

— PAYING FOR CARE

Financial assessment for care: the 2026/27 means test

What the council counts for home care in 2026/27: the £23,250 limit, tariff income, the home disregard, the £241.45 minimum income, and how to cut the charge.

By the JNP Sidona team · 9 October 2026 · 12 min read

A financial assessment for care is the council's means test, which decides how much your parent pays towards care the council arranges. In England for 2026/27, capital over £23,250 usually means paying the full cost, and capital under £14,250 is ignored. For care at home, the home your parent lives in is not counted.

KEY POINTS

- The financial assessment is free. It usually follows the care needs assessment, and the council must give you a written record of how the charge was worked out.
- Savings, pensions and most benefits count; the home your parent lives in, earnings and PIP/DLA mobility do not.
- The council must leave your parent a minimum weekly income after charges: at least £241.45 for a single person over Pension Credit age (2026/27), plus housing costs and disability-related expenses.
- List every extra cost caused by your parent's illness or disability before the assessment, with receipts. A cost left off the list can mean a higher charge.
- Above £23,250, a parent with eligible needs can still ask the council to arrange home care. The council must do so, but may charge an arrangement fee.

What is a financial assessment for care?

When a council arranges care, it can charge for it, but it must first assess what the person can afford. The rules come from the Care Act 2014, its charging regulations and the government's statutory guidance. They apply in England only. It comes after the [care needs assessment](https://www.gov.uk/guidance/care-needs-assessment) ([/blog/care-needs-assessment](https://www.gov.uk/guidance/care-needs-assessment)), which sets the care package. The financial assessment decides who pays for it.

- **Only your parent is assessed.** Councils have "no power to assess couples or civil partners according to their joint resources". Joint accounts are usually treated as split equally.
- **The council cannot charge more than the care costs it.**
- **Some care is free whatever your parent's savings.** Reablement and intermediate care for up to six weeks, aids and minor adaptations costing £1,000 or less, NHS continuing healthcare and Mental Health Act section 117 aftercare.

What happens at the financial assessment?

The council's financial assessment team contacts your parent, or you if you act for them. Each council runs it differently. Hackney sends a form (CA1), gives help by phone and will arrange a home visit from its welfare benefits officer if you ask. Lewisham asks for statements for every account, including overdrawn ones, pension award letters and details of regular expenses, sent by email or post.

Some people get a "light-touch" assessment. If your parent clearly has savings above £23,250 and does not want a full assessment, or the charge is small and plainly affordable, the council can accept simpler evidence and skip the full means test.

When it is done, the council must give a written record explaining how the assessment was carried out, what the charge is and how often it is made. No national deadline applies, but Age UK reports that the Ombudsman generally expects the financial assessment within four weeks of the needs assessment. If it is delayed, the council can still ask for backdated charges, though repayments should be affordable.

What are the capital limits for 2026/27?

The Department of Health and Social Care confirmed in February 2026 that the limits stay the same for 2026/27.

How capital is treated in the financial assessment, England, 2026/27

Your parent's countable capital	What happens
Over £23,250 (the upper capital limit)	Treated as able to pay the full cost of care. For home care, they can still ask the council to arrange it.
£14,250 to £23,250	Means-tested support. Capital adds tariff income of £1 a week for every £250, or part of £250, above £14,250.
Under £14,250 (the lower capital limit)	Capital is ignored. Your parent may still pay something from their income.

These are minimums for care outside care homes. Councils can set higher limits for home care, so check your borough's charging policy. Older pages may describe an £86,000 lifetime cap and a £100,000 upper limit. The government said in July 2024 that those reforms would not go ahead.

How tariff income is worked out

Take the countable capital, subtract £14,250, divide by £250 and round up. The guidance's own example: £18,100 is £3,850 over the lower limit. £3,850 divided by £250 is 15.4, which rounds up to £16 a week, added to your parent's weekly income.

Tariff income is not interest. It is an assumed amount. As savings fall, ask the council to reassess, because the tariff should fall too.

What counts as capital, and what is ignored?

Capital includes cash, bank and building society accounts, ISAs, Premium Bonds, stocks and shares, trust funds, and buildings or land, including property overseas. Assets are valued at market or surrender value, less 10% if there would be costs of selling, and less any secured debt such as a mortgage.

The council must ignore, among other things:

- **The home your parent lives in**, while they receive care anywhere other than a care home. A second home or buy-to-let flat can still count.

- **Personal possessions**, such as paintings or antiques, unless bought to avoid care charges.
- **The surrender value of life insurance policies and annuities.**
- **Personal injury trusts and some compensation payments**, such as Windrush or Post Office Horizon compensation.

Savings informally "set aside" for a grandchild still count as your parent's, unless there is evidence such as a trust deed.

The home disregard: why home care is assessed so differently

While your parent lives at home, their house is not counted, whatever it is worth. A homeowner in Blackheath with £12,000 in the bank is assessed as having £12,000. If your parent moves permanently into a care home, the home can count after a 12-week disregard, unless a partner or certain relatives still live there. Our guide to whether you will have to sell the house to pay for care explains those rules.

What income counts towards care at home?

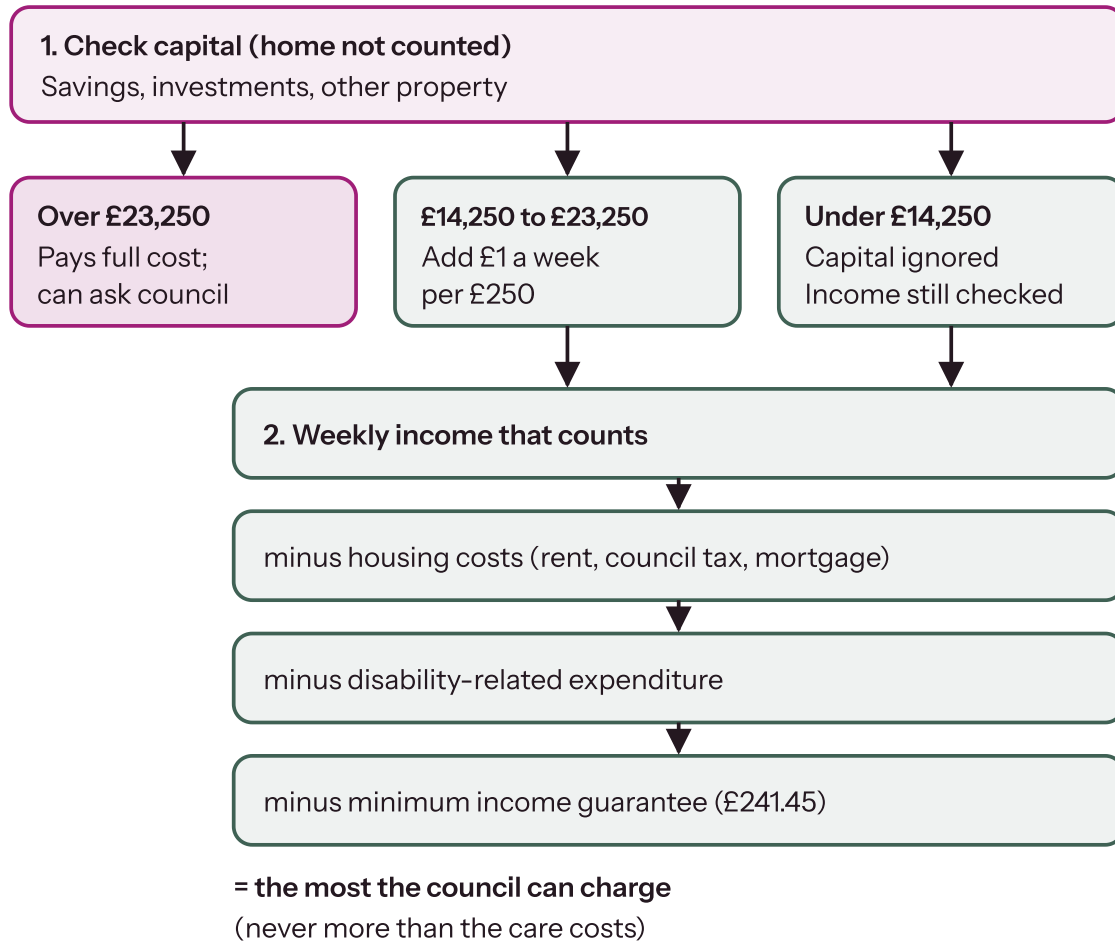
Most income counts in full: State Pension, private and workplace pensions, annuities, Pension Credit guarantee credit, Attendance Allowance, the care part of DLA and the daily living part of PIP.

For care at home, the council must fully ignore, among other things:

- earnings from a job
- the mobility part of DLA or PIP
- Pension Credit savings credit
- Social Fund payments, including Winter Fuel Payments
- regular charitable and voluntary payments, such as regular help from a relative
- War Pension Scheme payments to veterans, except Constant Attendance Allowance

Councils can also count income your parent is entitled to but has not claimed, such as an unclaimed workplace pension. If your parent has a pension pot and is over Pension Credit age, the council can assume the income an annuity would pay, even if they draw little or nothing.

How the weekly charge is calculated



The national minimum method for care at home; councils may protect more income.
Based on the Care and Support Statutory Guidance, chapter 8 and Annex C.

The minimum income guarantee

Someone living at home still pays for food, bills and housing, so the council must leave them a minimum income guarantee (MIG) after charges. The 2026/27 weekly amounts include:

- £241.45 for a single person at Pension Credit age or over
- £184.30 each for members of a couple where one or both are at Pension Credit age
- £120.40 for a single person aged 25 to under Pension Credit age, with extra amounts for disability premiums
- an extra £55.25 carer premium where someone has an entitlement to Carer's Allowance

The MIG is applied after housing costs and disability-related expenditure. It is the legal floor. The guidance says councils should not simply take everything above the MIG without thinking

about it, and can protect more. Lewisham, for example, charges 100% of what is left, but its protected "buffer" has been set above the national MIG.

A worked example

This is an illustration with made-up inputs, not a quote. The method varies by borough.

Your mother is 82, single, owns her flat outright and has £19,000 in savings. She gets £260 a week from her State Pension and a small workplace pension, plus Attendance Allowance at the lower rate of £76.70. Her council tax is £32 a week, and she spends £18 a week on extra heating, laundry and a pendant alarm because of her condition.

- 1 **Capital:** her flat is ignored. £19,000 minus £14,250 is £4,750, which divided by £250 gives tariff income of £19 a week.
- 2 **Income that counts:** £260 + £76.70 + £19 = £355.70 a week.
- 3 **Less housing costs:** £355.70 – £32 = £323.70.
- 4 **Less disability-related expenditure:** £323.70 – £18 = £305.70.
- 5 **Less the MIG:** £305.70 – £241.45 = £64.25.

Under the national minimum method, the most she could pay is £64.25 a week. If her care costs less, she pays the lower figure. A council that protects more income would charge less.

Disability-related expenditure: costs that lower the charge

Where the council counts Attendance Allowance, the care part of DLA or the daily living part of PIP, it should let your parent keep enough to cover extra costs caused by their disability, for needs the council is not meeting. The guidance's list is "not intended to be exhaustive" and includes:

- a community alarm or pendant
- privately arranged care, including respite the council does not arrange
- extra laundry, washing powder or bedding because of incontinence
- a special diet needed because of illness or disability
- heating or metered water costs above the average for the area and type of home
- buying, repairing or hiring disability equipment
- cleaning, domestic help or basic garden maintenance needed because of the disability
- transport costs because of illness or disability, above any mobility benefit

London councils handle this differently. Lewisham assesses each item and asks for evidence, including 12 months of fuel bills for higher heating costs. Hackney automatically ignores 25% of disability benefits and considers higher costs if you show them.

Keep a diary of extra spending, with receipts. If your parent gets the higher rate of Attendance Allowance but the council is not meeting night-time needs, ask whether its policy ignores the difference between the rates; Age UK notes some councils do. If your parent is cutting back on heating or a special diet to save money, say so. The council should consider what they need to spend.

How to prepare for the financial assessment

- 1 Check who can act.** If your parent cannot manage their finances, the council should work with someone with legal authority: a property and financial affairs lasting power of attorney, an older enduring power of attorney, or a Court of Protection deputy. The guidance says a person with dementia should not be "forced" to sign documents they no longer understand.
- 2 Gather the paperwork.** Recent bank and savings statements, pension and benefit award letters, details of investments or other property, and rent, mortgage or council tax bills.
- 3 List disability-related costs** with receipts, using the list above.
- 4 Do a benefit check.** Make sure your parent claims everything they are entitled to, such as Pension Credit and Attendance Allowance. A new benefit can raise the income counted, but also the allowances protected, so ask an adviser to work through the effect.

What if your parent has more than £23,250?

Your parent is a self-funder, but can still get council help. For care at home, if they have eligible needs and ask, the council must arrange the care. Your parent pays the full cost, and the council may add an arrangement fee that covers only what arranging costs it. Lewisham, for example, charges a brokerage fee; ask your council for the amount.

Self-funders can also arrange care directly with an agency. As savings approach £23,250, ask the council for a needs assessment and financial assessment, so support starts when your parent becomes eligible.

Giving money away before the assessment

If the council decides your parent deliberately reduced their assets to avoid care charges, it can treat them as still having the money, and can seek the shortfall from whoever received it. This is called deprivation of assets. The guidance sets no fixed look-back period. A gift made while your parent was well, with no reason to expect to need care, should not normally count, and paying off a genuine debt is not deprivation.

How to challenge a financial assessment

- **Ask for a review.** Check the written record against your parent's real figures, then send your reasons and evidence. Lewisham asks you to keep paying during a review and refunds any reduction. Hackney says its appeal panel decides within 28 days.
- **Ask for a higher MIG or extra disregards** if the charge leaves your parent unable to live independently.
- **Complain** through the council's complaints procedure, then to the Local Government and Social Care Ombudsman.

The council must reassess regularly, usually once a year, and when circumstances change or you ask.

Questions families ask

Does my income or savings count if I live with my parent?



What if my parent refuses a financial assessment?



Do the same rules apply to respite in a care home?



How we can help

We are a CQC-registered home care agency based on Lewisham High Street. We are not part of the council's financial assessment and can't tell you what your parent will be charged. We can give you a clear, written quote for private care after a free home assessment, so you can compare it with what the council offers. Our [guide to paying for care in London](/paying-for-care-london) (/paying-for-care-london) sets out the funding routes side by side, and you can see the [boroughs we cover](/areas-we-serve) (/areas-we-serve).

Sources

1. [GOV.UK \(DHSC\): Social care charging for care and support 2026 to 2027, local authority circular](https://www.gov.uk/government/publications/social-care-charging-for-local-authorities-2026-to-2027/social-care-charging-for-care-and-support-2026-to-2027-local-authority-circular) (<https://www.gov.uk/government/publications/social-care-charging-for-local-authorities-2026-to-2027/social-care-charging-for-care-and-support-2026-to-2027-local-authority-circular>), checked 9 October 2026
2. [GOV.UK \(DHSC\): Care and support statutory guidance, chapter 8 and Annexes B, C and E](https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance) (<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>), checked 9 October 2026
3. [NHS: Financial assessment \(means test\)](https://www.nhs.uk/social-care-and-support/help-from-social-services-and-charities/financial-assessment-means-test/) (<https://www.nhs.uk/social-care-and-support/help-from-social-services-and-charities/financial-assessment-means-test/>), checked 9 October 2026
4. [GOV.UK: Attendance Allowance, what you'll get](https://www.gov.uk/attendance-allowance/what-youll-get) (<https://www.gov.uk/attendance-allowance/what-youll-get>), checked 9 October 2026
5. [Age UK: Factsheet 46, Paying for care and support at home \(May 2026\)](https://www.ageuk.org.uk/siteassets/documents/factsheets/fs46_paying_for_care_and_support_at_home_fcs.pdf) (https://www.ageuk.org.uk/siteassets/documents/factsheets/fs46_paying_for_care_and_support_at_home_fcs.pdf), checked 9 October 2026
6. [Lewisham Council: Paying for care in your own home](https://lewisham.gov.uk/myservices/socialcare/adult/paying-for-your-care-and-support/paying-for-care-in-your-own-home) (<https://lewisham.gov.uk/myservices/socialcare/adult/paying-for-your-care-and-support/paying-for-care-in-your-own-home>), checked 9 October 2026
7. [Hackney Council: Charges for non-residential care services](https://hackney.gov.uk/non-residential-charges) (<https://hackney.gov.uk/non-residential-charges>), checked 9 October 2026
8. [GOV.UK \(HM Treasury\): Fixing the foundations, public spending audit 2024-25](https://www.gov.uk/government/publications/fixing-the-foundations-public-spending-audit-2024-25/fixing-the-foundations-public-spending-audit-2024-25-html) (<https://www.gov.uk/government/publications/fixing-the-foundations-public-spending-audit-2024-25/fixing-the-foundations-public-spending-audit-2024-25-html>), checked 9 October 2026
9. [GOV.UK \(DHSC\): Adult social care charging reform, further details](https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care/adult-social-care-charging-reform-further-details) (<https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care/adult-social-care-charging-reform-further-details>), checked 9 October 2026

About this guide

Written by the JNP Sidona team using the official sources listed above, which we checked on 9 October 2026. Rules, rates and thresholds change, usually each April, so always confirm the current position with the source or your council. This guide is general information, not medical, legal or financial advice. If you spot something out of

date, email info@jnpsidonasupportservices.co.uk (mailto:info@jnpsidonasupportservices.co.uk) and we will correct it.