

Appendix C - Test of Resources (Means Test)

The test largely mirrors the system of calculating entitlement to Housing Benefit.

The assumed weekly needs of the household (the “applicable amount”) is calculated taking into account the number of people, their ages and other circumstances. This is then compared to actual income, and where income is greater than the applicable amount, a "loan generation factor" is applied to the 'excess income' to arrive at a notional "affordable loan". This is the amount by which the grant is reduced or the contribution expected from the applicant. The reduction in grant caused by this test is lower for Tenants because it is assumed that loans will be available on less favourable terms than owner-occupiers. The underlying calculation assumes that owners will be able to acquire loans repayable over 10 years, while for Tenants the period is assumed to be five years.

The formula used for calculating grant entitlement for those with incomes over the level of their needs is:

Amount of grant = cost of work – (actual income – applicable amount) x loan generation factor.

The loan factor makes use of four bands, which ensure that the contribution assessed for those with low excess incomes is lower, for each pound, while for those with higher levels of excess income, the contribution is greater.

Passporting Benefits

Those in receipt of certain means-tested benefits are 'passporting' to a full grant and will not have to make a contribution towards the cost of work. These 'passporting' benefits are:

- Universal Credit
- Income Support
- Income-based Employment and Support Allowance (not contribution-based ESA)
- Income-based Jobseeker's Allowance (not contribution-based JSA)
- Guarantee Pension Credit (not Savings Pension Credit alone)
- Working Tax Credit and/or Child Tax Credit (where your annual income for the purposes of the tax credits assessment was below £15,050)
- Housing Benefit