

Paying your care home fees

About this factsheet and who it is for

This factsheet can help you to identify the various sources of funding that are available and financial products that might be suitable to your situation.

Please note that the following, although useful, should not be used as a substitute for seeking independent financial advice.



The artwork on the front of this factsheet was done by an older artist for EAC's over 60s Art Awards.



The Care Act 2014

The Care Act 2014 introduced new responsibilities for local authorities. It makes clear what local authorities must do and what people can expect so that everyone knows where they stand.

There is a 2 stage plan for local authorities to implement the new Care Act, the first stage was introduced in April 2015 and mainly covered the assessment process and eligibility. The second stage will be from April 2020 and will mainly cover changes to the way in which care is paid for, including introduction of the care cap. You can read more about the proposed changes to the care funding system at the end of this factsheet.

The care needs assessment

An assessment of your care needs from your local authority may be a good place to start, the assessment will identify your specific needs and how they could best be met and identify if you are entitled to any financial help with the costs of residential care.

The assessment process must be free of charge and available to all adults that appear to have a need for care and support, regardless of their financial means. It must also be person centred

throughout, involving the person and supporting them to have choice and control.

If a person is unable to request an assessment or express their needs, then the local authority must carry out supported decision making, helping the person to be as involved as possible in the assessment process. For example, this may include access to an Independent Advocate if needed.

Who will pay for my care home?

Care home fees range from around £400 to well over £1,000 per week. Most people pay their costs in full or towards those costs with help from the local authority.

If you live in a residential care home or nursing home and have capital assets over £23,250 (including the value of any former home) you are likely to have to meet the costs in full yourself. In some cases the value of your former home can be disregarded, for example if it is still occupied by your partner or spouse, a relative over 60, a younger relative who is incapacitated or a child of yours under 16.

If you have less than £23,250 in capital and assets you may qualify for financial help from the local authority towards the costs. The amount they will pay will be

determined after the means testing to see what they feel you can afford from your income and any capital and assets you may have.

Most of your income will be included in the means test but you must be able to keep at least £24.90 per week for personal expenses. If you receive a personal or occupational pension 50% can be ignored if you pass it on to your spouse or civil partner (local authorities can use their discretion for unmarried couples).

Only capital held in your own name or half of any held in joint names should be considered. £14,250 will be disregarded but you may need to contribute from any capital over this (but under £23,250), towards the costs of your care home.

NHS Funding

Help with meeting the cost of care or nursing may be available through payments from your local NHS Clinical Commissioning Group (CCG), this funding is non-means tested. Subject to assessment there are two main sources of NHS funding to help meet the cost of care in a care home, NHS continuing healthcare and NHS-funded nursing payments.

NHS Continuing Healthcare is a package of on-going care that is arranged and funded solely by the NHS where the individual has been found to have a 'primary health need'.

Payments can be made direct to the care home, or from October 2014 you have a right to a personal health budget. A personal health budget is the amount of money needed to support your identified health and wellbeing needs as planned between you and your NHS team, if you prefer you may be able to receive the money as a direct payment, allowing you to buy the care and support you need.

If you are not entitled to NHS Continuing healthcare and you are in a care home with nursing you could be entitled to NHS-funded nursing care which is a weekly contribution of £155.05 paid by the NHS direct to the nursing home towards your fees.

Under Section 117 of the Mental Health Act 1983 the NHS and local authority jointly have a duty to provide after-care services if you have been detained under certain provisions of the Mental Health Act 1983, until such time that they are satisfied that you are no longer in need of these services. All services provided under Section 117 are free and you cannot be charged for them.

State Benefits

Everybody with care or support needs living in residential care homes who are self funding their care should consider applying for a state disability benefit for help with care and support costs if they do not already receive one. You may be entitled to Attendance Allowance, Disability Living Allowance or Personal Independence Payments, these are all non-means tested.

If you are entitled to financial help from your local authority you may not qualify for certain disability benefits. However, if you are under 65 or already receiving a mobility component of DLA or PIP these can still be received.

Council Tax Exemption

If moving into a care home leaves your former home unoccupied you can apply to the Council Tax department of your local authority for an exemption, you could receive full exemption from Council Tax until it's sold.

Further information for those who are self-funding their care

If you are going to be meeting the cost of your care home as a self-funder, then you may wish to consider the following:

12 week property disregard rule

If, apart from your property, your capital is below £23,250 and your income is insufficient to meet the care home's fees, the local authority, if assessing you as needing a care home place, can assist with the costs for the first twelve weeks of permanent care as if you were funded by them. Beyond that period any help will be via a deferred payment agreement.

Deferred payment agreements

Deferred payment agreements are a 'loan' from the local authority to help people to meet the costs of their care in a care home (or other setting such as supported living accommodation) without the need to sell their property.

Since April 2015 local authorities must offer a deferred payment agreement to those that are eligible and have discretion to offer them to those that do not meet the criteria in full.

Local authorities can also charge interest on the loan and include any reasonable administration costs. Where local authorities do decide to charge interest this must not exceed the maximum specified in the regulations. The maximum interest rate is set every 6 months in January and June.

It is likely that a person will have to contribute towards the cost of their care from their income and any other capital and assets they have, with the deferred payment agreement meeting the shortfall. The local authority must allow a person to keep up to £144 per week of their income if they choose to.

Financial advice

Financial information and advice is fundamental to enabling people to make well-informed choices about how they pay for their care, it can help navigate a complex care funding system, widening your choices by understanding how income and assets can be used flexibly to fund a range of care options and that they will be affordable both now and in the future.

Regulated financial advice can only be given by providers regulated by the Financial Conduct Authority (FCA). All regulated financial advisers must have a level 4 financial planning qualification and hold a Statement of Professional Standing (SPS). However, not all FCA-regulated advisers will have an in-depth understanding of the care and support system unless they have chosen to specialise in this area of advice.

Where an adviser chooses to specialise, then specific additional regulatory qualifications and permissions from the FCA are required. This is the case for advising on long term care insurance and care fees planning and other areas such as equity release advice. A list of the qualifications that a regulated financial adviser must have depending on the areas they advise on and can be found on the [FCA's website](#).

Care funding from April 2020

The following changes to the way in which care and support is funded was due to be implemented in April 2016, but has now been postponed until 2020 by Government.

Note: The figures given below are based on those proposed for the postponed 2016 reforms; these figures may therefore change before the introduction of these reforms in 2020.

A £72,000 cap on care costs

This will come into effect from April 2020 and effectively ‘caps’ the amount you should spend on *care* in your lifetime.

Every person receiving care will have a ‘care account’ managed through social services which will ensure that contributions you make towards your care from April 2020 are counted towards the cap. It is important to be aware that only care you have been assessed as needing, up to the cost of what the local authority would usually pay for this service, will contribute to the £72,000.

For care home residents, it is important to note that only the ‘care’ element of your bill will contribute towards this cap. You will always be expected to pay towards the care home’s ‘hotel costs’ (such as bed & board), which do not

count towards the £72,000 cap. These costs are likely to be set at a figure of £12,000 per year (£230 a week).

An increase in the upper capital limit from £23,250 to £118,000

This will come into effect from April 2020 and effectively means you may be entitled to financial assistance from your local authority sooner than you would be under the current system.

The current lower capital limit of £14,250 is also rising in April 2020 to £17,000. This is the minimum figure that must be disregarded when calculating your assets.

However, it is important to remember that your capital between £118,000 and £17,000 is still taken into account to form an ‘income’ at a rate of £1 for every £250 that you have (this is equal to £404 per week for those with assets of £118,000); this is then combined with your actual income from pensions and state benefits. If this total income figure is higher than the council’s personal budget for you, then you may not be entitled to any financial support.

About FirstStop Advice

FirstStop is a free information and advice service designed to help older people decide how best to meet their needs for support, care and suitable housing. It is provided jointly by a growing number of national and local organisations and it is led by the charity, Elderly Accommodation Counsel (EAC).

About FirstStop Financial Advice

Working together, EAC and its partners in FirstStop Advice provide comprehensive information and guidance to help you afford the care, accommodation or services you need.

FirstStop's national Advisors are trained to advise on:

- What you may be entitled to in state benefits and financial help from your local authority;
- Whether you may be entitled to help with your care costs;
- Ways of making your income and capital go further;
- Services that are provided free by local and national voluntary organisations;
- Homesharing, co-housing and other mutual support networks.

A key FirstStop partner organisation is the *Society of Later Life Advisers (SOLLA)*.

SOLLA's members are regulated Financial

Advisers who specialise in providing financial advice to older people, they also adhere to the Society's Code of Best Practice.

If you decide, after speaking to us, that you would like advice from a SOLLA member, we can provide local details to you.

(Neither EAC or FirstStop has any financial interest in SOLLA or its member IFAs)

Contact us

- Visit us online: www.housingcare.org

The information contained in this factsheet is intended to be, and should be regarded as, a brief summary and is based on our understanding of present legislation, regulations and guidance. No responsibility can be accepted for action based on this information.

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