

Factsheet 10

Paying for permanent residential care

April 2024

About this factsheet

This factsheet has information about the financial help that may be available from the local authority if you need to live permanently in a care home. It also covers arranging an

1 Recent developments

Local Authority Circular (DHSC) (2024) 2, published in February 2024, increased the income thresholds in the financial assessment in line with inflation. The capital limits remain the same as the previous financial year.

2 Sources and terms used in this factsheet

Care Act 2014, regulations and statutory guidance

This factsheet is based on the *Care Act 2014* (*‘the Act’*), introduced in April 2015. There are references to the charging regulations and statutory guidance that support the

5 Your savings and other types of capital

Most forms of capital are included in the financial assessment, including savings, bank or building society accounts, National Savings accounts, Premium Bonds, stocks and shares, and property (buildings or land).

For more about how property is valued and deferred payment agreements, see factsheet 38, *Property and paying for residential care*.

5.1 General points about treatment of capital

Valuation of capital

If your capital is valued at more than £23,250, no precise valuation is needed because you are expected to pay full fees yourself. Capital either has a *market* value – the amount a willing buyer would pay (e.g. stocks and shares), or a *surrender* value (e.g. Premium Bonds).

Any outstanding debt secured against an asset, such as a mortgage, is deducted from the value. If you would incur expenses in realising the value of an asset by selling it, 10 per cent is deducted from the capital value for the purposes of the financial assessment.

Capital treated as income

Some capital assets are treated as income (see section 6). This includes payments made through an annuity, earnings not paid as income, and pre-arranged third party payments to pay for residential care, but not voluntary payments to remove arrears.

Where an agreement or court order provides that periodic payments are to be made to a care home resident because of a personal injury, any non-income periodical payments are treated as income.

Notional capital

This is capital that is included in the financial assessment, even though you do not have it. For example, it could be funds available on request, such as an unclaimed Premium Bond win, or capital you disposed of to avoid using it to pay for care home fees (*deliberate deprivation* see section 7).

If you are assessed as having notional capital, its value must be reduced on a weekly basis by the difference between the weekly rate you pay for residential care and the weekly rate you would have paid if notional capital did not apply.

5.2 Business asset short-term disregards

If you are a permanent resident, the local authority should disregard

6 Your income

Your income can be included in your financial assessment. It is usually looked at on a weekly basis and taken into account in full, unless it is fully or partly disregarded. Your income is calculated on the basis that benefits such as Pension Credit are being claimed, so make sure you have applied for any possible benefits. If your weekly eligible income exceeds your personal budget, you are a self-funder.

7 Deliberate deprivation of assets

Deliberate deprivation is when capital or income is given away, disposed of, or not claimed, with the intention of reducing the amount you must pay towards your care home fees. If this happens, the local authority has the power to treat you as though you still possess the assets you have given away as '*notional*' capital or income in the financial assessment.

A local authority must use its discretion

Disability benefits and Pension Credit for self-funders

If you receive AA, DLA middle or high rate care component, or PIP daily living component, an extra amount (severe disability addition) can be included in the calculation for PC Guarantee Credit entitlement.

As a self-funder, including where you enter into a deferred payment agreement, you can continue to be paid AA or the care/daily living elements of DLA and PIP, meaning you can get this extra amount in your PC if you are entitled.

Allowance for looking after you.

Your income and capital are taken into account when working out whether you are entitled to PC. Your share in the value of property is disregarded in certain circumstances, for example, your partner lives there.

This also applies if a close relative lives there and they are State Pension age or incapacitated. If this does not apply, your property is disregarded for PC for 26 weeks if you are taking steps to sell it (note, this disregard does not apply to the social care financial assessment).

It is particularly important to check your entitlement to PC if you enter a deferred payment agreement, as this may reduce the amount that is ultimately repaid to the local authority at the end of the agreement.

For more information, see factsheet 48, *Pension Credit*.

Introduction of Personal Independence Payment

DLA is being replaced by PIP. New adult claimants must apply for PIP. If you currently receive DLA, this continues but if your circumstances change, you are invited to claim PIP. All working age DLA recipients are being assessed for PIP over the next few years. If you currently receive DLA and were 65 or over on 8 April 2013, you will not move to PIP.

See factsheet 87, *Personal Independence Payment and Disability Living Allowance*, for more information.

9 Personal Expenses Allowance

The local authority must let you to keep a Personal Expenses Allowance (PEA) of at least £30.15 a week. You should not be asked to put your PEA towards the cost of meeting your eligible needs if you are a permanent or temporary care home resident. It is for your own personal use.

The local authority has a discretionary power to increase your PEA. The guidance has illustrative examples to assist local authorities in the use of this discretion. One relates to where your property is disregarded in the financial assessment and you have ongoing housing costs. For further

10 The financial assessment calculation

Once a local authority has all the information about your income and capital, it calculates how much you should contribute towards the costs, ensuring you are left with a PEA of at least £30.15 a week. They should give you written information setting out how it calculated the amount you should pay, including the level of your personal budget.

The following examples show what your contribution might be.

Example 1

You are 83, single and live in a rented flat. You have capital of £5,000 and your weekly income is State Pension of £125.95 and PC Guarantee Credit of £92.20, to give an assessable amount of £218.15 a week.

The local authority arranges for you to move permanently into a care home. Your personal budget is set at £700 a week to meet your assessed eligible care and support needs. The home costs £700 a week.

Your capital is ignored by the local authority because it is less than £14,250.

The local authority calculation	£
Your total weekly income (£125.95 plus £92.20)	218.15

Your savings of £10,400, together with half of the balance of the joint account, £4,000, are included in the calculation. Your total capital is

You have the right to choose between different providers of that type of accommodation provided that:

the home is of the same type as specified in your care and support plan

the home is suitable for your assessed needs

the home is available, and

the home is willing enter into a contract with the local authority on the local authority terms and conditions.

If your preferred option costs more than the amount in your personal budget, the local authority can request a top-up as a condition of arranging the placement, see section 11.1. For more information about choice of accommodation, see factsheet 29, *Finding, choosing and funding a care home*.

11.1 Third party top-ups

If your preferred accommodation costs more than the local authority specify in your personal budget, it must still make arrangements for you in that home as long as someone else (and sometimes yourself) can make up the difference between that amount and the care home fee. This is a third party contribution or *additional payment top-up*

The local authority cannot set an arbitrary ceiling on the amount they pay such that you are required to have a top-up in order to meet the cost of the care home. Your personal budget must reflect the cost of meeting your individual eligible needs. For example

15.3 NHS-funded nursing care payments

NHS-

In *Complaint number 06/B/16774 against Bath and NE Somerset Council, 2007*, the Local Government Ombudsman found maladministration when a local authority sought to discharge a person with dementia from a section 117 care home placement because they had *settled*. It was stated that:

Whether or not a person is 'settled in a nursing or residential home' is an irrelevant consideration. The key question must be, would removal of this person (settled or not) from this nursing or residential home mean that she is at risk of readmission to hospital? If the answer is yes then the person cannot be discharged from aftercare.

16 Arranging and paying for your care yourself

You are free to find a place in a care home yourself if you can make your

If this is recommended, ask the local authority to carry out an assessment of all your needs including your physical or psychological wellbeing, and your social and cultural needs. They should look at the risk to your physical and mental wellbeing of moving you.

If your existing care home is found to be the only one that can meet your assessed eligible needs, the cost must be covered by your personal budget and a top-up cannot be requested. The guidance states local authorities '*should not have arbitrary ceilings*' to their personal budgets.

If you have trouble selling your home or wish to delay doing so, you may be able to access a deferred payment agreement from the local authority. For more information, see factsheet 38, *Property and paying for residential care*.

If you move areas for care home accommodation

If you move into a care home as a self-funder in a different local authority area from where you lived before, the local authority in the area you now live is usually responsible for assisting you if you may become entitled to support with funding.

Benefits entitlement

You may have entitlement to payment of AA, DLA or PIP if you self-fund your care home. See section 8.2 for more information. Depending on capital and income, you may be able to claim Pension Credit.

17 The local authority information and advice duty

The local authority has a duty to provide an information and advice service relating to care and support. As a minimum, this must include the following:

the local care and support system and how it operates

the choice of types of care and support

the choice of providers available to you

how to access the care and support that is available

how to access independent financial advice relevant to meeting your needs for care and support, and

how to raise concerns about your safety or wellbeing.

Independent financial advice is financial advice provided by a qualified person who is independent of the local authority in question. All financial advisors should be registered with the Financial Conduct Authority. Financial advice is a paid for service.

See factsheet 43, *Getting legal and financial advice*, for more information about independent financial advisers.

18 People who can act on your behalf

Independent advocacy

If you have substantial difficulty being involved with the care and support process and have no appropriate person, such as a family member, to assist you, the local authority must provide an independent advocate to support and represent you. A person should not be considered

19 Complaints and safeguarding from abuse and neglect

If you are not satisfied with any aspect of the service you receive from the local authority or want to challenge a decision they have made, you can complain. For example, you may do this where you believe the local authority has included income or capital in the financial assessment that should be disregarded, or where it has delayed carrying out the financial assessment, leaving you uncertain how much you will be charged for your care home placement.

Some issues might be dealt with informally, but if not, you can make a formal complaint to the authority. If you are not satisfied with the local authority's response, you can complain to the Local Government and Social Care Ombudsman (LGSCO), which is independent of the local authority.

If your care home placement has been arranged by the local authority, complain using the local authority complaints procedure, as they retain responsibility for your care.

If you have arranged and funded your placement independently, you can complain to the LGSCO if you have not been able to resolve the issue.

You can inform the Care Quality Commission about any concerns you have. They do not have duties towards dealing with individual complaints. However, they have extensive powers and must respond appropriately.

See factsheet 59, *How to resolve problems and complain about social care*, for more information.

Abuse and neglect

If you have a concern about abuse or neglect, you should raise this with the local authority, which has safeguarding duties. It has a duty to investigate safeguarding concerns and this applies irrespective of how your care is arranged and funded.

Useful organisations

Care Quality Commission

www.cqc.org.uk

Telephone 03000 616 161

Independent regulator of adult health and social care services in England, covering NHS, local authorities, private companies or voluntary organisations and people detained under the *Mental Health Act*. They assess how local authorities meet their duties under the Care Act 2014.

Care Rights UK

www.carerightsuk.org

Telephone 020 7359 8148

Advice and support to older people in care homes, relatives and friends.

Carers UK

www.carersuk.org

Telephone 0808 808 7777

Provides information and support for carers, including information about benefits.

Citizens Advice

www.citizensadvice.org.uk

Telephone 0800 144 8848 (England)

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

Equality Advisory and Support Service

www.equalityadvisoryservice.com

Telephone helpline 0808 800 0082 Mon-Fri 9am-7pm, Sat 10am-2pm

Helpline provides information and advice about the *Equality Act 2010* and human rights.

Local Government and Social Care Ombudsman

www.lgo.org.uk/

Telephone 0300 061 0614

Provides free, independent, service for complaints about local authorities and about social care service providers for self-funders.

Office of the Public Guardian

www.gov.uk/government/organisations/office-of-the-public-guardian

Telephone 0300 456 0300

Registers attorneys and deputies for people lacking mental capacity. Deals with complaints and concerns about attorneys and deputies.

Age UK

Age UK provides advice and information for people in later life through our Age UK Advice line, publications and online. Call Age UK Advice to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

Age UK Advice

www.ageuk.org.uk

0800 169 65 65

Lines are open seven days a week from 8.00am to 7.00pm

In Wales contact

Age Cymru Advice

www.agecymru.org.uk

0300 303 4498

In Northern Ireland contact

Age NI

www.ageni.org

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Next update April 2025

The evidence sources used to create this factsheet are available on request. Contact resources@ageuk.org.uk

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