

## **ADVICE & SUPPORT**

### **PAYING FOR A CARE HOME**

The cost of care can be confusing and misleading at times with ever changing regulations on funding so we have extracted some useful information from the AGE UK guidelines to assist you in understanding the complexities of what is available in terms of NHS or Social Services funding.

Rowallan care fees are all inclusive covering 24 hour care, home cooked meals, all utilities and laundry services. The only extras are for visiting services such as hair dressing or chiropody and newspapers if required.

Chapter 23 of the new statutory guidance is entitled 'Transition to the new legal framework'. It provides guidance to local authorities on how to make the transition to the new system under the Care Act 2014 as smoothly as possible. It recommends retention of the status of previous assessments and eligibility determinations, where possible; for example regarding the new single set of national eligibility criteria. This is aimed at minimising a potential increase in assessment demand around April 2016 for care account initiation by allowing the carrying out of earlier assessments for this purpose.

### **More than £23,250 in capital**

Until the major change in 2016, you will be expected to pay the full fee (self-fund) until your capital is reduced to the upper capital limit of £23,250, at which time the local authority may have to assist with funding.

### **Capital between £14,250 and £23,250**

Capital of between £14,250 and £23,250 is assessed to show an assumed (or 'tariff') income. For every £250 or part of £250 of capital between £14,250 and £23,250 you are assessed as though you have an extra £1 per week income. This is set down in Part 5 of the charging regulations and Chapter 8 and Annex B of the statutory guidance.

### **Example**

If you have capital of £14,550 you will be treated as having an extra £2 per week income. If your assessed income includes tariff income make sure that your contribution is reviewed each time your capital drops into the next £250 'band'.

### Capital below £14,250 is disregarded

Capital of £14,250 or less is fully disregarded for local authority residential care charging purposes. However, the social security office will calculate tariff income on savings over £10,000 for Pension Credit purposes at a rate of £1 per week for every £500 or part of £500.

There are various other non-permanent disregards set out in Annex B, for example paragraph 48 requires personal injury payments to be disregarded for 52 weeks.

### Other disregarded capital

Some other capital is partially or fully disregarded or ignored. Capital disregards are set down in Schedule 2 of the charging regulations and are also covered in Annex B in the statutory guidance.

Capital that is disregarded indefinitely includes the surrender value of life insurance policies or annuities and the value of funds held in trust or administered by a court that can only be disposed of by a court order or direction and which derive from a payment for personal injury, including compensation for vaccine damage and criminal injuries.

**Note: Personal possessions** are disregarded as long as they were not bought with the intention of avoiding residential care charges.

The value of certain types of investment bond with a life assurance element is disregarded. If you hold an investment bond but are unsure whether it has a life assurance element, ask the company that issued the bond or your financial adviser. Age UK cannot advise on particular financial products.

### The means test calculation

Once the local authority has all the information about your income and capital, it can calculate how much you should contribute towards the costs of your care, making sure that you are left with a weekly PEA of £24.90. The local authority should provide you with written information setting out how it has calculated the amount you should pay, including the level of your personal budget. The following basic examples are given to help you work out how much your contribution might be.

#### Example 1

The local authority arranges for you to move permanently into a care home run by a charity. Your personal budget has been set at £600 to meet your assessed eligible care and support needs. The home costs £600 per week. You are 83 and single, and live in a rented flat. You have capital of £5,000 and your weekly income is the basic State Pension of £115.95 (including the 80+ age addition of 25 pence) and PC Guarantee Credit of £35.255 to give an assessable amount of £151.20 per week.

#### What is ignored?

Your capital is ignored by the local authority because it is less than £14,250 (£10,000 for Pension Credit once you are permanently living in a care home).

<b>The local authority calculation</b>	<b>£</b>
Total weekly income (£115.95 plus £35.25)	151.20
Less PEA	24.90
Your weekly contribution to personal budget	126.30
Local authority's contribution to personal budget	473.70
Cost of the home	600.00

## Example 2

The local authority agrees to arrange a permanent place for you in a care home that costs £650 per week. Your personal budget has been set at £650 to meet your assessed eligible care and support needs. You are married, aged 82, with a weekly private pension (£200). Your wife will remain living in the flat you jointly own.

Your State Pension is £115.95 per week (including the 80+ age addition of 25 pence). You have a savings account in your name of £10,400 and a joint account with your wife of £8,000. (If this describes a situation similar to your own, see also Age UK's Factsheet 39, Paying for care in a care home if you have a partner).

### What is ignored?

The value of your flat is ignored because your wife continues to live there. Half of your private pension will be ignored by the local authority if you pay this half to your wife.

### What is included?

Your savings of £10,400, together with half of the balance of the joint account you hold with your wife, i.e. £4,000 are included in the local authority calculation. Your total capital will be assessed as £14,400, so you will have a tariff income of £1 per week. Your State Pension and the other half of your private pension are included.

Because of the level of your weekly income you will not qualify for Pension Credit Guarantee Credit (income above £151.20) or Savings Credit (income above £188.25). However, as your assessed income is more than £188.25 per week the local authority must disregard £5.75 per week of that income (in addition to allowing you to retain a PEA of £24.90).

<b>The local authority calculation</b>	
<b>Your Weekly Income</b>	£
State Pension	115.95
50% Private Pension	100.00
Tariff income from capital	1.00
	219.95
Less Personal Expenses Allowance (PEA)	24.90
Less disregard of qualifying income for Pension Credit	5.75
Your weekly contribution to personal budget	186.30
Local authority's contribution to personal budget	465.80
Cost of the home	650.00

**Between April 2015 and March 2016**, if you have savings of more than £23,250, you will be expected to pay the fees for your accommodation and personal care in full until your savings drop below this level. This upper capital limit figure is expected to rise to £27,000 (for non-residential care and support or residential care where the value of the resident's home is disregarded) or £118,000 (for residential care where the value of the resident's home is not disregarded) in April 2016.

If you are self-funding but your capital is falling towards £23,250, you should approach the local authority and ask for an **assessment** of your care needs. This may take some time to arrange so it may be worth approaching the authority a few months before your capital reduces to £23,250.

Local authorities have been told that in this situation they must undertake an assessment **as soon as is reasonably practicable** and, if necessary, take over the arrangements to ensure that a resident is not forced to use up capital below the upper limit. The Department of Health has advised that authorities may be liable to reimburse residents for extra expenditure incurred as a result of the authority delaying in making arrangements. The lower capital limit below which capital is disregarded in the means test is £14,250. This will rise to £17,000 in April 2016. Your capital should not fall below this if proper procedures are observed.

**You may be able to claim** receive AA/DLA (care component) or PIP (daily living component) if you are not receiving funding assistance from the local authority. NHS payments for registered nursing care may not affect your right to receive AA/DLA (care component) or PIP (daily living component). Depending on your capital and income you may also be able to claim Pension Credit. See section 6 for further information or contact Age UK to discuss benefits you may be entitled to.

If the home in which you have been self-funding **costs more than the local authority is usually prepared** to pay for that type of care this may cause difficulties if you have to apply for local authority assistance later on. The local authority may require a third party to make up the difference and, if none is available, suggest that you move to a cheaper care home.