

# Charging and paying for your social care

## Residential care

## Who this leaflet is for

The information in this leaflet is for adults who receive residential care and support from the council's Adult Social Care services. This includes care and support in a residential care home or nursing home.

## How we decide who we support

If you are entitled to receive care and support from the council it is most likely you will need to contribute to the cost of your care. We will complete a financial assessment with you to find out if you need to make a contribution, and if so how much. **If you do not provide information to allow us to complete the financial assessment you will need to pay the full cost of your care.**

A social worker will assess your needs to see whether you are eligible to receive care and support from the council. In order to receive support from the council you must meet the criteria set out in the Care Act 2014. You can find more information about eligibility criteria by going to the following website:

<https://www.southwark.gov.uk/social-care-and-support/adult-social-care/care-and-support-from-the-council/adults-with-care-needs/can-we-help-with-your-care-and-support-needs>

### Temporary and permanent care home placements

If your stay is intended to be less than a year and you have a set date to return home, your placement will be treated as temporary. If your home is empty, we will normally make allowances for you to continue to pay certain costs. If you make long term arrangements, your placement will be considered to be permanent. This matters because your charge can differ depending on the type of placement.

## Who can get financial support

Once your needs have been identified we will carry out a financial assessment to work out what you need to pay towards the cost of your care. You will not be asked to pay more than you can afford. If you do not qualify for help from us, we will provide you with information and advice and tell you about other help available to you.

If you have eligible needs and meet the capital and income requirements (see below) you will be entitled to financial support to pay for care.

## Capital limits

The first stage in a financial assessment involves looking at how much money or other assets you have. Collectively, this is called Capital. If you have capital valued at over £23,250 you will not be entitled to financial support from the Council and you will need to make your own arrangements with the care home. We will still assist you with this process by providing you with information, sourcing a care home and telling you the things you need to take into account.

If your capital gets near to or falls below £23,250, you will need to apply for financial assistance. You are advised to make contact four months before your capital drops below the limit, as it can take this long to assess (or reassess) your eligibility for care services and to conduct a financial assessment. If you make contact after your capital drops below the limit, we will not put your capital back up to the limit. Once your capital drops below the capital limit, you will still need to make a contribution towards your care.

If your total amount of capital is valued at under £14,250, it is ignored for financial assessment purposes. We still need to know how much capital you have even if it is under £14,250. Please note that you will still be assessed to pay towards your care based on the amount of income you have.

## Disposing of your savings, capital or income

If you have disposed of savings, capital or income in order to avoid or reduce your charge for care, we can by law still treat you as having that asset, or in some cases ask the recipient of the asset to make payment instead.

This means that you may be charged up to the full cost of your care. We reserve the right to take civil legal action against anyone who has disposed of their asset or received the asset.

### Disposing of assets can include, but is not limited to:

- Transferring the title deeds of a property to another person or into a trust
- Spending money on a valuable possession such as jewellery or art
- Making large or unusual gifts to relatives
- Paying off a debt that is not due to be paid by you

When deciding whether you have deprived yourself of assets in order to avoid or reduce care home charges, we will take into account your circumstances.

### This includes:

- The reason for the disposal
- The date it took place
- Whether the person could reasonably foresee the need to move into a care home

It will be for the person to prove that they no longer own the asset and to satisfy the council that the disposal of the asset was not done to avoid or reduce care charges.

### Paying for residential or nursing care services where we arrange your placement

If following a social care assessment we agree that residential care is needed to support you, we will help you find suitable accommodation.

## Nursing Care

If you get Funded Nursing Care, the NHS pays the contribution directly to the care home.

### Third Party payments

If the accommodation you choose costs more than the amount we usually pay for someone with similar care needs, a third party (or more than one) will be asked to pay the difference. This additional payment is usually referred to as a Top Up arrangement or a Third Party Top Up. This will require entering into a legal agreement, and failure to fund could put your placement at risk.

You are not allowed to top up your own care fees, except in very limited circumstances. For more information, please see further information about top up payments which is included within this pack.

## Using your property to help pay for care

If you own or partly own your property and if that property is being considered in your financial assessment, you will be responsible for the full cost of your care (after any disregard, such as the 12 week property disregard described on page 8).

If you do not want to sell your property or are unable to sell your property straight away we offer a Deferred Payments scheme to help you pay for your care.

This is a loan from us, using your home as security. They are different to conventional loans and you do not receive a lump sum of money when you join the scheme. We pay part of your care bills for as long as necessary. You will need to repay all of the funds paid on your behalf.

**Please be aware that interest is charged from the start of the loan**

Before you can get financial support under this scheme a social care worker will need to assess your eligibility for the service. We will also need to carry out a financial assessment of your ability to contribute towards your care. You will still need to make a contribution towards your care costs. We will lend you the weekly fee (less any NHS contribution) less your charge. The money borrowed under the Deferred Payment Agreement is then repaid when the money tied up in your home is released or if you find another source of funds to pay back the debt.

### **Deferred Payment Scheme**

You can apply to join this scheme if you do not want to sell your home during your lifetime. You are able to rent out your home to generate income to help pay your care fees, but you must tell us before you do this as there are some conditions to be met. You will be expected to use most of the rental income to help pay your ongoing care fees, which means the amount we lend you under the scheme is reduced. Please be advised that tenancies must be made under an Assured Shorthold Tenancy.

Please note there are certain conditions which must be met before you can join the Deferred Payment Scheme. We will tell you if you qualify when we have completed a financial assessment. Nobody is entitled to join the scheme if we cannot register a legal charge with HM Land Registry.

### **Important information to note before applying for funding assistance**

Please ensure you seek independent legal and financial advice before applying for funding assistance from the council under the deferred payment scheme. The council is not responsible for any fees you incur as a result of obtaining this advice.

Interest is charged on a daily rate and is compounded monthly. The rate changes every January and July and is based on the cost of government borrowing. If you join one of the schemes, we will notify you of the interest rates whenever they are due to change.

If you use either of these schemes then Attendance Allowance or the care element of DLA or the daily living element of PIP can become payable again.

## How we calculate your contribution

### The Financial Assessment

We will need to confirm your income, outgoings and assets (including savings). We ask for evidence such as bank statements, pension payslips and letters from the Department for Work and Pensions (DWP) or Jobcentre Plus to support your assessment.

It is important that we get correct information as soon as possible. Any delay can result in you being required to pay the full cost of your care. Once we receive the information we need, we will make any adjustments needed.

When completing a financial assessment, we will make sure you are left with the statutory Personal Expenses Allowance which is **£24.90** per week.

The capital we take into account includes the value of your share in buildings and land in this country and abroad. In certain circumstances the value of your main home (if you own it) will be disregarded.

### Capital - including savings, shares and premium bonds

The amount of capital we take into account is added together:

- If the total amount of your capital is less than **£14,250**, your capital will not affect your financial assessment
- If your capital is valued at more than **£14,250**, but less than **£23,250**, the national charging rules allow the council to include £1 per week for every £250 of savings you have above £14,250 - but less than £23,250 - when it works out the weekly contribution you will have to pay towards the cost of your care. This is called tariff income
- If your capital is valued above **£23,250**, you will need to pay the full cost of your care.

Tariff Income is meant to represent an amount a resident with capital over a certain limit should pay towards their care, not the interest earning capacity of that capital.

### **An example – Thomas**

Thomas is 71 and has savings of £15,000. This is £750 above the £14,250 limit – or 3 x the £250 levels of savings.

So the council will include £3.00 per week as income when working out Thomas' assessed charge.

### **The income we take into account when working out your charge includes:**

- Most state benefits, including the State Retirement Pension
- Widowed parent's allowance
- Occupational (works) personal pensions or retirement annuity contracts (see below)
- Most annuity incomes
- Property rental income (we do make some allowances so that you can pay any tax on the income and keep the property maintained)
- Other income not specifically disregarded by regulations

### **Occupational (works) or personal pensions or retirement annuity contracts**

If you move into a care home without your partner, spouse or civil partner and if they are not better off claiming benefits in their own right, you can choose to pass on half of your occupational pension, personal pension or retirement annuity to them. If you do so, we will disregard that amount from your assessment when working out your charge. We are only able to disregard exactly 50% of this income and not more or less than this amount. We are unable to disregard any other income (such as State Retirement Pension) for these purposes.



## **Income not included:**

Most charitable or voluntary payments

- Child Tax Credits
- Guardians allowance
- Christmas Bonus and Winter Fuel Payments
- Disability Living Allowance (Mobility Component)
- Personal Independence Payment (Mobility Component)
- Gallantry awards
- War Disablement Pensions
- War Widows supplementary payments

## **Income we include in part:**

- War widow's or widower's pensions
- The Savings Credit element of Pension Credit (we only take into account amounts above £5.75 per week)

## **How the charge is worked out:**

- We add up the amount of income we can take into account (this includes Tariff Income described above)
- We deduct certain household allowances (in limited circumstances)
- We deduct certain allowances on rental income you receive
- We deduct Personal Expenses Allowance of £24.90
- We deduct up to £5.75 per week if you have savings credit

The amount that is left over is your Maximum Assessed Contribution

## **The value of your home (if you own it)**

The value of your share of your main home will not normally be taken into account for the first 12 weeks of your permanent placement in a care home. This period is called the 12 week property disregard. The disregard may not apply in certain circumstances. For instance, it does not apply where you have already been paying the full cost of your care for more than 12 weeks or for property that you own but were not living in prior to going into care.

**Additionally, the value of your property will continue to be ignored for as long as it is occupied by:**

- Your partner / a relative or a member of your family who is aged 60 or over, or who is incapacitated (someone who receives an incapacity or disability benefit or would qualify for such benefits) or who is a child under 18 who you are required to maintain.

In these circumstances, it must be clearly evidenced that the relative was living at your home before residential care was considered and you did not foresee the need for a move to residential accommodation when they moved in.

If your main residence is or becomes unoccupied or is occupied by someone who is not listed above the value of your share of that property will normally be taken into account when we work out your charge. You may need to contact your insurance provider to check that your policy still covers a vacant property.

If your total assets, **excluding** the value of your home, are more than £23,250, you will have to pay the full cost of your care home placement.

When the financial assessment has been completed, we will tell you in writing how we worked out your charge and you will be advised on what you can do if you think the charge is wrong.

### **What to do if you think your charge is wrong**

We calculate your charges based on information in the Care Act 2014, *Care and Support Statutory Guidelines*, and charging regulations. The rules behind calculating charges can sometimes be complex, so if you feel your charge is incorrect, please call the charging team on 0800 358 0228 or email us at [ChargingTeam.AdultSocialCare@southwark.gov.uk](mailto:ChargingTeam.AdultSocialCare@southwark.gov.uk).

## **Your initial financial assessment**

Your very first financial assessment will be conducted by the charging team, you will need to return the financial assessment form to them. When you return the form you will need to provide documentary evidence to support your claim. Please note that if you are unable to supply evidence, and if we cannot obtain evidence elsewhere (for instance from the DWP), then you will be charged for the full cost of your care.

## **Annual reassessment**

Each year we reassess the amount you will have to pay and let you know of any change to your charge. This is a good time to check your assessment and see if your details are up to date.

## **Changes in circumstances**

You must tell us of any changes to your circumstances that may affect your charge. This includes changes to your income, savings or other capital. If your property is being disregarded, we need to know of any changes that will affect that disregard. For instance, if the property is being disregarded because your spouse is living there and your spouse subsequently leaves the property, this will affect your disregard and we must therefore be told about it. If you are unsure, please let us know anyway.

## **Reviews**

You can ask us to review your financial assessment at any time by writing to the charging team giving reasons for your request.

Please note that if we have applied a Tariff Income in your financial assessment, we will usually only review the tariff income amount once a year unless there are special circumstances, such as an unavoidable expense you have incurred.

## **What care home fees cover**

Care home fees should cover all the normal things a care home would be expected to provide, including your meals, laundry and heating. The care home should not ask you for more money, except to pay for any extras you may choose, such as buying

newspapers, going for outings or hairdressing.

Please note that if you go into hospital while in residential care, you will normally be expected to continue paying towards your placement. We will be paying to keep your room available to you in your absence, so you will need to continue contributing towards that fee, even while in hospital. Your charges will continue for as long as your room is kept open for you. If you are getting Attendance Allowance or the care element of DLA or the daily living element of PIP because you are self-funding, these will stop after 28 days in hospital.

## State Benefits and care home accommodation

Going into a care home, whether temporarily or permanently, may affect your entitlement to certain state benefits. You should seek advice to ensure you, your partner or your carer are claiming all the benefits you / they are entitled to.

### **If you pay for your care home yourself**

If you lived with a partner before you moved into permanent residential care, your state benefits will be reassessed as though you were both single. Both you and your partner will need to claim benefits in your own rights, as single people, even if you are still married, were living together as a couple or in a civil partnership.

If you pay the full cost of your accommodation without help from us or if you receive help under the Deferred Payment Scheme or the Letter of Undertaking Scheme, then your benefits will be paid at the same rates as if you were still living at home but as a single person. You should let the DWP or Jobcentre Plus know of your change of address and circumstances. If you were not already getting one of the benefits listed below, you should apply for them as soon as possible:

- Attendance Allowance (for those who are over pension age if not getting either of the below benefits) Disability Living Allowance (care component) - please note that you cannot make new claims for DLA, so if you were not already receiving

DLA or PIP (see below), then you should apply for PIP.

- Personal Independence Payment (daily living component)
- The mobility element of DLA and PIP can be paid even if we are paying care costs.

### **If you do not pay for the full cost of your care**

If we pay towards your placement (regardless of whether the placement is temporary or permanent), Attendance Allowance, Disability Living Allowance (Care Component) and Personal Independence Payment (Daily Living Component) will all stop. They will also stop being paid 28 days after a hospital stay, a care home placement, or a combination of hospital and care home placement. If the DWP are not informed of your change in circumstances, these benefits will be overpaid and you will be expected to return the overpaid amounts.

If these benefits stop being paid, it may lead to a reduction in the amount of Income Support, Employment Support Allowance, Pension Credit or Universal Credit you receive. If this happens, your charge for care will also reduce.

### **If your carer is paid Carer's Allowance**

If someone who looks after you is paid Carer's Allowance or the Carer's Premium of some means tested benefits, they should inform the relevant benefits office of your move to a care home. Their own entitlement to benefits may be affected if you lose Attendance Allowance, Disability Living Allowance or Personal Independence Payment, or if they stop being your carer (except for temporary periods).

### **If you give half your Occupational (works) pension, personal pension or retirement annuity contract to your spouse**

If this is given to your spouse and if they get means tested benefits in their own right (such as Income Support, Employment Support Allowance, Pension Credit, Universal Credit, Housing Benefit or Council Tax reduction), they may wish to seek independent advice as their benefit entitlement will be affected. The DWP must be informed of this

extra income if they are in receipt of a means tested benefit.

### **If you rent as a tenant**

Permanent admission to a care home may lead to immediate loss of entitlement to housing benefit or the housing costs element of Universal Credit. If your move to a care home is temporary and you intend to return to live in your home (and if it is not being sublet in your absence), you may continue to be entitled to help with your housing costs for some or all of your absence. You should speak to your local district or borough council for advice on housing benefit and to the DWP about universal credit.

## **Useful Contacts**

If you require further information about how to pay your assessed charges, contact the Collections Team on 020 7525 1111 or by email at [collections@southwark.gov.uk](mailto:collections@southwark.gov.uk).

If you have questions about the financial assessment or the amount you are asked to pay, contact the Charging Team on 0800 358 0228 or by email at [ChargingTeam.AdultSocialCare@southwark.gov.uk](mailto:ChargingTeam.AdultSocialCare@southwark.gov.uk).

### **Disablement Association** (for adults with physical disabilities)

Tel no: 020 7358 7744

Website: <https://www.sdail.org> (*Internet Explorer not supported - use different browser*)

### **Southwark Wellbeing Hub** (for adults with a mental illness)

Tel no: 020 3751 9684

Website: [www.together-uk.org/southwark-wellbeing-hub](http://www.together-uk.org/southwark-wellbeing-hub)

### **Lewisham and Southwark Age UK** (for older people)

Tel no: 020 7701 9700

Website: <https://www.ageuk.org.uk/lewishamandsouthwark>

### **Southwark Information and Advice Team** (for adults with special educational needs and disabilities)

Tel no: 020 7525 3104

Website: <https://localoffer.southwark.gov.uk> (*Internet Explorer not supported*)

**Citizens Advice Southwark**

Tel no: 0344 499 4134

Address: 8 Market Place, London SE16 3UQ

Website: <https://www.citizensadvice.org.uk>

**Money Helper (formerly called Money Advice Service)**

Tel no: 0800 138 7777

Typetalk: 18001 0800 915 4622

Open: Monday to Friday, 8am to 6pm

Website: <https://www.moneyhelper.org.uk/en>

**Department for Work and Pensions**

Advice and contact details for the Pension Service and Jobcentre Plus

<https://www.gov.uk/government/organisations/department-for-work-pensions>