

By: Graham Gibbens, Cabinet Member for Adult Social Care and Public Health  
Andrew Ireland, Corporate Director, Families and Social Care

To: Adult Social Care and Public Health Policy Overview and Scrutiny Committee – 30 March 2012

Subject: **THE TREATMENT OF SECOND HOMES AND PROPERTY OTHER THAN A PERSON'S MAIN HOME IN THE NON-RESIDENTIAL CHARGING POLICY**

Classification: Unrestricted

---

Summary: This report is seeking a change to an aspect of the charging policy for home care and other non-residential services concerning which assets are to be treated as capital. The current policy states that the value of a "second home" or property elsewhere will be disregarded as a capital asset. This report recommends that the policy be changed so that such properties are taken into account as capital assets in future.

FOR COMMENT

---

## Policy Context

1. (1) Unlike residential charging, local authorities are able to design their own policies on non-residential charging, providing they comply with the statutory guidance on this issue.

(2) The statutory guidance governing charging for non-residential services is:

- Fairer charging policies for home care and other non-residential social services: guidance for Councils with Social Services Responsibilities (September 2003)  
AND
- Fairer Contributions Guidance - Calculating an Individual's Contribution to their Personal Budget (November 2010)

(3) The following is taken from the 2003 guidance: "The value of the main residence occupied by the user should not be taken into account for charges for non-residential social services, *but other forms of capital may be taken into account*, as set out in CRAG." (paragraph 59). CRAG refers to the 'Charging for Residential Accommodation Guide' published annually by the Department of Health. This contains the Residential Charging rules which stipulate that properties other than the main home can be taken into account. With regard to the valuation of these additional properties, CRAG states that where there will be actual expenses involved in selling an asset, 10% of the value should be deducted. Any debt secured on the property should also be deducted.

(4) The 2010 guidance does not alter this position. It states, "Following the needs assessment and calculation of how much the personal budget might be (the indicative amount), the council will undertake an assessment of the person's financial

circumstances in accordance with the guidance on Fairer Charging Policies for Home Care and other non-residential Social Services (the Fairer Charging Guidance) issued in 2003.” (from introduction).

### **Policy change required**

2. (1) The current KCC policy on charging for domiciliary and other non-residential care states that the value of a “second home” or property elsewhere will be disregarded as a capital asset. It further states that any rental income should be taken into account.

(2) A survey of other local authorities in 2011 revealed that of the 22 that responded, all, except one, do take such properties into account as capital assets. There is general consensus that we should change our policy and take these properties into account in line with nearly all other local authorities and in line with legislation affecting welfare benefits.

(3) It is recommended that the policy be changed so that any additional properties (other than a person’s main home) are taken into account as capital assets. It is further recommended that such properties are valued in the same way KCC currently values properties for residential charging purposes, in particular that 10% be deducted for the expenses of sale and, if the property is jointly-owned, it is valued according to the current jointly-owned property policy for residential charging.

(4) It is further recommended that people affected by this proposal, but who cannot immediately access the equity in their properties, can be eligible for Temporary Financial Assistance from KCC provided they fulfil the other criteria (including agreeing to a legal charge being put on the property in question).

### **Financial Implications**

3. (1) Exact figures are not available, but it is believed (from information provided by Finance) that the proposed policy change will only affect a handful of people as the overwhelming majority of service users living in the community do not own additional properties.

(2) A change in the policy will save the ongoing costs associated with those people that become full cost as a result of the change (precise numbers are not available). It will also remove a mechanism for people to put any capital they own into a disregarded location (e.g. if they hold £100,000 in stocks and shares it is taken into account as capital but, currently, if they convert it into property it is ignored).

### **Recommendations**

4. (1) The Adult Social Care and Public Health Policy Overview and Scrutiny Committee is asked to COMMENT on the proposed change.

### **Lead Officer/Contact:**

Chris Grosskopf, Business Strategy  
Tel No: 01622 696611 (7000 6611)  
E-mail: [chris.grosskopf@kent.gov.uk](mailto:chris.grosskopf@kent.gov.uk)

*Background documents:* None