

Financial implications of moving into a Residential or Nursing Home

This factsheet explains Lancashire County Council's charging arrangements for when you receive care and support in a residential or nursing care home.

Type of Care:

- Short Term and returning home – not exceeding 8 weeks in accordance with our Short Breaks Policy.
- Temporary care and returning home within 12 months.
- Residential Short Term Bed (Intermediate Care) which exceeds 6 weeks.
- Long term care and support delivered to you in a residential or nursing home on a Permanent basis.

Please note: Lancashire County Council charges for Non-Residential care and Short Breaks under our Non Residential Charging Policy.

Financial assessment process

A member of the Care Finance Assessment Team will contact you or your representative to arrange an appointment to carry out a financial assessment to calculate the amount you can afford to contribute towards the cost of your care services.

You can contact the Care Finance Assessment Team on 0300 123 6708 and by selecting option 1, or you can email the team mailbox at fin.assessment@lancashire.gov.uk

During the assessment the Financial Assessment Officer will:

- Obtain information regarding your assets, property, income, savings, investments and expenses which may be verified with the Department of Work and Pensions.
- Calculate how much you can afford to pay towards the cost of your services from the start date of the service.
- Complete a benefit check to ensure that you are receiving your full entitlement to benefits.

It is your responsibility to provide all the relevant information requested in order to complete the assessment and failure to satisfy the financial assessment officer will result in the maximum contribution being applied.

If you choose not to disclose your financial information you will be charged the maximum contribution for the care you receive.

In preparation for the financial assessment, you will need to provide complete details 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) For most cases we do request that you provide 2 years' worth of bank statements for all accounts.

It is important to have this information ready for your assessment with the Financial Assessment Officer as without this they cannot complete your financial assessment.

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 due to changes in your income such as benefit entitlement.

Examples of Income taken into account

Please note that this list is not exhaustive. 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)
- Personal Independence Payment
- Social Security Benefits
- War Pensions and War Widows Pensions
- Working Tax Credit / Universal Credit
- Tariff income from capital (please refer to examples of capital taken into account below)
- Rental income from property

Examples of Income not taken into account

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

- Personal Expenses Allowance – for the current rate, please see **Appendix 1**.
- Pension Credit Savings Credit Component - If you are in receipt of Savings Credit, you will be entitled to a Savings Credit disregard. This amount could increase if you are part of a couple and in a temporary placement - for the current maximum rate, please see **Appendix 1**.
- 50% Occupational or Works Pension may be disregarded if you have a spouse/partner at home. The 50% that is disregarded is intended to be passed to your partner for his/her maintenance.

- Disability Living Allowance - the Mobility Component of this benefit is fully disregarded.
- Attendance Allowance/Disability Living Allowance and Personal Independence Payment – (the Care Component of these benefits is fully disregarded if you are in a temporary placement but taken fully into account if you are in a permanent placement whilst your entitlement remains).
- War Pension - if you are in receipt of a War Pension this will be disregarded in full apart from constant attendance allowance.
- 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”, the full amount will be 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 types of capital include (this list is not exhaustive; 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)

Funeral Plans

Please be aware that when the financial assessment team completes a financial assessment the county council do not allow a disregard for prepaid funeral plans. Therefore, where a service user has incurred expenditure for a prepaid funeral plan the county council will include the value as capital.

Capital and tariff income

- If you have savings and investments under the lower capital threshold, your capital will be fully disregarded.
- If you have savings and investments between the lower capital threshold and the upper capital threshold, we apply tariff income. This assumes that for every £250 of capital, or part thereof, you are able to afford to contribute £1 per week towards the cost of your eligible care needs.

For the latest upper and lower capital threshold amounts and an example capital and tariff income calculation, please see **Appendix 1**.

If your capital (excluding the value of your main home) exceeds the upper capital limit or if you do not wish to complete a financial assessment, you will be assessed to pay the maximum charge for the care you receive.

Personal Expenses Allowance (PEA)

This is the minimum amount of income we must leave you with once the financial assessment has been completed. The purpose of the PEA is to ensure you have money to spend as you wish. It must not be used to pay towards the cost of your care.

The PEA is set by the Department of Health & Social Care annually: For this years rate, please see **Appendix 1**.

Savings Disregard

If you are aged 65 and over and have made provisions for retirement above the basic state pension you may be entitled to an additional allowance on top of your PEA. The Savings Disregard is set by the Department Of Health & Social Care annually – for this years rate, please see **Appendix 1**.

Example Assessment

For an example financial assessment, please see **Appendix 1**.

Mental Health Act 1983 - Section 117

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 we will pay the residential fees in full up to the Council's agreed rate.

If you are removed from Section 117, but remain in residential care, you will need to be financially assessed to contribute towards your care.

If you choose a more expensive home, please discuss the top-up options with your social care worker.

Property Ownership

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 the resident to remain in residential care.

A **temporary resident** is one for whom the agreed intention is for the 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 if:

- your partner or civil partner still lives there.
- a relative who still lives there who:
 - is aged 60 or over, or
 - is aged under 18 and a child whom you would be liable to maintain, or
 - is incapacitated
- if you are only staying in a care home for a short time and you intend to go back to your own home later.

12 week property disregard

If you are assessed as needing to move into permanent residential care, you may be entitled to the 12-week property disregard. This means that the value of your property will be disregarded as capital for the first twelve weeks of moving into the care home.

In order to qualify:

- You need to own your own home (or have an interest in it valued at more than the upper capital threshold).
- Your home has no other dependent/partner living in it.
- You have capital resources of less than the upper threshold (for upper capital threshold amount please see **Appendix 1**)

At the end of the 12-week period, you will be liable to meet the full cost of your care unless you have been assessed otherwise.

Deferred Payment Scheme

The deferred payment scheme is designed to help you if you have been assessed as having to pay the full cost of your permanent residential care – but cannot afford to pay the full weekly charge because most of your capital is tied up in your home.

The Deferred Payment Scheme means if you are ordinarily resident in Lancashire you will not be forced to sell your home during your lifetime to pay for your residential and/or nursing care. By entering into a deferred payment agreement, a person can 'defer' or delay paying some of the costs of your care and support until a later date.

Please note the Deferred Payment Scheme requires you to complete an application and the Council will need to determine the value/equity in your property; no one will be automatically transferred onto the scheme. Where an individual is lacking mental capacity around finances then the Deferred Payment application process will need to be completed by an appropriate legal representative.

For further information please see information sheet IS 4 – "What is the Deferred Payment Scheme" which can be found on our website at www.lancashire.gov.uk

What if I own other properties?

If you own other properties in the United Kingdom, in addition to your former home; the value of these properties will be included as capital in your financial assessment. If the value of your capital is over the upper capital threshold (see **Appendix 1**) (excluding your former home), you will not be eligible for a Deferred Payment Agreement and the whole fee will be payable by you directly to the care home.

If you own properties abroad, 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.

If you are paying the whole fee yourself

You or your family/carer will need to enter into a private contractual agreement with the care home itself and make arrangements with the care home to pay the fees to them directly.

You are eligible to keep your existing or make a claim for Attendance Allowance / Disability Living Allowance or Personal Independence Payment 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.

Whilst paying your own fees you can request a further care assessment at any time by contacting the Customer Access Service on 0300 123 6720.

Former Self Funders/full cost payers of social care

If your capital assets (not including the value of your main and only property) fall below the upper capital threshold to become eligible for council funding (see **Appendix 1**). Lancashire County Council will require a minimum of 3 months' notice to undertake a care needs and financial assessment to establish if the Council have a liability to take on care costs at the point of depletion.

After contacting the Council, a pre-service financial assessment process will take place prior to a full Care Act needs assessment, and will consider the individual's capital and income in line with the Care and Support (Charging and Assessment of Resources) Regulations 2014 and Statutory Guidance.

Where the pre-service financial assessment indicates that the individual is likely to be eligible for financial support within a defined period (e.g., within the next 6 months), the Council will then arrange for a social care assessment to take place, in line with The Care Act. This assessment will establish what an individual's eligible needs are and if they are eligible for 24 hour care.

If you are assessed as being eligible for care, a full financial assessment will be completed to determine the date the self-funder (you) became eligible for council funding and how much you will contribute towards your care.

The date the Council will assume responsibility for payment will be the date you requested a care needs assessment, or the date at which the funds became depleted, if it is after this. The Council will not be responsible for any debts incurred before you became eligible for funding.

If you wish to apply for assistance with your fees, you should contact the customer access service on 0300 123 6720.

Top-up Payments

The Council pays an agreed fee to residential and nursing care homes, however, if you or your carer/family members choose not to accept the option the Council has negotiated on your behalf, you will be made aware that any placements sourced may incur a top-up fee if that home is more expensive than the choice offered.

This top-up fee is usually paid by a third party, such as a spouse, family member or carer, and is in addition to the client contribution which is identified in the financial assessment. You are not allowed to make a top-up payment yourself, except in the following circumstances:

- You are subject to a 12-week property disregard.
- You have a deferred payment agreement in place with the Council and the terms of the deferred payment agreement reflect this arrangement.
- You are receiving accommodation provided under S117 of the Mental Act 1983.

Please note, where family members would want to share the top up funding, this would need to be a private arrangement between them, as a third-party top-up agreement can only be signed by one person who will then be billed in full.

Once a top up has been agreed and signed, the care home cannot introduce or change a third-party top-up without your consent and that of the Council.

The third-party top-up 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 your own money as the Department of Health and Social Care guidance advises that a resident cannot pay his/her own third-party top-up.

If you are receiving residential or nursing care as aftercare services provided under section 117 of the Mental Health Act 1983 and choose a more expensive home, please discuss the top-up options with your social care worker.

It is essential that anyone committing to paying a third-party top-up is able to afford this payment on a long-term basis.

If your third party is no longer able to pay your top-up fee

If your third party is unable to continue paying the top-up fee, Lancashire County Council must be provided with a minimum of 8 weeks' notice and, in any event, as soon as you or your third party is aware of this situation arising by contacting the Customer Access Service on 0300 123 6720. Lancashire County Council will then make contact to discuss your care options which may include moving to another category of room or to another care home, unless the care home is able to accommodate you at the same cost as an alternative suitable location identified by the Council.

Continuing Health Care Funding (CHC)

During the period Lancashire County Council is funding your care, you will still be required to complete the financial assessment process and pay any assessed contribution towards the cost of your care while you are awaiting a decision as to whether your care and support will be funded by the NHS via the Clinical Commissioning Groups (CCG) - or whilst you are challenging the decision and awaiting an outcome.

If the CCG agrees that your care should be funded in full by them (CHC funding), due to you being assessed as having a 'Primary Health Need', or once your appeal is successful if you are appealing the decision, then you will be refunded any of the assessed contributions (payments) you have made to the Council from the date the CCG agrees to fund.

The CCG's original decision remains valid and in place unless, or until, either stage of the review process recommends you should be eligible.

NHS funded nursing care

If you move into a nursing home, the NHS may help you with the costs of the nursing care component of your fees, this is known as Funded Nursing Care. It is a fixed rate payment made directly to a nursing home by the local Integrated Care Board if you meet their eligibility criteria, whether you have over the upper capital limit (see **Appendix 1**) or not.

Payment of assessed contributions and third/first party top-ups

Our preferred method of payment is by Direct Debit, which will be collected on a four weekly basis in arrears. Only in circumstances where you are not able to pay by Direct Debit will you be invoiced for your contributions every 4 weeks in arrears.

Please note: As your assessed contribution and any first/third party top are paid directly to the 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 you incur on your behalf, such as hairdressing etc.

Change in Financial Circumstances

You or your representative must notify the Care Finance Assessment Team of any changes in your financial circumstances as these could affect your financial assessment.

- If your total savings increase above or drop below the upper capital threshold (see **Appendix 1**), you must notify the financial assessment team to arrange a reassessment.
- If you have any significant changes in your income, you must notify the financial assessment team to arrange a reassessment.
- Where you fail to provide information following requests, contributions will be calculated at the maximum cost from the date of the request.
- Where appropriate we may automatically reassess contributions based on changes that we become aware of through policy changes, Department of Work and Pensions, HMRC or regulation changes (e.g. annual increases to standard benefit payments, State Retirement Pension or service cost increases). Where appropriate this might be a standard % increase to all your income. In instances where a % increase is applied to income, a % increase may also be applied to any expense that is included in the assessment.

- If your partner/relative moves out of your property or it becomes vacant.
- If you sell your home and intend to buy another home the sale proceeds will be disregarded in the assessment for up to six months. If you purchase a cheaper home the remaining money will be included in your assessment. If you do not buy another home, ie. if you move into rented accommodation the sale proceeds will be included as capital in the assessment.

Non-Payment of outstanding fees, charges, interest, deferred payment agreement, first/third party top-ups or assessed contributions.

In accepting funding assistance with residential accommodation from Lancashire County Council you are agreeing to pay Lancashire County Council on a regular basis, commencing from the date of your admission, your assessed contribution for each week that you live in the Care Home; this is inclusive of any period of treatment in hospital whilst Lancashire County Council continue to pay the home for your accommodation, and for any notice period.

It is the responsibility of the Council to collect monies due, and to ensure debts do not accrue. Where you fail to make a payment, action will be taken in accordance with Council's debt policy. Recovery of all outstanding contributions/payments will be pursued by the Receivables Team.

Initially the collector will contact you or your representative to establish the reason for non-payment. Where there is a justifiable reason, the collector will work with you or your representative to ensure payment is received. Refusal to pay debts or to co-operate with the collector may result in the debt being pursued through legal action.

Deprivation of Capital and Assets

Deprivation as described in the Care Act 2014 is where a person has intentionally deprived or decreased their overall assets – either capital or income, in order to avoid or reduce the amount, they are charged towards their care.

There is no time limit that is applied to this, it is based on whether there was a reasonable expectation that you may need to pay towards your care and support at the time of the disposal.

We will not automatically assume that deprivation has occurred, there may be valid reasons why you have disposed of an asset. These reasons will be considered and it is up to you or your representative to prove that you no longer have the capital or asset and provide information and evidence as to why you no longer have it. This will enable us to make an informed decision as to whether deliberate deprivation has occurred.

If we suspect that you have deliberately deprived yourself of assets in order to avoid or reduce the amount you are asked to pay towards any care charges, the Council will refer to the detailed guidance contained in Care Act 2014 Annex E: Deprivation of Assets

The Council has an information sheet (IS 5) Deprivation of Capital and Assets Policy and Appeals Process.

Lancashire County Council will consider if a deprivation of assets has occurred if:

- The individual ceases to possess capital/income and assets which would otherwise have been included for the purpose of assessing their contribution towards their care services,

i.e. an individual transfers property, a sum of money to another individual as a gift or the beneficiary of an insurance policy is changed so that the monies are not available to the individual.

When a decision has been made that deprivation has occurred the Council will treat you as still possessing the asset, capital or income, this is called notional capital/income.

Residential placements outside of Lancashire

Lancashire County Council are able to provide care choices in different locations.

To ensure that Lancashire County Council is able to provide a range of cost effective options to its residents, we may arrange placements outside of the County's geographical boundary. In doing so, the cost of the placement will be benchmarked against how the Council could meet your eligible care needs inside Lancashire. Assessed contributions and top-up fees would apply as previously stated.

Placements outside of the County's geographical boundary may be offered in exceptional circumstances, for example:

- The care and support required is particularly specialist and therefore opportunity to make an appropriate placement in Lancashire is extremely limited.
- You have no ties to the County, i.e. no relatives or family/friends' network within the County and have no preference for where you are placed.
- A placement within Lancashire would be deemed unreasonable because it denies family/carers access to you and diminishes the chance to experience family life and support. Further to this, your particular situation will be considered in extraordinary circumstances on a case-to-case basis.

During the assessment and planning process, the Council will take reasonable steps to ensure your circumstances and care act eligible needs are considered when sourcing a placement for you. Value for money of a placement outside of Lancashire will be considered alongside the option of meeting your care and support needs within the county as part of top-up and choice.

Who can I contact for more information?

The financial assessment officer who completed your financial assessment will be able to answer your questions. If you still want more information you can write to: -

Lancashire County Council,
Care Finance Assessment Team
Exchequer Services
PO Box 100
SCRM
County Hall
PRESTON
PR1 0LD

Alternatively, you can ring the Care Finance Assessment Team on 0300 123 6708 by selecting option 1 or email fin.assessment@lancashire.gov.uk

What to do if you do not agree with our decision

Where you feel you cannot afford to pay the assessed charge or the financial assessment has been completed incorrectly, or that the assessment has not taken all relevant expenses fully into account and will cause you financial hardship, you can appeal and request a review of the charge.

The appeals procedure is not intended for you to express your dissatisfaction with any aspect of the Charging Policy. Only those cases, which are supported by relevant documentary evidence, will be dealt with under the appeals procedure.

The appeals procedure is designed to:

- Consider exceptional circumstances not acknowledged in the standard assessment process.
- Ensure correction of omissions or calculation errors made in the original assessment.

If you wish to appeal, you must do so in the first instance to:

The Senior Care Finance Assessment Manager, Care Finance Assessment Team, Exchequer Services, Lancashire County Council, PO Box 100, County Hall, Preston. PR1 0LD.

Or via Email to: Fin.assessment@lancashire.gov.uk

Further Information

If you require any further clarification on any of the issues covered in this document, please contact the Care Finance Assessment Team on 0300 123 6708 and by selecting option 1.

If you have any queries about arranging residential or nursing care, please contact our customer access service on 0300 123 6720 or your social care worker.

Alternatively, you may wish to contact your local Age UK office or access their website www.ageuk.org.uk for the following fact sheets:

- FS10 Paying for permanent residential care
- FS38 Property and paying for residential care
- FS39 Paying for care in a care home if you have a partner
- FS40 Deprivation of assets in social care
- FS58 Paying for short term and temporary care in a care home

Other useful websites are:

- www.dh.gov.uk Department of Health and Social Care website for the – Care Act 2014 – Care and Support Statutory Guidance

For more information about our services visit: www.lancashire.gov.uk

You can access the above information in British Sign Language (BSL) video format by scanning the below QR code using a smartphone or Android device.



To request this information in an alternative format and/or language please contact 0300 123 6708 and selecting option 1 or email: fin.assessment@lancashire.gov.uk

Appendix 1

Examples of Income not taken into account

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

- Personal Expenses Allowance - this is a standard amount of £31.80 per week which is disregarded 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 £7.30 per week. This amount could increase up to £11.00 per week if you are part of a couple and in a temporary placement.

Capital and tariff income

- If you have savings and investments under the lower capital threshold of £14,250, your capital will be fully disregarded.
- If you have savings and investments between £14,250 (lower capital threshold) and £23,250 (upper capital threshold), we apply tariff income. This assumes that for every £250 of capital, or part thereof, you are able to afford to contribute £1 per week towards the cost of your eligible care needs.

Example – Your total capital is £16,229.31 so we would include £8 Tariff Income in your financial assessment ($£16,229.31 - £14,250 = £1,979.31$ divided by $£250 = £8$).

If your capital (excluding the value of your main home) exceeds the upper capital limit of £23,250, or if you do not wish to complete a financial assessment, you will be assessed to pay the maximum charge for the services you receive.

Personal Expenses Allowance (PEA)

The PEA is set by the Department of Health & Social Care annually and from April 2025 to March 2026 the rate is £31.80 per week.

Savings Disregard

The Savings Disregard is set by the Department Of Health & Social Care annually - from April to 2025 to March 2026 the rate is £7.30 (individual) per week.

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	£ 226.85
Pension Credit – Guarantee Credit	£ 11.15
Pension Credit – Savings Credit	£ 11.27
Total weekly income	£249.27(A)

The income that is disregarded is as follows:

Personal Expenses Allowance	£ 31.80
Savings Credit	£ 7.30
Total weekly income that is disregarded	£ 39.10(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 £210.17 per week (£249.27 minus £ 39.10).

Financial Implications Discussion Document

By signing this I, or my family/friend on behalf, confirm a discussion has been held around the charging policy and I understand that if I receive services from LCC I will be financially assessed to determine the amount I will have to contribute to those services.

I have been provided with a copy of LCC's charging arrangements (Financial Implications for Residential / Nursing Care and/or Financial Implications for Non-Residential Care as appropriate)

LAS Number:

Customer's Signature:

Print name Date:.....

Customer's e-mail address

OR

Family/Friend Signature

Print name Date.....

Email address (if appropriate)

I acknowledge that the person above has understood what has been discussed around the charging policy and their potential contribution towards services.

Signed (Allocated Worker)

Print name Date.....