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Guidance

Social care – charging for care and support: local authority circular LAC(DHSC)(2021)1

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This publication is available at <https://www.gov.uk/government/publications/social-care-charging-for-local-authorities-2021-to-2022/social-care-charging-for-care-and-support-local-authority-circular-lacdhsc20211>

Summary

This circular sets out that, for the financial year 2021 to 2022:

- the capital limits remain at their current level (that is, lower capital limit £14,250 and upper capital limit £23,250)
- the personal expenses allowance (PEA) for local authority-supported care home residents remains at its current level (that is, £24.90 per week)
- the minimum income guarantee (MIG) for people receiving local authority-arranged care and support other than in a care home remains at its current levels
- the savings credit disregards remain at their current level (that is, up to £5.75 per week for individual supported residents and up to £8.60 per week for couples)

The annex to this circular contains fuller details.

We are aware that a legal challenge has been made against the charging policy of a local authority, and we are currently considering. All local authorities should continue to act in accordance with the relevant legislation and guidance.

Action

In accordance with section 78 of the Care Act 2014, local authorities are required to act under the guidance in this circular in exercising functions given to them by Part 1 of that Act or by regulations under that Part.

Enquiries

Enquiries about this circular should be emailed to: C&SConsultations@dhsc.gov.uk.

Current local authority circulars (<https://www.gov.uk/government/collections/local-authority-circulars>)

Annex to the circular

Capital limits

The capital limits, specified in regulations issued under the Care Act 2014, set the levels of capital (excluding any capital that has been disregarded) that a person can have while qualifying for financial support from their local authority. For people receiving care other than as a permanent resident in a care home, local authorities have discretion to set higher capital limits if they wish.

A person with assets above the upper capital limit is responsible for the full cost of their care in a care home. A person with assets between the capital limits will pay what they can afford from their income, plus a means-tested contribution from their assets (calculated as £1 per week for every £250 of capital between the capital limits). A person with assets below the lower capital limit will pay only what they can afford from their income.

For the next financial year (2021 to 2022) the capital limits will remain at their current level, £23,250 for the upper capital limit and £14,250 for the lower capital limit.

Personal expense allowance

The **PEA** is the weekly amount that people receiving local authority-arranged care and support in a care home (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 and applies to all people whose care and support in a care home is arranged by a local authority under section 18 or 19 of the Act.

It is intended to allow residents to have money for personal use. Based on a financial assessment of their resources, individuals must be left with the full value of their **PEA**. It is then up to them to determine how they spend it.

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 the person's 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.

For the next financial year (2021 to 2022), the **PEA** will remain at its current level of £24.90 per week.

Minimum income guarantee

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 Care Act 2014, charges must not reduce people's income below a certain amount but local authorities can allow people to keep more of their income if they wish. This is a weekly amount and is known as the **MIG**.

For the next financial year (2021 to 2022), the rates of the **MIG** will remain at their current levels 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:
 - is aged 18 or older but less than 25, the amount of £72.40
 - is aged 25 or older but less than pension credit age, the amount of £91.40
 - 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:
 - one or both are aged 18 or over, the amount of £71.80
 - 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:
 - disability premium, the amount of the applicable premium is £40.35
 - 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:
 - disability premium, the amount of the applicable premium is £28.75
 - 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

Savings Credit disregard

As part of the Pension Credit system, Savings Credit is extra money paid each week for people who have an income above a certain threshold. People above the minimum eligibility criteria for Savings Credit who also qualify for means-tested support to pay for care are allowed to keep an amount of money in addition to the P.E.A or the MIG. This is the Savings Credit disregard.

For the next financial year (2021 to 2022), the rates of the Savings Credit disregard will remain at their current levels as follows: up to £5.75 per week for individual supported residents and up to £8.60 per week for couples.

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