

STANDARDISED MEANS TEST MODEL FOR ADOPTION AND SPECIAL GUARDIANSHIP FINANCIAL SUPPORT

Introduction

1. The Department for Education and Skills has developed a model means test for adoption and special guardianship financial support. Waltham Forest has decided to use this model.
2. The model proposed is intended to deliver a standard approach to arriving at adoption support or special guardianship support payments (if not always a standard payment), so that adopters and special guardians are treated equitably within the context of what is affordable within existing local authority budgets.

Guidance on using means test model

General

3. The model is based on disposable income, and so provides a thorough analysis of your family's financial situation. Key principles of the test are set out in this section.
4. The regulations on adoption and special guardianship support services set out that there must be no reward element in financial payments other than as a transitional provision for foster carers adopting or becoming special guardians for a child for whom you are currently caring.
5. The overall approach used in the test is a 'snapshot' of your family's current circumstances. By this, we mean that if the adopted or special guardian child is already living with the prospective adopters or adoptive parents/special guardian, then the child should be included in the calculations. If the child is not yet placed with the prospective adopters/special guardian, then the child should not be included in the calculations.

PROJECTED FAMILY INCOME

Section 1i – Pay

6. This section should include basic net monthly pay, before any deductions for savings schemes, social clubs, accommodation/food and loans. However, the income figure used should exclude any payments into pension funds.
7. Where one (or both) of the parents or special guardian is self-employed,

8. The only income which should be considered is 'drawings' as this is the equivalent of pay from an employer. Any profit from the business sitting in a bank account (and thereby not being reinvested) should be taken into account as capital under section 1iv: other sources of income.
9. If one (or both) of the parents or special guardian receives overtime, fees, bonus/commission and/or gratuities on a regular basis (for example annual bonuses) should be included as part of the monthly payment (i.e. if the payments are annual, these should be divided by 12 to give a monthly amount to be included in the 'basic net monthly pay' section). If local authorities are using weekly figures, the extra income should be calculated on this basis.

Section 1ii – Benefits and pensions (parents)

10. Where the parents or special guardian receive individual benefits (i.e. those that are not calculated on a household basis) these should be included in this section. If the benefit payments are currently received weekly, please multiply by 52 and divide by 12 to give a monthly amount. Benefits to be entered in this section are:
 - Employer's sick pay (after compulsory deductions)
 - Incapacity benefit
 - Statutory maternity, paternity and/or adoption pay and/or maternity allowance
 - Bereavement benefit
 - Working tax credit (if paid directly and not as part of pay and excluding any childcare element received)
 - All pension payments received
 - Other benefits
11. In relation to working tax credit, our understanding is that an employed person currently receives working tax credit within pay from his employer. If this is the case, the amount will be included in the basic net monthly pay section. All those who receive working tax credit will receive an award notice which sets out how much they will receive. This award notice will provide the information needed for this section of the test.
12. Where a childcare element is paid as part of the working tax credit, this will be disregarded for the income section of the test. The existence of this type of credit will be considered when completing the expenditure section on childcare.
13. Any other benefits received by the parents, for example help with costs associated with disability or mobility, should be recorded in the 'other benefits' section.

Section 1iii – Benefits (family/children)

14. Where benefits are received by your family or household, as opposed to being paid directly to the parents, they should be recorded in this section. This is primarily for benefits which are calculated on the basis of household composition. Benefits to be included in this section are:

Section 1iii – Benefits (family/children)

- Income Support
 - Jobseeker's Allowance
 - Child tax credit per household
 - Child benefit for each child, excluding the child/children who are the subject of this assessment application
15. If a member of the household receives Income Support or Jobseeker's Allowance, the amount per household should be recorded here.
 16. Benefits which should be included in this section are child tax credit received for each child, at the time that the test is applied. All those who received child tax credit should receive an award notice setting out how much they will receive.
 17. Child benefit should be included for each child living in the household, excluding the child/children who are the subject of this assessment application.
 18. Housing benefit should also be excluded from this section, as it is disregarded for the purposes of the expenditure section below.

Section 1iv – Other sources of income

19. Where the family receive income from capital, savings and/or investments, this should be assessed in terms of net monthly interest only, as paid. This is the income that is routinely available to the family, and should be clearly shown on statements/similar. Any interest received from Government Child Trust Funds should not be included in this section.
20. If the family receive income from boarders/lodgers, this should be calculated on a weekly basis (then multiplied by 52 and divided by 12 to give a monthly amount if the test is being completed on a monthly basis). To calculate the weekly income, all weekly payments for board and lodging must be added together, a £20 disregard applied and then 50% of any excess over £20 for each person deducted. This is how income from boarders/lodgers is calculated for income support purposes.

21. Examples of the approach for income from boarders/lodgers are as follows:

Boarder/lodger 1

| | |
|-------------------------------------|---------------|
| Weekly payment | £55 |
| Deduct £20 (disregard) | -£20 |
| | £35 |
| Deduct 50% of remainder | -£17.50 |
| Income from boarder/lodger 1 | £17.50 |

Boarder/lodger 2

| | |
|-------------------------------------|------------|
| Weekly payment | £60 |
| Deduct £20 (disregard) | -£20 |
| | £40 |
| Deduct 50% | -£20 |
| Income from boarder/lodger 2 | £20 |

22. Where the family receive income from rent on an unfurnished property, this should be calculated on the following basis: monthly income received in rent after the deduction of any costs. Deductions can be made for:
- Interest payments on the mortgage (but not mortgage capital payments);
 - Repairs;
 - Council tax (if paid by the family being assessed)
 - Agents' fees; and
 - Insurance (buildings)
23. If income is received from furnished properties, the same calculation applies as above for unfurnished property, but an extra 10% deduction from the monthly rent received can be made as a 'wear and tear allowance'.
24. If you have completed a recent tax return, the tax return should have the information needed for this section of the test.
25. Other income to take into consideration includes maintenance payments received for any child in the household and existing adoption or special guardian allowances (including enhancements for special needs) paid for any child. This latter may be paid where, for example, the family have adopted or become a special guardian for a child with a different local authority and therefore receive a separate allowance.

Section 1v – Income relating to the child/children being adopted or becoming a special guardian child

26. This section relates to the child/children being adopted or becoming

a special guardian child only. Any regular interest on capital and/or income in which the child/children has a legal interest and entitlement should be included here. This could be, for example, a savings account, trust fund, property or other legacy.

27. Payments from Criminal Injuries Compensation Awards should not be included. Any interest received from Government Child Trust Funds should not be included in this section.
28. Please also consider any other income to which the child/children might be entitled. This section does not record child benefit for the adopted or special guardian child, which will be deducted from the final payment resulting from this means test.

Income calculation

29. The means test spreadsheet will automatically calculate the household monthly income and will also apply a 20% disregard to this income figure.

PROJECTED FAMILY EXPENDITURE

Section 2i – Home expenditure

30. This section should include mortgage payments, made up of capital and interest, and also including any endowment payments linked to the mortgage. If the family pays rent, the monthly amount actually paid should be recorded here, after any deductions made for housing benefit. The only other outgoing which should be included in this section is council tax paid; this should be the amount paid after the deduction of any council tax benefit received by the household or discount for single adult households or second homes.

Section 2ii – Other outgoings

31. Where the family pay regular monthly repayments on loans for housing improvement (e.g. extensions/new kitchens) or transport costs (e.g. new car), we suggest that these are included in this section. Waltham Forest Council will need to decide in relation to the individual circumstances as to whether a loan repayment should be included here.
32. Other payments which can be included in this section include maintenance payments, payments relating to court orders, private pension contributions and national insurance if self-employed or not working.
33. The section for 'reasonable' child care costs will need to be determined by each local authority depending on (a) the circumstances of the family in question (e.g. how many hours the

parents work); and (b) local costs for child care services. Costs recorded in this section should be those paid after any childcare element paid as part of the parents' working tax credit. All those who receive working tax credit will receive an award notice, which sets out how much they will receive.

Section 2iii – Core regular family expenditure

34. General household expenditure on items such as food, transport, clothes, recreation will be calculated using the Income Support allowance rates but increased by 25%.

Papers evidencing your finances for calculating financial support will be kept for a minimum of seven years.