.80 that is the difference between Income Support and your actual income, to arrive at an available income figure of £9.30 per week
- Like the examples before, imagine that your bill for personal assistance is £150 per week. Remember that the Fund takes half your DLA into account as being available to pay for personal assistance. If half DLA is £30 (this is not the real figure, just a figure to use for this example), the Fund adds this £30 to the available income figure of £9.30 to arrive at a total figure of £39.30
- The Fund takes £39.30 from the £150 weekly care bill to arrive at a Fund payment of £110.70

### **Local Authority Charges**

If you have to pay a charge to your Local Authority for a service that you get from them, for example if you have to pay home care stamp or a charge on your direct payments, then the Fund will take this into account when looking at how much of your income you should put towards your weekly care bill. The Fund does this so that the Fund and the Local Authority are not both taking the same part of your income into account.

Example:

- Again imagine that your bill for personal assistance is £150 each week
- As in the previous examples, imagine that half DLA is £30 per week

- The Fund would normally make a payment to you of £150 - £30, ie £120 per week
- But this time, you have to pay £10 per week to your Local Authority for home care stamp
- The Fund will take away the £10 per week you have to pay to the LA from the £30 half DLA figure. This will leave £20 of your DLA to be taken account by the Fund. This is then taken away from your weekly care bill of £150 per week to arrive at a Fund payment of £130 every week

### **What if my Local Authority introduces a charge, or reduces or stops a charge after my Fund payments have started?**

Please let the Fund know about any reductions in your LA charges as soon as possible, or if your LA starts to make a charge to you after your Fund payments have started. We need to know at once so that we can make sure that we are paying you the right amount of money.

### **Working Tax Credits**

Working Tax Credits are disregarded by the Fund in the same way as earned income. This means that, if you and/or your partner receive Working Tax Credit, then this will be disregarded in the same way as earned income, or money from work that you do.

### **Child Tax Credit**

If you or your partner receive Child Tax Credit, the Fund will take the amount received fully into account in a financial assessment. This is an interim policy that will be reviewed once the Child Tax Credit System has been fully implemented throughout the UK.

## **Pension Credits**

There are two separate credits that can be claimed by people over the age of 60: the Guarantee Credit and the Savings Credit. The majority of Fund users over the age of 60 will no longer receive Income Support, but users who are awarded the Guarantee Credit will be treated the same way as those who have been awarded Income Support. They will be expected to contribute half of their DLA Care Component and the Severe Disability Addition (if entitled) towards their care package.

If you receive the Savings Credit the Fund will carry out a financial assessment, but any money you receive in the form of a Savings Credit will be fully disregarded in the assessment.

## **Access to Work**

**The Access to Work programme** is run by the Employment Service. It provides financial assistance towards the extra costs of employing someone with a disability.

If you get payments from the Fund, and you are getting assistance through the Access to Work Programme, you need to tell the Fund about this, as the Fund may need to take this into account when working out how much your Fund payments should be. The Fund needs to know about **any** sort of assistance you get from Access to Work, even if you are not receiving money directly, for example if you have a support worker who is funded through Access to Work.

**Please get in touch if you have any questions about how the Fund works out your payments.** If you telephone the Fund, a member of staff will be happy to help. The Fund has got a local rate telephone number but, if you are worried about the cost of the call, please ask the person dealing with your query to call you back.