

FINANCIAL MATTERS FACTSHEET 2

Financial implications of moving into a residential or nursing home

This factsheet 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 to consider the contents.

If you have savings (for example: current accounts, savings accounts, Post Office accounts cash, ISA's premium bonds) of £23,250 or over then you will be required to self-fund your placement (short or long term) from the start of the placement and will need to enter into a private arrangement with the care home.

1. Is there a charge for all care home placements?

There is no charge for certain types of care home placement, these include:

- If you are placed in a care home and receive funding under Section 117 of the Mental Health Act 1983. (There may be a top-up to pay, see section 5).
- If you are placed in an intermediate care bed in a residential or nursing home, there is no charge to pay for **up to** six weeks. During this period, you will receive a social care assessment to determine your long term care needs. Once your intermediate care has ended you may require services which are chargeable.
- If you are placed in a transitional bed in a residential or nursing home there is no charge to pay for up to 28 days however there may be a top-up to pay, see section 5.
- If your placement is funded by NHS Continuing Health Care, there is no charge to pay. You may be charged if you receive joint Health and Social Care funding, or if Continuing Health Care funding ceases and care services continue.

2. Respite and short-term placements

If you are placed in a residential or nursing home for a fixed period of time, for instance to give your carer respite, and you are not a self funder, or because your home needs to be adapted to meet your needs, you will be asked to pay a fixed charge from the start of your stay.

3. Financial Assessment

If you are assessed as needing long term residential or nursing care, your social worker will refer you for a financial assessment to determine how much you will contribute towards the cost of your placement. Any charge will be applicable from the start of your long-term placement.

A Financial Assessment Officer will:

- Calculate your contribution towards the placement based on your income and capital and provide a written breakdown of how this has been calculated.
- Ensure you are receiving all benefits that you are entitled to and help you to claim for these. The benefits you are entitled to will be included in your financial assessment even if you do not claim them.
- Let you know if your benefits will change when you move into a care home.

If you do not wish to have a financial assessment or you do not provide details of your income and capital, then you will be charged the full cost of your placement by the care home.

If the financial assessment determines that your savings were above the £23,250 threshold at the start of or during a period of any short-term placement, you will be charged retrospectively for the full cost of the short term placement.

4. How does my income or capital affect how much I have to pay?

The Financial Assessment Officer will require information about all your income and capital in order to calculate your charge.

4a. Income

- Your income includes the benefits that you receive such as your state pension, and any private pensions or regular income that you have.
- Some benefits such as the mobility component of Disability Living Allowance or Personal Independence Payments are not included in the financial assessment.
- Some income is only partially included, for instance you may choose to give 50% of your occupational or private pension to a spouse remaining at home. We advise that you seek independent financial advice before making the decision to pass over 50% of this income as it may affect his or her entitlement to benefits.

4b. Capital

Most forms of capital are included in the financial assessment:

- Savings held in cash, banks or post office accounts.
- Current accounts
- Premium bonds, stocks and shares.
- Property and land that you own or partially own. (see 'your former home' below)

In the case of capital held in joint accounts, the money held will be divided equally by the number of people named on the account.

Savings or capital below £14,250

This does not affect your financial assessment.

Savings or capital between £14,250 - £23,250

When we carry out the financial assessment, we assume that you receive £1.00 income for every £250 between these figures, this is called tariff income and will be included in your income.

For example: if you have £15,000 in savings, we deduct £14,250 = £750, we then divide the £750 by £250 = £3 tariff income.

Savings or capital over £23,250 - Self funder

If your capital is more than £23,250 or you do not want to disclose your financial information, then you will be liable for the full cost of your residential or nursing home placement (both long and short term). You will not be eligible for financial assistance from Sefton Council, and will need to enter into a private arrangement with service provider. You should discuss fees and payment terms with the care home administrator prior to moving into the Home.

As a self-funder you are eligible to keep your existing entitlement, or make a claim for Attendance Allowance, Disability Living Allowance (care component) or Personal Independence Payment (daily living component).

When your capital falls below £23,250 it may be possible for Sefton Council to provide financial assistance with your care home fees. This will require an assessment of your care needs by a social worker and a financial assessment to determine if you are eligible for financial assistance. If your capital does drop below £23,250 and you wish to apply for assistance with your fees, then please ring Sefton Council on 0345 140 0845.

If you are eligible for financial assistance from Sefton Council funding can only start from the date you make your formal request.

Your former home

If you are accessing a long term placement, then the value of any property which you own and occupied as your former home prior to entering the placement, will be disregarded for the first 12 weeks. After this, the value of your former home will be included in the financial assessment.

We will ignore the value of your former home if it is still occupied by:

- your partner or, in some circumstances, your former partner, or
- a relative or a member of your family who
 - is aged 60 or older, or
 - is incapacitated, or
 - is your child under 18

There are other discretionary circumstances where the value of your former home may be disregarded.

4c. Deferred Payment Scheme

If your capital is tied up in property, and you need help paying your care home fees in the interim, you can apply for a Deferred Payment Agreement. The deferred payment is a type of loan from Sefton Council using your home as security. The loan is repaid once your property is sold.

You will still pay a weekly charge direct to the Care Home. The Council pays the difference between your weekly charge and Sefton's standard market rate. The part the Council pays is your 'Deferred Payment'.

The deferred payment (loan) builds up as a debt – which is cleared when the money tied up in your home is released. For many people this will be done by selling their home, however, you do not have to sell your home immediately if you don't want to – you may, for example, decide to keep your home for the rest of your life and repay the debt out of your estate.

The deferred payment scheme is also applicable if you live in extra care supported living schemes, and own a property that you no longer live in.

In order to apply for a Deferred Payment you must:

- have capital (excluding the property) of less than £23,250.
- own or have part legal ownership of a property which is registered with the Land Registry (if the property is not, you must arrange for it to be registered at your own expense).
- ensure that if your property has a mortgage or secured debt that the lender agrees for a further debt to be secured on the property.
- have mental capacity to agree to a deferred payment agreement or have a legally appointed agent such as a Deputy who has the authority to agree this.

Costs associated with the Deferred Payments Scheme

Councils can charge an administrative fee for arranging the Deferred Payment and other reasonable one-off fees such as legal costs, a Land Registry charge and administration costs.

Local Authorities are also allowed to charge compound interest on the debt in the same way a normal loan would be charged on money borrowed from a bank. The maximum interest rate that will be charged is fixed by the government and will be applied from the start of the Deferred Payment agreement i.e. the date when Sefton's loan begins.

You will be provided with more information on Sefton Council's Deferred Payment Scheme when you are being financially assessed.

4d. Client contribution

Once we have received details of your income and capital the Financial Assessment Officer will assess how much you need to contribute towards your placement. This charge may change in the early weeks or months of your stay; this will be because of changes in your income as you may no longer be entitled to some benefits, or these may reduce.

Any charge you have been assessed to pay should be paid directly to the care home.

4e. Personal Allowance

You will be allowed to keep a small personal allowance to pay for necessary items such as toiletries and clothing. This personal allowance amount is set by the government each year.

5. Top-up payments

Each residential and nursing home in Sefton sets its own fees. Some homes will charge higher fees for additional services they provide, for example they may provide bedrooms with en-suite bathrooms. Sefton Council sets a standard market rate that it will pay for residential and nursing placements.

If you choose a care home with fees higher than the standard market rate, then a third party such as a relative, friend or another organisation can agree to pay the difference. This is sometimes called a "top up" or a "third party contribution" and is in addition to your weekly charge. The third-party will need to sign a form to agree to this.

What happens if third party contributions are not paid?

If the third party stops paying, and there are places in less expensive homes that could meet your needs, then a transfer to another home would be considered. Each situation is considered on an individual basis.

The Council may take legal action against the third party to recover any costs caused by non-payment of their contribution.

Can I top-up my own fees?

You cannot top up your own residential or nursing home fees, except in the following circumstances:

- During the first twelve weeks of a long term placement in a residential or nursing home if you own a property.
- If you enter into a Deferred Payment Agreement with the Council.
- If you receive funding under Section 117 of the Mental Health Act 1983.

6. Are my benefits affected if I receive funding from Sefton Council?

Any short or long term placement funded by the Local Authority may affect your benefits. You will not receive Attendance Allowance, Disability Living Allowance (care component) or Personal Independence Payment (daily living component) after the first four weeks of Sefton Council funding. This may also lead to benefits such as Pension Credit or Employment & Support Allowance stopping or reducing.

These changes may occur earlier if you have been in hospital prior to commencing your placement. You should notify the Department for Work and Pensions if you are in hospital or a care home for more than four weeks.

7. What happens if I dispose of my savings or capital

If you give away savings or capital (including property) in order to avoid or reduce your charge you will still be charged. This includes transferring title deeds of a property to another person or making large gifts.

8. What if I disagree with the outcome of the financial assessment?

If you disagree with the outcome of your financial assessment please contact the Financial Assessment Officer who visited you. They will be able to explain your charge. If you still disagree and wish to challenge the decision you should write to the Senior Financial Assessment Officer at the following address. You will need to clearly state why you disagree with the charge and provide supporting evidence.

Sefton Council
Financial Assessment Team
1st Floor
Magdalen House
Trinity Road
Bootle
L20 3NJ

If you are still unhappy after following this process and disagree with the outcome then you can complete a complaint form on Sefton Council's website www.sefton.gov.uk, or by making a telephone complaint by calling 0345 140 0845.

Example Financial Assessment

Here is an example demonstrate how a weekly care home charge is calculated.

Mr D is going into a long term residential home which costs £701.81 per week, this is Sefton Council's standard market rate. His income is as follows:

State Pension	£180.00
Pension Credit – Guarantee Credit £	£38.15
Total weekly income	£218.15

The income that is disregarded is as follows:

Personal Expenses Allowance	£30.15
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Mr D's weekly charge is:

Total weekly income	£218.15
Less	
Personal Expenses Allowance £	£30.15

Total weekly charge is £188.00

Sefton Council will pay the difference between the standard market rate of £701.81 per week and Mr D's client contribution of £188.00 per week = £513.81 per week.

After a period of time Mr D decides to move into a larger room in his care home which has an en-suite bathroom. The home charge an additional £30 per week for this room. As this is above the standard market rate Mr D will require help from a third party to pay this additional charge.

The breakdown of payments to the residential home are as follows:

Mr D weekly charge	£188.00
Sefton Council's contribution	£531.81
Third party top up charge	£ 30.00