Review of Adoption and Special Guardianship Allowances

Earlier this year we undertook a public consultation regarding how we calculate the allowances we pay to special guardians and some adopters. As part of this consultation we wrote to you and sent you a questionnaire for you to complete and return to us so we could consider your views as part of the overall consultation process.

This letter is to advise you of the results of the questionnaires we received (including those online) and the changes that will be made to the way we calculate your allowance.

These changes will not come into effect for existing payments until 1st April 2017 but will apply with immediate effect to new cases currently not receiving any payment.

We sent out 728 consultation letters; below are the responses we received

We asked you for feedback regarding the changes we wanted to make and only had 24% (approximately one in four) provide us with any feedback.

In October 2016 the following changes were agreed and will become our process for means testing allowances.
Disability Living Allowance (DLA)

We currently do not include DLA for the child we pay an allowance for. We proposed that we would disregard the first 50% of any DLA paid to the child we pay an allowance for. This would not require any supporting evidence of the child’s special needs. We also proposed that for those wishing for the full amount to be disregarded they would have the option of providing receipted evidence of expenditure against the full amount of benefit so we did not duplicate any benefit payments with our allowance. These are the responses to this proposal received from our consultation:

Kent County Council will now be adopting the proposal in the way they complete the means testing.

Carer’s Allowance

We currently do not include Carers Allowance if paid to support the care of the child. We proposed we would include this in the means test calculation. These are the responses received from our consultation:

Kent County Council will now be adopting the proposal in the way they complete the means testing.
Self-Employment

We proposed that KCC needs to request the last twelve months business account and bank statements in order to properly calculate the interest paid and drawings taken from the business. This means that businesses need to have a business bank account. These are the responses to this proposal received from our consultation:

Kent County Council will now be adopting the proposal in the way they complete the means testing.

Dividends and investments

We proposed that KCC asks for annual bank statements to be submitted relating to capital, savings and investments. In relation to dividends the claimant should ask for a print out from the limited company to prove what they have received. A separate declaration box should be introduced declaring that all sources of income have been disclosed. All lump sums must be declared. KCC should divide the sum by 12 to reflect the coming year and add this amount to the available income to the household. These are the responses received from our consultation:
**Child Benefit**

We proposed that KCC deducts child benefit at its full rate from higher earning families. These are the responses received from our consultation:

![Child Benefit Chart](image)

Kent County Council will now be adopting the proposal in the way they complete the means testing.

**Mortgages & Secured loans**

We proposed only the existing mortgage of the property at the time of the making of the order should be taken into consideration. Subsequent increases to, or secured loans against the property should be disregarded as lifestyle choices.

KCC would adopt a position of allowing a loan for essential maintenance works associated to the property which would not be covered under the buildings insurance policy (these could include re-wires, central heating and essential plumbing). There should also be provision for extension costs i.e. the addition of a bedroom, if these are directly attributable to the young person/s now in their care as a result of the order. These are the responses received from our consultation:

![Mortgages and Secured Loans Chart](image)

Kent County Council will now be adopting the proposal in the way they complete the means testing.
Car Loans and other unsecured loans

We proposed no car loans are taken into consideration as the fostering maintenance element already includes a 10% element of travel. These are the responses received from our consultation:

Kent County Council will now be adopting the proposal in the way they complete the means testing. KCC will also begin to allow unsecured loans if these meet the set criteria (explained later on in this letter).

Deferring of pensions

We proposed KCC should assess the pension income, irrespective of whether it has been deferred as this is an accessible benefit and should have been claimed. These are the responses received from our consultation:

Kent County Council will now be adopting the proposal in the way they complete the means testing.
20% Disregard of earned income

We proposed KCC includes 100% of earned income as money available to the household and no longer disregards 20% of this amount. These are the responses received from our consultation:

Kent County Council will now be adopting the proposal in the way they complete the means testing.

In summary the changes to the means test calculation are as follows:

- 100% of household income will be included in the assessment
- 50% of any DLA received for the child we are paying an allowance for will automatically be excluded from the household income with 100% of it being excluded if there is sufficient evidence of expenditure to support the child’s special needs
- Carer’s allowance (now for the child we pay an allowance for) will be included as income.
- State Pension entitlements will be taken into account; even if deferred
- All self-employed/businesses must have a business bank account and not combine business income and expense in a personal account (all income in a personal account will be treated as net income)
- All savings, investments and dividend payments must be declared
- No re-mortgages or secured borrowing against the main residence or a let property will be allowed (unless agreed prior and only for essential work only to maintain the home’s integrity or an extension required to meet the needs of the child. Definition of integrity – essential works. i.e. what a landlord’s obligation would be if the property were rented or covered by a service charge e.g. windows replaced/electrics/plumbing etc)
- Unsecured loans will now be considered if the same criteria is met for secured borrowing as described above
- No car loans will be considered as an admissible deduction from income
• For overpayments on private pensions KCC will apply exactly the same amount as allowed by the Inland Revenue. If an individual wishes to pay more this extra is not treated as a relevant outgoings.

• Child Benefit will be deducted from all allowances except those claimants in receipt of income support.

These changes will come into effect on 01.04.17 for existing cases, and with immediate effect for those awaiting a court order and not currently in receipt of an allowance.

Your allowance will continue to be reviewed annually, on the month the order was granted. At each review KCC allow 28 days for you to return the requested evidence before your allowance is suspended. Failure to supply the evidence to enable us to complete your allowance review will result in your entitlement to an allowance ending 12 weeks after the review process commenced.

It is additionally part of our contract to you that you must inform us of any changes to your circumstances which may affect your entitlement to the current rate of allowance you receive. Examples include:

• The child no longer resides with you
• Your household composition changes (e.g. your spouse/partner is no longer resident)
• You change employment and have a change in earnings
• You become unemployed
• You receive another state benefit not previously declared
• Your mortgage/rent/council tax payments change
• Your child leaves education
• You receive a regular income from a source not previously declared

Failure to inform us of any changes which result in you receiving an allowance you were not entitled to will always result in KCC asking you to repay this.

It always remains your individual responsibility to inform us of any change you think may affect your allowance.

Should it subsequently come to our attention that you have experienced a significant increase in household income since your last review and you have not informed us of this change we will seek to backdate your review to the date your household income increased which will likely result in you owing KCC money which you would have to repay.

Overpayments are automatically deducted from any further entitlements to an allowance until the debt is cleared. For those no longer receiving an allowance repayment arrangements are made.
In an attempt to make it easier for those in self-employment we are considering moving the review date to a point in the year which is most appropriate to enable claimants to have the most up to date HMRC declarations. Please therefore contact us if you are self-employed so we can consider moving your annual review date.

Following feedback we are currently simplifying the existing means test form you need to complete and hope this will be of benefit to you. The new form will be introduced on 01.04.17 for existing cases and with immediate effect for new claimants.

May we take this opportunity to thank you for your time in reading, participating and responding to our consultation on the changes now adopted.