Department of Health

FACTSHEET 5

The Care Act – charging and financial assessments

"All councils should have transparent charging policies… service users, carers and the public should understand the purpose of local charging policies and the criteria used to determine levels of charging for particular services"
Standing Commission on Carers

This factsheet describes how the Act and supporting regulations and guidance will create a clearer, more consistent way of assessing what people can afford to pay for their care and support.

What is the charging process?

Care and support is not a free service like the NHS. People have always had to pay something towards the cost of their care and support. Whilst some types of care and support are provided free (for instance, information and advice), many types will be subject to a charge.

People will only be asked to pay what they can afford. Sometimes the person will pay the full cost and sometimes the cost will be shared between the person and their local authority.

To decide what a person can afford to pay, a local authority will carry out a **financial assessment**. The local authority will consider the person's income and any assets they own, like a house or other investments. The local authority will then calculate how much the person can afford to pay towards their care and support costs.

Sometimes a homeowner may want to consider a **"deferred payment agreement"** with the local authority. This is an arrangement whereby the person agrees, with their local authority, to pay some of their fees at a later date. This means they should not be forced to sell their home during their lifetime, to pay for their care. A person usually repays the local authority from the sale of their property at a later date or their estate.

Why do we need to change the law?

The rules on charging for care and support date back to 1948. As a result, the current law is hard to follow and has a number of anomalies.

What does the Act do?

The new law for adult care and support sets out a clearer approach to charging and financial assessment.

First, a local authority will assess someone and decide whether they have eligible needs. The local authority will then work with the person to consider what types of support might be provided to meet their needs.

Not all types of care and support involve a cost for the person. Whilst the Act gives local authorities the power to charge for care and support, they may not charge for services which the regulations say must always be free, for example reablement services or equipment and minor adaptations to the home.

Additionally, from 2016/17, where the individual has reached the cap on care costs (see **factsheet 6**) the local authority may not charge towards the cost of meeting their care and support needs.

How does the local authority decide what charges are due?

If the local authority thinks that the person needs a service for which a charge can be made, it must decide what the person can afford to pay. The rules on how this financial assessment should be carried out are set in the regulations and guidance so that people's finances are assessed in a consistent and transparent way.

The financial assessment will consider what sources of income a person has and what other assets they hold. There are different rules for the treatment of income depending on whether the person is expected to need care in a care home, or other settings.

This financial assessment will ensure that when an adult contributes towards their care and support they must still be left with a certain amount of money for themselves after the local authority has charged them.

Sometimes, the local authority may only make a small charge for a particular service, and it would not be practical to carry out a detailed financial assessment. In these cases, the local authority may carry out a "light-touch" assessment to determine that the person can afford the charge, and will not need to follow the full detail and rules.

In other cases, a person who can afford to pay the full costs of their care may ask the local authority the carry out a "light-touch" financial assessment, for example if they do not want to undergo the detailed process. If the local authority is satisfied that the person will continue to be able to afford the cost of their care, they may agree to this.

After the financial assessment, the local authority will tell the person whether they need to pay for all or some of their care costs.

When can a person defer care charges?

The Act also expands an existing scheme called 'deferred payment agreements' to make this available universally across England. People who own their own home may be able to make an arrangement whereby they do not have to sell their home, during their lifetime, to pay their care home costs. Instead, the local authority will pay the costs, and recover the money that the person owes, plus interest, at a later date.

There are certain criteria that a person will have to meet to be able to be offered a deferred payment agreement and these are set out in regulations. . Local authorities will be able to charge interest on these payment arrangements, so that they can cover their own costs of offering them.