advice and support for older age
Independent Age

Factsheet

Paying care home fees

Paying for a place in a care home can be complicated. This factsheet explains how the system works, whether you're paying for your own place or eligible for financial help from your local council.

Last reviewed: August 2016

Next review due: April 2017

Independent Age provides advice to help people claim benefits, access social care and stay independent at home. Our local volunteers provide friendship visits and calls for lonely older people. To find out how Independent Age can help you, call us FREE on **0800 319 6789** or visit **independentage.org**

advice quality standard

LanguageLine Solutions

Contents

The information in this factsheet applies to England only. If you're in Wales, contact Age Cymru (0800 022 3444, agecymru.org.uk) for information and advice. In Scotland, contact Age Scotland (0800 470 8090, agescotland.org.uk). In Northern Ireland, contact Age NI (0808 808 7575, ageni.org).

1. Assessing your care needs

If you're finding it harder to manage at home and you're considering moving to a care home, start by asking your local council's adult social services department for a free care needs assessment. The assessment is a chance to talk to a social care professional about how you're managing at home and get recommendations about the care and support that could help you. For more information about the care needs assessment, read our factsheet **Assessment and services from your local council** (0800 319 6789, independentage.org).

You should be given a written copy of the assessment. If the assessor has decided that a care home is the best option for you, the assessment should say which type of care home can meet your needs, eg a nursing care home, residential care home or care home with specialist dementia care.

Finding a care home

Find out about care homes in your local area by contacting the Elderly Accommodation Counsel (0800 377 7070, housingcare.org) or the Care Quality Commission (03000 616161, cqc.org.uk). Both organisations can give detailed information about registered care homes. The Care Quality Commission regulates and inspects all care homes in England, and you can see their latest inspection reports on their website. More information can be found in our advice guide **Choosing a care home**. Call 0800 319 6789 or visit independentage.org to order your free copy.

2. Paying for a care home if you need nursing care

Most people will be expected to pay something towards the cost of their care. However, if you have nursing or medical needs, the NHS may contribute towards your fees or occasionally pay them in full.

Depending on your needs, you could receive:

NHS-funded nursing care

You may get this if it's decided you need a place in a nursing home. If you're eligible, you will receive £156.25 per week from the NHS towards the care you receive from a registered nurse in the nursing home. This is paid directly to the home. If you're paying for your own care, the nursing care contribution is deducted from your fees before you pay. If you receive funding from the council, this amount will be deducted from the council's contribution and won't reduce the amount you're contributing to the fees. You should be assessed for NHS Continuing Healthcare before being assessed for NHS-funded nursing care.

NHS Continuing Healthcare

This is a package of care arranged and funded by the NHS. It is provided to people with complex health and care needs, whose physical and/or mental health needs cannot be met by social care services alone. It is not means-tested, so if you qualify for it you usually won't have to pay anything towards your care or accommodation fees. For more information, see our factsheet **Continuing Healthcare: Should the NHS be paying for your care?** (0800 319 6789, independentage.org).

3. Assessing your finances

After your care needs assessment, you will have a financial assessment (sometimes called a means test) from your local council to work out how much you may have to contribute to your care home fees.

The financial assessment looks at:

- your income
- your savings and capital
- certain benefits
- the value of your home if you own it (this isn't always taken into consideration – see chapter 6).

Most people will have to contribute all of their income towards their care home fees, aside from a few exceptions and a small amount known as a Personal Expenses Allowance. The chapters that follow give detailed information about the rules for how your income, savings and capital are considered.

Does your spouse, civil partner or partner have to pay towards your care home fees?

No – only your individual finances should be assessed. The council mustn't include the income or savings of your spouse, civil partner or partner.

Future changes to paying care home fees – the care cap

The government plans to introduce a cap on care costs, so that no one pays more than a fixed maximum amount towards their care costs in their lifetime. This plan was due to be introduced in 2016, but has now been postponed until April 2020.

4. How your income is considered in the financial assessment

The financial assessment will look at your income. Most people will have to contribute all of their income (minus a Personal Expenses Allowance – see below) towards their fees.

Not all types of income are included in the assessment. The assessor will **not** look at:

- certain benefits, including the mobility component of Disability Living Allowance or Personal Independence Payment
- half of any private pension or retirement annuity if you're giving it to your husband, wife or civil partner who is living at home. If you're single, the council can choose to ignore 50% of your pension or annuity.
- War Widows special allowance
- regular charity payments.

What will happen to my disability benefits?

You will continue to receive Attendance Allowance, Disability Living Allowance care component or Personal Independence Payment daily living component if:

- you're paying your care home fees in full
- the council is giving you a loan to pay the care home fees while you sell your home (see chapter 6)
- you have a deferred payment agreement with the council (see chapter 6).

If the council is contributing to your care home fees, your disability benefits will stop after you have been in the care home for 28 days. They will also stop after 28 days if the council is applying the 12-week disregard to your property (see chapter 6). If you're paying the full cost of your fees after the

12- week disregard period ends, you will need to re-apply for your benefits.

To do

You may be entitled to Pension Credit if the council is paying towards your fees. Contact the Pension Service to find out (0345 606 0265, gov.uk/pension-credit). If you're claiming Pension Credit, this will count as part of your income in the financial assessment.

The Personal Expenses Allowance

After your income has been assessed, the council must ensure you're left with a Personal Expenses Allowance of £24.90 per week, which you can spend as you wish. The council can use its discretion to allow you to keep more than £24.90 if, for example, you have to pay ground rent for a house that you are trying to sell. You can also ask to have your Personal Expenses Allowance increased to help support your partner at home (for example, if they need to make repairs to the house).

You may also receive a small sum known as 'Pension Savings Disregard' depending on your circumstances. This is up to £5.75 a week if you're single or £8.60 for couples.

5. How your savings and capital are considered in the financial assessment

The financial assessment will look at your savings and capital as well as your income. Most of your savings and capital are included in the assessment – for example:

- bank and building society accounts
- national savings accounts
- premium bonds
- stocks and shares
- any property you own (including your home, other buildings and land). There are exceptions to this – see chapter 6.

Any savings or capital you own jointly with someone else will be divided into equal shares between you. You may want to split any joint accounts as this will make handling your affairs much easier. However, if you jointly own any property, your share of it will be precisely worked out. See our factsheet **Valuing your share (beneficial interest) in a property** (0800 319 6789, independentage.org).

Some savings and capital are completely ignored by the council, including:

- personal possessions, as long as you didn't deliberately buy them to try to avoid paying for your care
- some investment bonds – take advice if you have any.

If you have savings and capital of less than £14,250:

You won't have to use any of this money to pay towards your care home fees. The council will pay your care home fees. You will still have to contribute most of your weekly income (see chapter 4).

If you have savings and capital worth between £14,250 and £23,250:

The council will contribute towards your care home fees, but you will also have to pay towards them. You will pay £1 per week for every £250 in savings and capital you have between £14,250 and £23,250. You will still have to contribute most of your weekly income (see chapter 4).

If you have savings and capital worth over £23,250:

You will have to pay all of your care home fees. If your money reduces to less than £23,250, you should contact the council for another assessment. See chapter 11 for more information on paying for your own care.

6. How the value of your home is considered in the financial assessment

The value of your home won't be taken into consideration if any of the following people still live there:

- your spouse, civil partner or partner
- a close relative who has a disability
- a close relative who is over 60

This is known as a mandatory disregard of the value of your property.

In some cases, the council may choose to ignore the value of your home in other circumstances – for example, if someone gave up their own home to live with and care for you. If the carer moves out or your home is sold, the value will then be considered in the assessment. Sometimes the council may allow someone such as a younger relative to stay living in your home, but will recover their contribution to your fees once the property is sold (see page 11).

If your home is taken into consideration in the financial assessment, you have several options. These are detailed below.

Time to decide: the 12-week property disregard

If you have less than £23,250 in savings and not enough income to pay your care home fees, the council will pay your care home fees for 12 weeks or until your home is sold, whichever is sooner. This is to give you time to sell your home.

During this time, you will pay the council or care home any contribution from your income and savings that you have been assessed as having to pay. If you haven't managed to sell your home after 12 weeks, its value will still be counted as part of your capital.

If you want to sell: A council loan while your property is being sold

While your property is being sold, the council can loan you money to pay your care home fees. This is sometimes called interim funding. This short-term financial help will stop once your property sells if, when added to your savings, it is over £23,250 (minus some selling costs). You will usually have to sign a deferred payment agreement (see below). You will have to repay the council the money it has loaned you.

Good to know

If your council refuses to help you financially while your house is being sold, contact us for advice (0800 319 6789).

Delaying the sale of your property: deferred payment agreements

If you don't want to sell your property while you're living in the care home and your savings are less than £23,250, you can ask the council for a deferred payment agreement. This means the council pays your care costs and claims the money back later once your property is sold, when you move out of the home or after your death.

The council can charge interest on deferred payments to cover their costs. You will also have to pay a fee for the council to manage the deferred payment. You could choose to have both of these charges included as part of the loan, if the council thinks your property is worth enough to allow this.

You can cancel the deferred payment agreement, but only if you have another way of paying the care home fees. You will need to repay what has already been loaned to you to avoid further interest accruing on the loan.

The council will offer a deferred payment agreement if they think it’s appropriate and they will be able to get their money back in future. You can contact our Helpline if the council is refusing to give you a deferred payment and you think this is unfair (0800 319 6789).

You can read more about deferred payments in our factsheet **Do I need to sell my property to pay for my care home fees?** (0800 319 6789, independentage.org).

Renting out your property

If you rent out your property to tenants, its value will be taken into account in the financial assessment. You may be assessed as needing to pay all your own care costs. You will then need to make sure that the rent you charge, when added to the rest of your income, covers the full cost of the care home fees.

Ask the council for more information if you’re considering this.

Good to know

Some local councils provide the 12-week property disregard even if your property is being rented out.

After these 12 weeks, if the rental income plus your other income won’t cover your care home fees, you can ask for a deferred payment to cover the remaining fees. You can get more information on renting out your property from HMRC (0300 200 3300, hmrc.gov.uk).

7. What happens if you jointly own a property

Your share of a jointly owned property will be taken into account in the financial assessment if the other owner either:

- doesn't live with you
- does live with you but isn't your spouse, civil partner or partner, or a close relative over 60 or with a disability.

The council can't simply assume that each joint owner has an equal share in the property. For example, if you've bought a property with another person, they can't assume you own 50% of the value. Your share could be more or less than this, based on what someone may pay for it. The council may need to get a precise valuation.

What is your 'beneficial interest' in a property?

Your beneficial interest is the amount you're entitled to receive from the sale of your property, or the sale of your share of a jointly owned property. If you legally own a property but haven't contributed any money towards the purchase, improvement or maintenance of the property, then the council may decide you don't have any beneficial interest (or share) in it. If they conclude you wouldn't be entitled to receive any of the value of the property if it were sold, it may not be included in the financial assessment.

Our factsheet **Your share (beneficial interest) in a property** explains more about how the council should consider your share when working out what you need to pay towards your care home fees (0800 319 6789, independentage.org).

8. Giving away your belongings: deprivation of capital

If you give away your home or savings deliberately to avoid paying for your care home fees, this is called 'deprivation of capital'. The council can treat this capital as if you still owned it, and include it in their financial assessment.

They must look at why and when you gave your savings or property away. For example, if you gave your grandchildren some money three years before you needed care, it may be unreasonable for the council to assume you did this to avoid paying care home fees. However, if you signed your property over to your son when you were unwell and it looked likely you would need residential care in future, the council might decide that you did this to avoid having to pay care home fees.

Some of the ways in which you may be considered to have deliberately deprived yourself of capital include:

- giving away money
- transferring the ownership of your property
- spending your money on something unnecessary (such as a very expensive painting or holiday).

See our factsheet **What can I spend my capital on before moving into a care home?** for more information (0800 319 6789, independentage.org).

9. Moving to a care home as a couple

If you and your spouse, civil partner or partner both qualify for social care support and move into a care home, your council will assess you separately. If you each have less than £23,250, the council will pay towards your care home fees, providing your weekly incomes are below the care home fees level. If you have joint savings, these will be split in half for the financial assessment.

Claiming Guarantee Pension Credit

If you move into the same care home as your spouse, civil partner or partner and have separate rooms, you will be treated as having separate finances when you claim Guarantee Pension Credit. You should both put in new claims to make sure you are both receiving the right amount. Contact us for advice if you're unsure how this affects you (0800 319 6789).

10. Choice of care home and paying top-up fees

The council should tell you how much they usually agree to pay for the amount of care you need in a care home. This should be based on your assessed needs and on local factors like the market rate for care in your area.

If there is no suitable care home place available that can meet your assessed needs for this amount of money, councils must increase the amount they're prepared to pay.

However, it may be that you prefer a more expensive home even though a cheaper home can meet your assessed needs. You can move there as long as someone else – this could be a relative, friend or charity – will pay the extra cost, known as a 'top-up'. It's important that any top-up arrangements you make can continue for as long as you're in the care home, as you may have to move to a cheaper home if the person paying the top-up can't afford to pay it anymore.

Paying your own top-up fees

At the moment, you can only pay your own top-up during the 12-week property disregard, if you have a deferred payment agreement with the council, or if your accommodation is being provided under the Mental Health Act in certain circumstances. The government plans to lift these restrictions in April 2020, allowing more people to pay their own top-up fees if they can afford to. Remember, if the council is paying towards your care, you'll already be contributing most of your income and savings towards your care, so it's unlikely you'll be able to afford this. For more information about top-ups see our factsheet **Paying care home top-up fees in England** (0800 319 6789, independentage.org).

11. Paying your own fees

If you have savings over £23,250, you'll have to pay your own care home fees. However, you're still entitled to a care needs assessment from your council. It's useful to have this, as it works out exactly what your care needs are which could help you to find a suitable home. You'll also get an idea of the costs involved, so you can make sure you're not moving somewhere too expensive. If your money falls to a level where you qualify for financial help from the council in the future, you may have to move if you're living somewhere more expensive than they will pay.

Alternatively, you could arrange your care home place without involving the council.

When your savings start to fall

If your savings fall below £23,250, you may be eligible for financial help from the council. Contact them around two months before you think your savings will drop below this level.

If your care home is in a new area

If you're moving to a new area and your current council is paying some or all of your fees, they should remain responsible for your care arrangements and any fees throughout your time in the new care home.

If you have moved to a new area while paying your own fees, but your savings are reaching a level where you will need help from the council, you must apply to the new council for the area you are living in.

Moving to a less expensive care home

If you can no longer afford to pay your care home fees and your savings have fallen to a level where the council is paying, you may have to move to a cheaper care home that the council will agree to fund.

You should start by having a care needs assessment (or reassessment) from the council to look at your care needs. Our factsheet **Assessment and care services from your local council** (0800 319 6789, independentage.org) has more information about assessments. The council must show that the new care home will meet your assessed eligible needs. They should also carry out an assessment to consider if a move will affect your physical, social or mental wellbeing. The professionals involved in this assessment will depend on your needs. For example, if you have been diagnosed with dementia, your psychiatrist may be called upon. The opinion of these professionals should be taken into account in the decision-making process.

If social services agree that you should stay in your original care home, they should increase the amount they pay to cover the higher care home fees.

If you have to move but feel the new care home can't meet your needs, you may want to challenge the council's decision using their complaints procedure (see chapter 15).

Getting advice to plan for care home fees

The system for funding care home placements is complex so you may want to get more information and guidance. You can find a specialist financial adviser through the Society of Later Life Advisers (0333 2020 454, societyoflaterlifeadvisers.co.uk). There is likely to be a charge for this service.

12. Temporary stays and respite care

You may only need to move into a care home for a short time. This might be:

- to give your carer a break
- to recover from an illness
- for a trial period while you decide if you want to make it your permanent home.

The council can charge you for temporary stays in one of two ways:

- it can charge you as if you were a permanent care home resident
- it can treat you as if you were still living at home and charge you according to non-residential rules.

Either way, the value of your home is ignored if you plan to move back there within a year.

If the council is financially supporting you to pay your fees during a temporary stay in a care home, they must also consider your needs at home, and those of your partner or carer, such as any payments needed for the upkeep of your home and the bills you need to pay. This could mean increasing your Personal Expenses Allowance – see chapter 4.

Free nursing care during a temporary stay

If you're going into a nursing care home for less than six weeks, the NHS will pay towards the nursing element of your care by making a NHS-funded nursing care payment of £156.25 per week to the home. They may not need to assess you for this funding if you've already been assessed as needing nursing care – for example, if you already get help from the community nursing service.

Temporary stays and your benefits

Pension Credit

You can usually keep getting Pension Credit while in a care home for as long as you continue to qualify for it. However, any disability additions you receive with your Pension Credit will stop after 28 days.

Disability benefits

Attendance Allowance, Disability Living Allowance care component and Personal Independence Payment daily living component stop after 28 days in a care home unless you are paying all the fees yourself.

If you need to go in to a care home for several short periods, the days for each care home stay will be added together if you go back within 28 days. Your disability benefit and disability additions will stop after a combined total of 28 days.

To do…

If you need regular stays in a care home to give your carer a break, talk to a social worker about whether you could arrange to keep your disability benefit.

Housing Benefit and Council Tax Support

If you're staying in a care home for a trial period and not renting out your home while you're away, you may be able to keep getting Housing Benefit and Council Tax Support for up to a year. Some people go into care homes as temporary residents and then decide to stay in the home permanently. The council will reassess your finances when you become a permanent resident.

13. If you leave your care home temporarily

You should ask your council about what will happen if you have to leave the home temporarily (eg if you go into hospital or on holiday with your family). Whether or not the council will continue to pay towards your care costs while you are away should be included in your contract for your care home place. Always check this in your contract before you sign it.

Similarly, if you’re paying for your own care, it is important to ask the care home what charges will be applied for periods away from the care home, and make sure this is in your contract.

If you’re away from the care home because you have to go into hospital, you will continue to receive your usual amount of Guarantee Pension Credit.

14. Making a contract with a care home

If the council is contributing to your care home fees, it is responsible for making sure that the full cost is paid to the care home. It should agree a contract with the care home, saying how much the fees are and what sort of care you should receive.

To do…

Always ask to see the contract between the council and the care home to make sure it includes any special requirements that were given in your care plan.

The care home's fees should cover all of your care needs but check if you have to pay any extra charges for things like outings, hairdressing and leisure activities.

If you're paying for your own place

If you're paying your own fees, you must have a written contract with the care home that sets out the agreed terms and conditions. Don't sign a contract until you're sure what services the home will provide for you, what is expected of you, and whether you're happy with these arrangements.

If you're unhappy with any part of the contract, contact the Citizens Advice consumer helpline (03444 111 444, citizensadvice.org.uk) or your local Citizens Advice.

The care home contract should include:

- whether your stay is permanent, temporary or a trial stay
- information about your room
- the care and services, including arrangements for meals, drinks and laundry
- the fees or charges and how they are calculated
- whether extra charges are made for any services
- the care home's rights and obligations

- your rights and obligations
- how the care home will meet any special requirements, such as your dietary or religious needs
- how any changes to your care needs will be managed
- how your money and valuables will be secured, and who holds the responsibility for insuring them
- what liability insurance the care home has
- whether you will be charged if you're away from the care home temporarily
- the notice period you will have to give or could be given to move out
- how to make a complaint.

What to check in a contract:

- Who has to pay the fees and how often are they charged? How long are the fees payable after someone has died?
- Is the care home excluded from liability for causing death or injury?
- Does the care home exclude itself from providing some services?
- Is the care home responsible for looking after your possessions?
- Is the care home responsible if your clothes are damaged in the laundry?
- Can the care home make significant changes to what it supplies without consulting you?
- Can the care home change your room without consulting you?
- Can the care home impose unreasonable restrictions or obligations on you?
- Can staff enter your room without your consent?
- Does the care home have the right to keep or dispose of your possessions after your death?

15. What to do if you disagree with the council

There are several reasons why you may want to make a complaint to the council. For example, if:

- you don’t agree with how they’ve valued your property
- they’re treating you as having given away your assets to avoid paying the home's fees, and you don’t agree
- you’re unhappy with your care needs assessment
- you don't think the services you’ve been offered are right for you
- you don't agree with the amount that the council is willing to pay towards the fees of the home.

If the council is contributing to your fees, you can write to the council to explain the situation and what you would like to happen. If you’re not happy with the outcome, you can contact the Local Government Ombudsman (0300 061 0614, lgo.org.uk). If you’re paying your fees yourself, you can contact the Local Government Ombudsman directly.

Another option is to apply for Judicial Review to consider the lawfulness of the council’s decision. In some cases, this may be a more effective route than writing to the council, but you need to act quickly – within three months of the council’s decision – and get legal advice about your case.

For more information, see our factsheet **Complaints about care and health services** (0800 319 6789, independentage.org).

16. Useful contacts

To find care homes in your area and see inspection reports:

The Care Quality Commission (03000 616161, cqc.org.uk)

To find a specialist financial adviser to help you plan for paying care home fees:

The Society of Later Life Advisers (0333 2020 454, societyoflaterlifeadvisers.co.uk)

For advice about your contract with a care home:

Citizens Advice consumer helpline (03444 111 444, adviceguide.org.uk)

If you have questions about any of the information you have read in this factsheet, you can contact our advice service (0800 319 6789, advice@independentage.org).

This factsheet has been put together by Independent Age's expert advisers. It is not a full explanation of the law and is aimed at people aged over 60.

If you need this information in an alternative format (such as large-print or audio cd), call us on 0800 319 6789 or email advice@independentage.org.

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