

Financial Information for
**People Entering
Residential or Nursing
Home Care**

Social Services

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1. Introduction

This leaflet has been produced by Slough Borough Council to provide information of help to people entering or likely to enter residential or nursing home care and to deal with the most common questions which arise concerning the financial implications. The general principle is that the local authority should recover the full cost of the residential care unless it is satisfied that the person is not able to meet the full cost. In this case an assessment of the amount the person should pay has to be carried out.

Please note the figures quoted are all for the financial year from April 2007 to March 2008 and are subject to change on an annual basis.

The residential accommodation may be:

A private home

This is a home run privately and could range from an individual to a public limited company. Private homes charge a weekly fee. This could be either a residential care home or a nursing home. If it is a nursing home you will not be expected to meet the cost of NHS funded nursing care. The level of this nursing care is determined by a nursing assessment. (see 3 below)

A council home

This is a home owned and run by the council and is sometimes referred to as a Part III home. These homes also have fixed weekly fees based on the cost of running them.

In both cases you will be assessed to pay the full cost or an assessed contribution depending on your financial circumstances. The details are covered in other sections of this booklet.

2. Arrangements for people entering homes

If you think you are no longer able to live at home, even with appropriate home care support, and you need financial help in order to enter a care home, you should contact Slough Social Services.

We will look at the type of help you need by doing a "Needs Led Assessment". This means that someone from Social Services will visit you to carry out an assessment of what help you need. You may have someone with you, such as a relative or a friend, if you wish to.

We may advise you that you need to consider living in a residential or nursing home. If so, and if you wish, they can help you choose a home that best suits your needs. If you own your own house and do not have other capital (savings and investments) in excess of £21,500 you could be eligible for the Deferred Payments Scheme (see 11 below).

Alternatively you may prefer to make your own private arrangements without any help from the council. If this is your choice then you will be totally responsible for paying the weekly fees at the private home, less any NHS payment for nursing care (see 3 below).

If your money then reduces to £21,500 (see 6 below) you can then request the assistance of the local authority in whose area the care home is situated. Before agreeing to financially support you, the local authority will carry out a Needs Led Assessment to identify your level of need and to decide whether you need residential or nursing home care. If this is agreed then the local authority will arrange to provide financial support. **It should be noted that you will still be expected to make a financial contribution** (see 4 below) and that the support may be limited by the local authority to its agreed maximum contribution, which may be less than the figure you were paying the home. In these circumstances someone other than you will have to make up the difference. This is called a third party contribution. Exceptionally if the council assess that the private home is not meeting your care needs where you have been living, then it may be necessary to arrange a move to a more appropriate home.

3. Arrangements for people entering nursing homes

If you need care in a Nursing Home, part of the cost (referred to as Registered Nursing Care Contribution, or also as Free Nursing Care) will be met by the NHS. The NHS will arrange an assessment of the level of RNCC. The difference between the total cost of the placement in the home and the assessed element of nursing care will continue to be subject to the local authority

charging rules. However if you are paying for yourself (a self-funder) you can choose to continue paying the whole cost of your care. The nursing assessment will determine whether you have high, medium or low nursing needs and this element will, if you are a self-funder, be eligible for financial support from the NHS.

4. Financial assessment of your weekly contribution

If you enter a private or council residential or nursing home, whether short-stay or permanent, you will be required to contribute towards the home's fees.

You will be asked to complete a finance form giving details of all your income, welfare benefits, savings, property etc. (If this form is not completed you will be deemed to have accepted responsibility for the full weekly fees.) Help can be given to you in completing this form and ensuring that any benefits to which you are entitled are being claimed. A Financial Assessment and Welfare Benefit Officer can visit you to go through this.

The Social Services finance staff will calculate how much you have to pay, based on the information you enter on the finance form. Please note that the amount you pay is calculated in accordance with regulations laid down by central government.

The value of your home may also be taken into account in the calculation. (see 9 below for more

information on houses and property) Please note the value of your house is not taken into account if it is planned that you will only be going into the care home on a short-stay, or respite, basis and that you will return to your own home.

As the local authority is arranging and paying for your assessed care needs there are only limited expenses you will need to incur, personal items such as stationery, toiletries, hairdressing etc. In order to enable you to pay for these the government lays down a minimum amount you should keep from your pensions/benefits. This is called the Personal Expenses Allowance (PEA). The amount is set each year by the government and this is £20.45 per week with effect from 10th April 2007. This can be increased by up to £5.25 per week for older people in receipt of the Savings Credit element of Pension Credit, or if your income and savings are too high to qualify for Savings Credit.

You are not required or expected to use this money towards the cost of your care although you may use it to pay for extra services which the care home does not provide. An example of this could be private chiropody.

Please note if you are only entering the care home for a short or respite stay the current policy is that there is a fixed charge and a financial assessment will not be necessary.

5. Paying the home's fees

Private Homes:

If you enter a private home it is possible to arrange for you to pay your contribution direct to the provider rather than to the council. The council will then arrange to pay the balance of the fees to the care home. There will need to be agreement between all the parties.

Council-run Homes:

If you enter a home run by the council you will pay your contribution direct to the council.

Once you have completed the finance form we aim to inform you of your assessed weekly contribution within two weeks.

6. Savings/capital

Most forms of savings and capital will be taken into account, for example:

- Property
- Buildings/land
- Bank and Building Society Accounts
- National Savings
- ISAs, PEPs and TESSAs
- Premium Bonds
- Stocks and shares
- Cash

If you have more than £21,500 in savings when you enter a care home the amount you will pay depends on the make up of your capital.

Situation 1

If you have more than £21,500 in savings and capital without including your property, then you will be responsible for the whole cost from the beginning. Once that capital reduces to £21,500 your situation can change to Situation 2.

Situation 2

If your capital, not taking into account the value of your property, is less than £21,500 and the value of your home takes you over the £21,500 you are still responsible for the full cost. In this case you can arrange to delay meeting the element which is deemed to be paid from your capital by entering the Deferred Payments Scheme. (see 11 below for more information)

You will still be asked to pay a weekly charge based on your regular income, with the balance being deferred during your lifetime. (Please also see 10 below)

Situation 3

If you have savings of less than £21,500 but more than £13,000 when you enter the care home you will be assessed for a contribution made up of two elements. The first is based on your weekly income, from benefits, pension, occupational pension or any other form of income. The total of these will be reduced by your personal expenses. (see 4 above) The second is a capital tariff, which is calculated to show an assumed level of weekly income. Every £250 or part of £250 between £13,000 and

£21,500 will be assessed as though you have an extra £1 per week income. This is in accordance with regulations laid down by government and is not related to the amount of interest you may earn on the capital.

For example, if you have capital of £17,900 the assumed income will be £20.00 per week. The calculation is carried out as follows

Amount of capital	£17,900
Less lower limit	£13,000
Amount subject to a tariff	£4,900
Divide by £250	£19.60
Round Up	£20.00

Situation 4

If you only have savings/capital of less than £13,000 when you enter the care home, or your savings reduce to that level, this is completely ignored and your assessed contribution will be based solely on your income. In this case we will take into account all your income, from whatever source, less your Personal Expenses Allowance and that will be your client contribution. (Please also refer to 14 below.)

7. Private/occupational pensions

These will be treated as income and taken into account in the financial assessment of your weekly contribution, as is your state retirement pension. However 50% of any occupational or private pension paid to a married person will be

disregarded provided it is paid over to the spouse remaining in the family home.

The council may also be able to increase the amount of personal expenses allowance you are allowed so that you can pay money to your spouse if financial hardship exists.

To enable the council to determine if hardship exists your spouse will be asked to complete a separate finance form to the one you are asked to complete. However if your spouse does not wish to complete a finance form then they do not have to, although it would then not be possible to see if hardship exists.

8. Welfare benefits

There are a range of welfare benefits available to people. The rules affecting some of these change on admission to a care home. For instance if your spouse/partner is still living with you before admission to a care home, you will be treated as a couple for Pension Credit purposes. Once you go into a care home permanently you have the right to both be treated as individuals. What this means is that the Department for Work and Pensions says that as a couple you need a minimum of £181.70 per week. As individuals you would each be entitled to £119.05 per week each. (These figures relate to people aged over 60.)

If you receive Attendance Allowance this will stop 4 weeks after entering the care home (unless you transferred there from hospital, in which case

the allowance stops 4 weeks after admission to hospital). This does not apply if you are meeting the whole cost yourself, including Deferred Payments (see 11 below). In that case you can continue to claim Attendance Allowance. One of our welfare benefit officers will be able to advise you.

All the benefits you receive, less your personal allowance, go towards your contribution to the fees at the care home.

There is however one exception to this and that is if you receive the Mobility Component of Disability Living Allowance. This allowance will continue to be paid but will be completely disregarded by the council in carrying out its financial assessment.

9. House/property

A. General

Once it has been decided, as the result of a needs led assessment, that you are in need of permanent or long-term care in a residential or nursing home, you will be asked to provide details of your financial position to include both capital resources and income. What then happens will depend on this information. Basically there are four situations.

- i. You may choose not to advise us of your financial circumstances and to be responsible for your own arrangements. If you are in a nursing home you will still be

eligible for the nursing element of your care to be funded by the NHS. (see 3 above)

- ii. The information you supplied will show that you have over £21,500 in capital, excluding any property. In this case we will decide that you are responsible for your own arrangements. Exceptionally if you are unable to make your own arrangements and there is no-one else able to take that responsibility, normally a close relative, then the council can make the arrangements and charge you the full cost. As with i. above the NHS will pay for the assessed nursing element of your care.
- iii. The information you supplied will show that you have under £21,500 plus a property, taking your total capital assets over £21,500. In this case you would normally be expected to meet the full cost. You will however be able to apply for assistance in two ways. Firstly you may be able to apply for a 12 week property disregard. For details see 10 below. Secondly you may then be able to apply for Deferred Payments. For details on this see 11 below.
- iv. If you have less than £21,500 in capital then the charge will be an assessed contribution (see 4 above and also 6 above, situation 4) based on your income and a tariff on any capital between £13,000 and £21,500

Don't forget, if you have savings/capital of less than £13,000 these will be completely disregarded in the calculation of your charge.

Temporary stays

It may be that the stay in a particular home is treated as temporary for certain reasons, e.g. to see how you settle in. This will make no difference to the situations described above provided you have been assessed as needing permanent or long-term residential care.

B. Property disregards

There are circumstances where the value of any property will be disregarded. Some special schemes are detailed separately and are dealt with in 10 and 11 below.

Someone else lives in the property

If someone else lives in the property its value will be disregarded if that person is:

- Your spouse/partner - unless you are estranged or divorced. But if you are estranged/divorced and the spouse/partner is a lone parent then the disregard still applies.
- A relative of yours who is:
 - Aged 60 or over
 - Aged 16 or under and is a child for whom you are responsible
 - Incapacitated (i.e. disabled) - in this case there are no age limits

Discretionary disregard

The council has some limited discretion in special circumstances to disregard the value of the property, when it considers it reasonable to do so. This power has to be balanced with the need to ensure that people with assets are not maintained at public expense. It may be reasonable for example to disregard the property when a person who lives there gave up their own home some time ago to look after you and now has nowhere else to live.

C. Right to Buy

You may have bought your home under the Right to Buy scheme and it may be that you needed help from a relative in funding the discounted purchase price, and as a result you are registered as the joint owner of the property. In these circumstances, unless one of the above property disregards applies to you, you will be deemed to own at least that share of the property that represents the amount of the discount earned. For example if your discount was 40% you will be deemed to own at least 40% of the property and have capital of 40% of its current value.

10. Twelve week property disregard

If you enter residential accommodation and have a property, having been assessed as needing permanent residential (including nursing home) care, and you would otherwise be responsible for the full cost of fees because of

the ownership of a property, then you may apply for a disregard of the property for the first 12 weeks. Please note that the only part of your finances disregarded is the property. All other parts will be taken into account in your financial assessment. This means that all income and other savings/capital will be assessed. (see 4 above)

If the property is sold during the 12 week period the disregard will end on the date of the sale. At the end of the 12 weeks it is likely that you will be eligible to apply for the Deferred Payments Scheme (see 11 below).

If you would like to apply for the 12 week property disregard you should do so in writing to the Income Manager, Community & Cultural Services, Slough Borough Council, 3rd Floor, Wellington House, Slough SL1 1FB.

11. Deferred payments scheme

If you enter residential accommodation and have a property, having been assessed as needing permanent residential (including nursing home) care, and you would otherwise be responsible for the full cost of fees because of the ownership of a property, then you may apply for the Deferred Payments Scheme (DPS).

This scheme is available to help people in certain circumstances. Please note that if you are eligible for a property disregard (see 9B above) then you do not need to consider this scheme. It applies to those who would otherwise have to sell their

homes in order to finance their residential placement but who would prefer not to do so during their lifetime. The conditions are as follows:

- The service user has insufficient income and other assets, other than the value of their house, to meet the full costs of their care, and
- The service user, for whatever reason, does not wish to sell their property or is unable to sell it quickly enough to meet the full cost of their care, and
- The service user has a beneficial interest in the property, and either
- The value of the property is sufficient, together with other assets and income, to meet the criteria for self-funding and there is no outstanding mortgage, or
- There is an outstanding mortgage on the property and the outstanding amount leaves sufficient value to meet the criteria for self-funding and the service user has sufficient resources to meet the mortgage payments when they are due.

If you would like to apply for the Deferred Payments Scheme you should do so in writing to the Income Manager, Community & Cultural Services, Slough Borough Council, 3rd Floor, Wellington House, Slough SL1 1FB.

If it is agreed that you qualify for this scheme you will then be asked to agree to a legal charge being placed on your property. This is a charge on the

deeds of the property, which is cleared once any accumulated arrears you owe the council are paid, usually when the house is sold.

Exceptionally this can also be arranged if there is someone living in the property for whom a disregard is not appropriate and who would otherwise have to leave what might be considered to be their home, allowing them time to make alternative arrangements.
(For disregards see 9B above)

Please note you will be entering a legally binding agreement by placing the legal charge on your property.

As an alternative you may decide that you would prefer to rent out your property. This has some advantages. The rent collected could contribute to the fees in the care home: the property is more likely to be properly maintained: you may be entitled to continue to receive Attendance Allowance.

Before considering deferred payments, or even if you wish to apply for help from social services, it is important that you seek independent financial advice. Because of the complexity and sensitivity of this area the Financial Services Authority has introduced a special qualification. You are therefore recommended to seek advice from an advisor who has passed the FSA's CF8 qualification.

Age Concern and Help the Aged will be able to put you in touch with suitably qualified advisors.

12. Top-up Payments

You have the right to enter any home of your choice as long as it is registered as a residential care or nursing home under the Registered Homes Act 1984 and has accepted the council's conditions of contract. The council will only agree to weekly fees which it considers to be reasonable. It may be that your choice of care home is to a home whose weekly charge is greater than the amount the council has deemed reasonable. You may still enter this home but only if a third party, i.e. not yourself or the council, commits to paying any shortfall in the funding of the home's weekly charges. This payment can be referred to as Additional Contributions or Third Party Top-ups. This extra amount must be paid from their own resources. If the third party stops paying their contribution, and no other third party can be found, you may have to move to another home which does accept the rates the council considers reasonable to pay.

Exception to this rule

As a result of the introduction of the 12 week property disregard and Deferred Payments Scheme you may be able to make your own top-up contribution. So if you choose to take part in the Deferred Payment Scheme and wish to pay for a placement which is more expensive than the one the council would be prepared to pay for, you may be able to make your own top-up payments. There are some restrictions, so if you

think you would like to pay your own additional contributions, please speak to your care manager.

13. Fee increases

Council and private homes normally increase their fees every year, usually in April. If Additional Contributions are being paid in respect of your placement (see 12 above) then these may need to change when these fees are increased.

Also each year in April welfare benefits are increased and therefore your assessed contribution will need to be recalculated.

It may be though that your financial circumstances change during the year. If this happens you are required to let us know as soon as possible. This is important to ensure you are always paying the correct charge based on your financial circumstances.

14. Deprivation of assets

If the council considers that you, or someone acting on your behalf, have given away some assets, for example money or your house, in order to pay less fees at the care home you will be treated as still owning the asset and you will be required to pay a higher fee. Depending on the value of the asset and the remaining assets you hold, this could be the full cost. If you cannot pay these fees the council will claim the money from the person/s to whom you have given these assets.

15. Useful Contacts

Social Care Duty Team

The contact details are:

The Access Team

Community Social Care Service

Town Hall

Bath Road

Slough SL1 3UQ

Telephone number 01753 690411

Age Concern will provide independent help and advice. They can be contacted Monday to Friday mornings from 9.00am, at The Old Library, William Street, Slough SL1 1XX.

Telephone: 01753 822890

