Paying for residential care and nursing homes

Most older people in residential care homes and nursing homes pay towards the cost of their care, either paying the full cost from income or capital or contributing towards the costs according to a nationally set financial assessment carried out by local authorities.

If you do not require help paying for your care, either now or in the future

Approach your chosen home and sort out the financial arrangements. You are advised to ensure you have a contract with the home or a statement in writing giving details of the level of care you will receive, the type of accommodation and any extra charges, eg. for a single room, laundry, chiropody, newspapers. If you are paying the full fees yourself you may be eligible for attendance allowance at either the higher or lower rate. From 1st October 2001, everyone paying their own *nursing home* fees will receive between £35 and £110 a week in subsidy from the health authority or primary care trust, depending on the extent of their nursing needs.

If you are unable to pay the full fees or if you may need help with the fees in the future

Contact your local authority social services department and ask them to assess your needs. Under the National Health Service and Community Care Act 1990 the local authority has a duty to carry out an assessment of people who appear to them to need community care services, including residential care. If the local authority considers you meet their criteria for a care home they may arrange a place for you in a care home or they may take over existing funding arrangements. You should be given a written copy of your care assessment. If the local authority is arranging or providing a place for you in a care home they must carry out a nationally agreed means test of your income and capital to calculate how much you should pay.

The financial assessment

If you have more than £19,000 in capital or savings you will have to pay the full fees for the home. Savings of less than £11,750 will be ignored, while amounts between £11,750 and £19,000 will be counted as though they produce income ("tariff income"). However if there is any doubt as to whether you can meet your care home costs for life you are advised to contact the local authority social services department before you enter a home. You should request a community care assessment to ensure you meet the authority's criteria for a residential care home or nursing home and that the home you choose is not more than the authority would "normally" pay for someone with your assessed care needs.

What will I have to pay?

From your assessed income you will have to make a contribution towards the fees which will leave you with a personal expenses allowance (£16.80 in 2002). The local authority has discretion to increase the personal expenses allowance in very special circumstances.

What savings will be included in the financial assessment?

The local authority will ask for details of any bank or building society accounts, premium bonds, stocks, shares, your home and any other property. All these will be included in the financial assessment.

What about jointly held accounts?

Only capital in your name should be included in the financial assessment. You may want to consider splitting joint accounts into two equal accounts because half of any balance is included in the financial assessment.

What income is included in the financial assessment?

State retirement pension, any private pension(s), income support and tariff income from capital (assumed income from capital between £11,750 and £19,000).

What income is not included in the financial assessment?

Disability living allowance mobility component, war widow's special payments, Christmas bonus and 50% of a private pension received by a married resident, provided this amount is paid to his or her spouse and that the spouse does not live in the same residential home.

What about my house?

If you become a permanent resident in a residential home after 9.4.01 and the local authority have assessed you as needing council supported permanent residential accommodation, the value of your house will be disregarded for up to 12 weeks after you become a permanent resident. After that period the value of your house will normally be included in the assessment. However the local authority must disregard the value of your house if one of the following applies:

- your spouse or partner continues to live in the house or
- a relative aged 60 or over continues to live in the house or
- a relative who is under 60 but incapacitated continues to live in the house

The local authority may disregard the value of the house if it will continue to be lived in by someone who does not fit into the above categories, eg. a carer or friend.

If you jointly own the property with someone else who either does not live in the property or who does live there but does not fit into the categories above, the value of your share would be included in the financial assessment. If this is the case you are advised to seek legal advice to establish the "market value" of your share of the property.

Moving to a smaller house

If the partner remaining at home decides to sell the marital home and move to smaller accommodation, the 50% share belonging to the resident in the care home will be included in the financial assessment. However local authority guidance says that if the resident in the care home wants to use part of his/her proceeds to enable the partner to buy other accommodation, only the net surplus should be included in the financial assessment.

Third party contributions

If the local authority is contributing to the cost of your care and your chosen home is more expensive than the authority would normally pay, you can still go into your chosen home if there is someone else (a third party), eg. a relative or charity, who is willing and able to pay the difference for as long as you remain in the home. In this case the third party and the local authority will need to agree what happens when the home's fees increase.

Can I pay the difference myself?

No. You cannot use your personal expenses allowance or any capital or disregarded income to contribute to the cost of the home. The difference can only be met by a relative, friend or charity.

Liable relatives contributions

The local authority does not have the power to assess a couple's joint resources. However Section 42 of the National Assistance Act 1948 states that married couples are liable to maintain each other if one of them is receiving financial support from the local authority in a residential home. This means that the local authority can ask the spouse for details of his/her income and savings but it has no power to insist on receiving the information. The local authority can ask the spouse remaining at home to contribute to their partners care costs but has no power to fix an amount to be paid - this should be negotiated. Only a court has the power to decide whether and how much your spouse must contribute.

Can the local authority make me sell my house?

No. The local authority can urge you to do this, but cannot force you to. If you do not want to sell your house, the local authority can give you an interest free loan which has to be repaid when the property is sold.

However, when a resident has property and fails to pay the assessed charges for his/her care, the authority will deem this to be a refusal to co-operate and may create a legal charge on the property. This means the authority can claim their money when the property is sold. This can be done without your consent, although they must notify you. If you put your house on the market you should apply for income support (including severe disability premium) and attendance allowance.

Deprivation of assets

If the local authority thinks you have deliberately given away money or property to avoid or reduce paying for care they will consider the motive and timing of the transfer. If the transfer was less than six months before you entered a residential home the local authority may try and claim the fees from the person to whom you transferred the money or property; if it was more than six months, the authority may consider whether it is possible to recover the fees from you.

Will the local authority contact me when my capital falls to £19,000?

No. You should contact the local authority a few months before your capital reduces to £19,000. You should also apply for income support if your income is low and your capital falls below £16,000.