

Lancashire County Council Charges for Adult Residential Care leaflet



This booklet details the Financial Implications of moving into a Residential or Nursing Care Home from April 2009

Introduction

Following a care needs assessment, it may be agreed that residential or nursing care is the right decision for you. This leaflet sets out the financial implications of moving into a residential or nursing care home. If another person is dealing with your financial affairs on your behalf, please pass this leaflet to that person after you have had the opportunity of considering its contents.

Financial Assessment Process

If residential or nursing care is arranged for you by Adult and Community Services, a member of the Financial Assessment Team will telephone to arrange for a Financial Assessor to visit you (or your representative) to carry out an assessment of your finances.

You will need to provide evidence of your financial circumstances to verify income and any allowable expenses (e.g. bank and building society statements/books, benefit notifications, documentation detailing savings and investments). **It is important to have this information ready for when the Financial Assessor visits as without this they cannot complete your financial assessment.**

Section 3 of this leaflet explains how the financial assessment is calculated and gives examples of income and expenditure information that you will need to provide.

Who pays the fees?

The fees for residential and nursing care homes are payable from the date of admission and can be paid by yourself in full or, by Lancashire County Council with a contribution from you:

- Where you have savings and investments over the maximum capital limit of £23,000, then the whole fee is payable by you. Normally you would pay the care home directly either by direct debit or standing order. You should discuss payment terms with the manager prior to moving into the home. (See Section 1). The one exception to this is respite stays, for these stays you will pay a set amount regardless of your financial circumstances. (see Section 2).
- Where you have savings and investments below the maximum capital limit of £23,000, a financial assessment is undertaken to determine how much you can contribute to the fee. Your assessed contribution is payable to Lancashire County Council by direct debit or you will receive an invoice if your stay is temporary. This amount and the remainder of the fee (up to Lancashire County Council's agreed standard rate) will be paid by the County Council directly to the home. (See Section 3) The one exception to this is respite stays, for these stays you will pay a set rate regardless of your financial circumstances. (see Section 2).

- If you are receiving residential or nursing care as aftercare services provided under section 117 of the Mental Health Act 1983, you will be exempt from charges and Lancashire County Council will pay the residential fees in full up to Lancashire County Council's agreed rate. (See Section 4).

Please note that for nursing care homes, the part of the fee that relates to nursing care will be paid directly to the care home by the health service through your local Primary Care Trust. This applies if you meet the eligibility criteria of your local Primary Care Trust, whether you have over the maximum capital limit of £23,000 or not.

If you own property

If Lancashire County Council assists with fees for permanent residents the value of property, and income from property are taken into account. Please see Section 5.

Section 1

Are you paying the whole fee yourself?

You or your family/carer will need to make arrangements with the care home to pay the fees to them directly.

You are eligible to keep your existing entitlement, or make a claim for Attendance Allowance or Disability Living Allowance if you are not receiving financial assistance from Lancashire County Council. This also applies if you are receiving financial assistance from Lancashire County Council until you sell your property.

You need to be aware of how much capital you have left because when it falls below £23,000 it may be possible for Lancashire County Council to provide financial assistance up to an agreed standard rate. Any fees above the standard rate would need to be paid under a third party supplement (see Section 3.2).

If your capital drops below £23,000 you must contact the customer service centre on 0845 0530009 as you will be eligible for assistance with the fees subject to a financial assessment. A social care worker will undertake an assessment of your needs and the financial assessment team will undertake an assessment of your finances (see Section 3).

Section 2

Respite Stays

If you are only moving into a care home for a week or two, as respite for your carer, then we will not need to complete a financial assessment. You will still have to pay, but the contribution for respite is at a fixed rate.

The contribution for respite stays from April 2009 to March 2010 is £10.48 per night; £73.35 per week.

If you use short break vouchers for your respite stay, you must pay this contribution directly to the home whilst you are there.

If you have a respite stay arranged by your care worker and do not use short break vouchers you will have to pay this respite contribution to Lancashire County Council. You will receive an invoice following any non voucher respite stays.

Section 3

If you have savings and investments below the maximum capital limit of £23,000

- 3.1 How your contribution is calculated
- 3.2 Third Party supplementary payments
- 3.3 What if I move in before I have been financially assessed

3.1 How is my contribution calculated?

If you are admitted to a short term placement, trial placement or a permanent placement, then a member of our financial assessment team will contact you in order to visit you and complete a financial assessment. This enables the financial assessor to calculate how much you should contribute each week and to make sure you are getting all the benefits you are entitled to. The financial assessor will ask for information about your income, savings and investments. They will also need details of property ownership and home commitments, which need to be provided regardless of whether you own your own property or not.

By law, you must advise the financial assessor as fully and accurately as you can. If you do not give all the facts, you may be charged the full cost of your care.

The assessment process may seem very complicated at first but is basically split into two parts:

1. The amount that we take into account as your income/savings/investments
2. The amount that we disregard from your income/savings/investments

The difference between these two amounts will be your assessed weekly contribution.

This assessed weekly contribution may change a few times in the early weeks or months of your stay, this will be because of changes in your income such as changes in benefit entitlement.

Even if you have to pay nearly all your pension, benefits or other forms of income (including tariff income) towards your fees, you always keep a small personal allowance for things like clothes and day-to-day expenses. You will not be asked to pay all of your income towards your fees; this personal allowance is set by the government each year: From April 2009 to March 2010 this is **£21.90** per week.

Examples of Income taken into account

Please note that this list is to be used as a guideline only. You may have other income that is not listed below which could be included in your assessment.

- State Retirement Pension
- Private and Occupational Pensions
- Pension Credit
- Attendance Allowance
- Disability Living Allowance (Care Component)

- Social Security Benefits
- War Pensions and War Widows Pensions
- Tariff income from capital (please refer to examples of capital taken into account below)
- Rental income from your property

When we carry out your financial assessment we may find that you are entitled to a benefit that you are not receiving; for example Pension Credit or Income Support. We will make a referral to the relevant benefit department for someone to visit you and complete the claim forms for you. The benefits you are entitled to will be included in your financial assessment.

Examples of Income not taken into account

Please note that this list is also to be used as a guideline only.

- **Personal Expenses Allowance** - this is a standard amount of £21.90 per week which is included in all assessments.
- **Pension Credit Savings Credit Component** - If you are in receipt of Savings Credit you will be entitled to a Savings Credit disregard of up to a maximum of £5.65 per week. This amount could increase up to £8.45 per week if you are part of a couple and in a temporary placement.
- **50% Occupational or Works Pension** - 50% of your occupational or works pension may be disregarded if you have a partner at home. The 50% that is disregarded is intended to be passed to your partner for his/her maintenance but may affect his/her entitlement to other benefits. We advise that you seek independent advice before making the decision to pass over 50% of this income.
- **Disability Living Allowance (Mobility Component)** - this benefit is fully disregarded.
- **Attendance Allowance and Disability Living Allowance (Care Component)** - these benefits are fully disregarded if you are in a temporary placement, but taken into account if you are in a permanent placement.
- **War Pension** - if you are in receipt of a War Pension £10 will be disregarded per week.
- **War Widows Pension** - if you are in receipt of a War Widows Pension, £10 will be disregarded per week. If your War Widows Pension includes a "supplementary/special pension", this amount will be fully disregarded.
- **Home Commitments** - certain home commitments can be disregarded if you are in a temporary placement. Those included are: mortgage/rent, council tax, water rates and home insurance.

Examples of capital taken into account

When calculating your weekly contribution we look at the amount of savings and investments you have.

If you have savings and investments under £14,000 your capital will be fully disregarded.

If you have savings and investments between £14,000 and £23,000 we count £1 per week as income for every £250 or part of £250 over £14,000. This is known as "Tariff Income".

Example – Your total capital is £16,229.31 so we would include £9 Tariff Income in your financial assessment ($£16,229.31 - £14,000 = £2,229.31$ divided by $£250 = £9$).

Examples of types of capital include:

This list is to be used as a guideline only and you may have other types of capital that we would still include.

- Cash
- Bank accounts
- Building Society accounts
- Post Office accounts
- National Savings Certificates
- Premium Bonds
- Stock and Shares
- ISAs and PEPs
- Monies held by The Court of Protection or a Deputy appointed by that court
- Property (includes all properties owned in full or part by you)

Please note: It is advisable not to give away large sums of money or other assets, including property, in the hope of qualifying for lower fees now or in the future, as the assessors will treat it as if it still belongs to you.

Example Assessment

Here is an example to show you how an assessed weekly contribution may be calculated. Jack is going into a permanent placement. His income is as follows:

State Pension	£105.41
Pension Credit – Guarantee Credit	£ 24.59
Pension Credit – Savings Credit	£ 5.65
Total weekly income	£135.65(A)

The income that is disregarded is as follows:

Personal Expenses Allowance	£ 21.90
Savings Credit	£ 5.65
Total weekly income that is disregarded	£ 27.55(B)

Jack's weekly assessed contribution is the difference between his weekly income (A) and the income that is disregarded (B). The amount that he would pay is therefore £108.10 per week (£135.65 minus £27.55).

Please note: Because your assessed contribution and any third party supplementary payment are paid directly to Lancashire County Council, you should not pay any additional fees directly to the care home. You will, however, have to pay the care home for any incidental expenses they incur on your behalf, such as hairdressing etc.

3.2 Third Party Supplementary Payments

Lancashire County Council pays a set fee to residential and nursing care homes registered for older people. For other service users please discuss the fee level with your social care worker before moving into the care home.

Some care homes may request a fee that is higher than the standard fees set by Lancashire County Council. If you choose a home with higher fees, the difference between this standard fee, and the fee which the care home has requested must be paid as a

supplement. This is called a 'third party supplementary payment'. A relative or friend can agree to pay this extra sum of money on top of the fee that the care home receives from Lancashire County Council.

This could be, for example, where the care home charges extra for a room that has better facilities than other rooms within the care home (e.g. a balcony or better view). It would be sensible for you to ask if the care home requires a third party supplement for all or any of its rooms when you are visiting potential care homes. Once a written agreement about the funding is made, the care home cannot introduce or radically change a third party supplement without your consent and that of Lancashire County Council.

The third party supplementary payment is payable directly to Lancashire County Council by direct debit who make this payment to the home.

The top up should not be paid from the resident's money; Government guidance advises that a **resident cannot pay his/her own third party** supplement. There are two exceptions to this which are:

- During the first 12 weeks of residence where the resident owns their own home
- Where the resident has opted to go down the Deferred Payments route (see 5.5)

3.3 What if I move into a residential or nursing home before a financial assessment has been completed?

If you have not had a financial assessment when you move into a residential or nursing home you will be charged a minimum weekly amount until your financial assessment is completed. This will be collected by direct debit; once your assessment has been completed we will refund or recoup any over or underpayments made since the date of your admission.

The weekly minimum charges are as follows for April 2009 to March 2010

	Long term stays	Trial and Short term stays
60 yrs and Over	£108.10	£ 73.35
Under 60 yrs	£ 69.90	£ 69.90
Under 25 yrs	£ 56.55	£ 56.55

Section 4

If you are receiving residential or nursing care as aftercare services provided under section 117 of the Mental Health Act 1983, you will be exempt from charges.

If you are removed from the Section 117 but remain in residential care you will need to be financially assessed to contribute towards the fees (see Sections 2 and 3).

Section 5

Property ownership

- 5.1 What about the money tied up in my home?
- 5.2 Must I sell my home?
- 5.3 What happens if I decide to sell my home?
- 5.4 What happens if I decide NOT to sell my home?
- 5.5 What is Deferred Payment?

5.1 What about the money tied up in my home?

We only take the value of your former home into account if you are moving permanently into a care home i.e. if you become a **permanent resident**.

A **permanent resident** is one for whom the agreed intention is for that resident to remain in residential care.

A **temporary resident** is one for whom the agreed intention is for that resident to enter residential care for a limited period of time, or if there is uncertainty around the need for permanent care.

We take your home into account only after your first 12 weeks as a permanent resident in a care home.

We do not take it into account at all if:

1. your partner or civil partner still lives there
2. a relative still lives there who;
 - * is aged 60 or over or;
 - * is aged under 16 and a child whom you would be liable to maintain or
 - * is incapacitated

If we do count your home as part of your capital, you may not have to sell up immediately to release the money from it. (see sections 5.2 'Must I sell my home?' and 5.5 'What is deferred payment?').

5.2 Must I sell my home?

No – if you are only staying in a care home for a short time and you intend to go back to your own home later.

No – if your husband, wife or partner is staying on in your former home

No – if you have a relative who lives in your former home who:

- * is aged 60 or over or;
- * is aged under 16 and a child whom you would be liable to maintain or
- * is incapacitated

If you will be staying in a care home permanently and your home is not disregarded as it does not satisfy the disregards above, the value of your home will count as capital and you may need to use it to pay for your care. We only take the value of your former home into account after you have been in a care home for 12 weeks. **You may not need to sell your house to pay for your care.** (see 5.5 'Deferred Payment' below).

If the circumstances change in respect of a disregarded property i.e. it is sold or the occupancy changes, you need to inform the financial assessment team as soon as possible as the property may then be regarded as assessable for charges.

5.3 What happens if I decide to sell my home?

If you make the decision to sell your home, it may take time to sell. In order to protect its interests, Lancashire County Council will place a legal charge on your property from 12 weeks following the date of permanency.

Lancashire County Council will incur some additional costs in placing the charge on the property and it is the policy of Lancashire County Council to recover these costs, in addition to the outstanding debt, when the property is sold. Fees are incurred in registering this legal charge according to the value of the property. The solicitor who is dealing with the sale of your property will be able to give advice about the current fees.

The process of registering the legal charge also involves work by employees of Lancashire County Council and it is policy to recover these extra costs.

Details of the exact costs incurred will be provided at the time the property is sold. Currently for properties not registered with the land registry, costs range from between £150 to £250 and for registered properties from between £250 to £350.

Interest will not be charged on any unpaid accommodation charges which are owed to Lancashire County Council during a resident's lifetime. If a person should die with accommodation charges unpaid, and has a charge registered on his/her property, then Lancashire County Council is required by law to charge interest on the outstanding sum from the day after the date of death, until the date on which the debt is repaid.

5.4 What happens if I decide NOT to sell my home?

There are two options available:

1. Deferred Payments (please see 5.5)
2. Alternatively, if you choose not to opt for the deferred payments scheme, a legal charge will still be registered against your property. Interest only becomes chargeable from the day after a resident dies, until the debt is discharged. Please note that this differs from the deferred payments option where interest only becomes payable 57 days after a resident dies, again until the debt to the Authority is discharged. In addition, as previously explained, a third party top up cannot be paid by the resident unless he/she has opted to go down the deferred payment route.

5.5 What is deferred payment?

If you need to raise money to pay for your care but your capital is tied up or you do not want to sell your house, you can make a deferred payment agreement with Lancashire County Council. This means that Lancashire County Council lends you the money to pay your care home fees for now, but you or your estate will repay this when your house is eventually sold, or when you leave residential care, or after you die. Lancashire County Council will place a legal charge on your property to make sure that when it is sold money owed to the Authority for your fees is recouped. Lancashire County Council recover the costs and legal fees involved in setting up the agreement, but the loan is free of interest during your lifetime.

Deferred payment means you do not need to pay all your care fees immediately. If you want to go into a more expensive home, you can top up the fees out of your own resources by promising to repay the extra cost when your house is sold or you leave care. You will still be required to contribute income and other assets towards your fees (weekly assessed contribution).

If you require further information on this topic then please contact the Financial Assessment Team and ask them to send you the leaflet titled 'Deferred Payments', alternatively you can access it on the following internet link: <http://lancashire.gov.uk> (look for 'Deferred Payments' under the A-Z).

5.6 What if I own other properties?

If you own other properties in addition to your former home; any income from these will be treated as income, you will not be requested to sell them but if you release capital from them whilst in residential care it will be counted as assessable capital.

Lancashire County Council will place a charge on one property only to protect its interests.

What if I'm not happy about the assessment?

If you are not happy with your financial assessment please contact the financial assessor who visited you or the Assessment Team Helpline 01772 531149.

If you are not happy about your care assessment we have a complaints procedure. Ask your social worker for details; contact the customer service centre on 0845 053 0009 or visit <http://lancashire.gov.uk/corporate/complaints/index.asp>.

Further Information

If you require any further clarification on any of the issues covered in this document, contact the Financial Assessment Team on 01772 531149.

If you have any queries about arranging residential or nursing care please contact 0845 053 0009 or your Social Care Worker.

Alternatively, you may wish to contact your local Age Concern office or access their website <http://www.ageconcern.org.uk> for the following fact sheets:

Number 10 Local Authority charging procedures for care homes

Number 38 Treatment of former home as capital for people in care homes

Number 39 Paying for care in a care home if you have a partner

Number 40 Transfer of assets, and paying for care in a care home

Other useful contacts are:

<http://www.dh.gov.uk> Department of Health website for the 'charging for residential accommodation guide (CRAG)'.

<http://www.direct.gov.uk> website for information about paying for residential care.

<http://www.disabilityalliance.org.uk> website for benefits advice and publications.

<http://www.counselandcare.org.uk> website and organisation providing advice, support and information; including numerous fact sheets and guides relating to paying for residential care, capital, deprivation and, transfer of capital issues.