

Charging for residential or nursing care service

April 2008



**This leaflet explains
Essex County Council charges
for services to support you in a
residential care home or nursing
home, either permanently or for
a short stay.**

For information about charges for services to support you in your own home, please see the reverse of this leaflet.

Contents

Page	4	What types of residential services are available?
	5	Why do I have to pay for my residential care?
	5	How much will I have to pay?
	8	What if I own a property or have capital?
	12	What is a deferred payment agreement?
	15	Can I go into a home which charges more than the council's contracted rate?
	16	How can I claim Income Support or Pension Credit?
	18	How are couples treated in the financial assessment?
	18	Can I keep any money for myself?
	19	Who does not have to pay a charge?
	19	How do I pay for my care?
	19	What happens when I go into Hospital?
	20	Help shape our services
	20	Why not get involved?

What types of residential services are available?

Permanent stays

If you are unable to live in your own home, care homes and nursing homes can provide a safe and secure place to live.

If we assess you as needing residential or nursing care we can help arrange for you to live in a care or nursing home.

Short-term breaks

Short-term breaks are planned short stays that can be in a care or nursing home, via a direct payment in a venue of your choice or your own home. This is in order to give you or your carers a break.

Emergency stays

Sometimes emergency placements are requested, for example if your carer falls ill.

Why do I have to pay for my residential care?

If you receive care arranged by Essex County Council you are required to pay the full cost of your care, unless you are able to satisfy us that you are unable to pay the full cost. In this case you will be required to pay a proportion of the full cost. This is in accordance with the National Assistance Act 1948 Section 22.

How much will I have to pay?

We will carry out a financial assessment to work out how much you should contribute towards your short term break, temporary or permanent stay in residential or nursing care. In Essex this is carried out by completing a form called a COM361. This is a statement of your financial circumstances.

Please note that failure to return a completed financial assessment form 14 days from receipt of the form, will result in a full cost charge being levied against your account.

Your assessment will be reviewed on receipt of a fully completed financial assessment form.

When processed a Declaration of Charge outlining the detail of the financial assessment will be forwarded to you for your agreement.

The assessment takes into account your savings and any income you may have (for example State Retirement Pension, other pensions), your living expenses and any property that you own.

If the amount you have is still not enough to cover the full cost of the home then we will top it up to cover the full cost.

You will be left with a personal expenses allowance of £21.15 (this year 2008-2009) per week (this may increase for people over aged 65 or over and will change in line with any annual increases determined by the government).

The first four weeks of your permanent stay in residential or nursing care, or until the date of your review, whichever is the sooner, is a temporary or settling-in period. Your charge during this time may provide an allowance for expenses for your own home.

We will carry out a financial re-assessment each year, between April and June, and will let you know the amount you should pay towards your care. If your financial situation changes prior to this re-assessment you should write and tell us.

When would I have to pay the full amount for my care?

If you live in a residential care or nursing home, and have more than £22,250 in money or property (referred to as capital), you have to pay for your own care. You can continue to receive Attendance Allowance or the care component of Disability Living Allowance if you are eligible.

Once your capital falls to £22,250 or less as a result of paying your care fees, you may qualify for assistance from us and you should ask for a financial re-assessment. If you qualify for assistance from us to top-up your contribution to the fees, then you will not be

entitled to receive Attendance Allowance or the care part of Disability Living Allowance after the first four weeks.

If you have a weekly income that is higher than the contracted rate of your care home, after allowing for essential expenses and a personal allowance, you will have to pay the full amount.

If you choose not to tell us about your financial details you will be required to pay the cost of your care in full.

How much of my income is taken into account?

We take into account most benefits when assessing how much you should pay towards your residential care. We will disregard up to the first £5.45 of any Savings Credit you receive as part of your Pension Credit.

We assume an income on everything over £13,500 of £1 per week from each whole (or part) £250. This is not meant to represent the actual interest earned but a reasonable usage of income derived from your capital.

We will take into account income such as private pensions, earnings or trust income. Some War Pensions will be partially disregarded.

The payment of £10,000 to members of British troops held prisoner in the Far East during World War II is fully disregarded.

What if I own a property or have capital?

If you own a property and/or have more than £22,250 in other capital you will have to pay the full cost of your care.

Once your capital falls to £22,250 you should contact your social worker to arrange for assistance with your care fees. You may be requested to provide a history of bank statements to verify your capital drop. Please see the section ‘What options are available to me if my property is taken into account’ on page 11.

I receive interest from some shares and savings, so will you treat this as income?

Rather than treat fluctuating interest from shares and savings as income, we look at the total amount of capital that you have and apply a tariff income. You must record all the details on the form, but the first £13,500 of your capital will not be taken into account in the assessment.

We assume an income on everything over £13,500 of £1 per week from each whole (or part) £250. This is not meant to represent the actual interest earned but a reasonable usage of your capital.

In what circumstances is the value of my property not taken into account?

The value of your property is not taken into account during your temporary stay and then for the next twelve weeks of your stay in permanent residential or nursing care.

The value of your property is not taken into account at all if any of the following people are resident in it:

- your partner (this means husband or wife, or someone you live with as husband/wife or partner);
- a relative who is 60 or over;
- a relative who is ill or disabled (this means they are receiving or could be receiving a disability benefit);
- a child you are maintaining who is aged under 16;
- any other person if we believe this to be reasonable (for example, a carer).

The value of your property is also not taken into account if your equity in the property and capital funds is less than the capital limit of £22,250.

If there is a change in circumstances – for example if your relative moves out of the property – you must tell us as soon as possible so that we can review your situation.

Why is my property being taken into account?

The Health and Social Services Adjudication Act 1983 (known as HASSASSA) states that when a person is admitted into residential care on a permanent basis, they will be assumed to have given up their former dwelling and the value of that property will be included within the financial assessment.

What if someone jointly owns my property other than a spouse or partner?

You should send documentation confirming that the property is jointly owned with your completed financial assessment form to the Essex County Council financial assessment section. The assessment of the property will take into account this information. You should also read the paragraph “What if my property has been transferred to someone else?” on page 15.

When is the value of my home taken into consideration?

The value of your property is not taken into account during your temporary period or for the following twelve weeks of your stay in permanent residential or nursing care.

During these twelve weeks, you will be expected to contribute towards your care costs from your income and other savings. We will help you to meet any shortfall between the care fees and your contribution.

If you sell your home within the twelve-week period the money you get from the sale will be taken into account immediately.

What options are available to me if my property is taken into account?

There are a number of options you may wish to consider:

- You can put your property up for sale.
- You can keep your property and apply for a deferred payment agreement see page 12. During which time you could rent your own property out.
- You can arrange to fund your care cost without financial help from us.
- It is possible that you can take out an equity release scheme to release capital from your home. You will need to contact an Independent Financial Advisor to find out more about this scheme. This scheme can not be provided by Essex County Council.

The best option for you will depend on your own circumstances. You may wish to discuss these options with a friend or relative before you make a final decision. You may also want to take independent legal and financial advice.

What happens if I put my property up for sale?

If you choose to put your property up for sale, you will continue to pay a contribution towards your care. We will pay the care home the top-up between the care fees and your contribution until your capital is available. The amount we have paid on your behalf will then be due for reimbursement upon the sale of the property. A legal charge will be placed on your property to make sure that the amount you owe us is repaid on completion of the sale or the debt is settled by other means.

What is a deferred payment agreement?

A deferred payment agreement is an available option for people who do not wish to sell their home. It allows us to help you by paying towards your fees until you no longer wish to live in the care home. You will still contribute towards the cost of your care from your income, but the shortfall between your contribution and the care costs will be deferred.

The agreement is subject to our successfully securing a legal charge on your property. This makes sure that the amount you owe us is repaid when the property is eventually sold or the debt is settled by other means.

Reasonable running expenses may be allowed from your income. If your property is to remain empty you will need to arrange security, insurance and maintenance.

If you decide on a deferred payment agreement, you will need to consider the effect on any benefits you receive. You may wish to seek advice from The Citizens Advice Bureau. If your property is not up for sale you may not be able to receive Income Support if you are aged under 60, or Pension Credit if you are aged 60 or over.

This is because the Department for Work and Pensions may count its value as capital. However, you may be able to claim Attendance Allowance or the care component of Disability Living Allowance.

If someone else manages your finances they will need to hold a Power of Attorney a Registered Lasting Power of Attorney or a Registered Enduring Power of Attorney (to manage your financial affairs).

Will I have to pay any interest on a deferred payment?

Interest is not added to the amount deferred until:

- the date from which you terminate the contract, for example you sell the property;
- 56 days after you have passed away.

For further information about a deferred payment scheme please contact your social worker.

What if I decide to rent my property under a deferred payment agreement?

If you choose to rent your property the rental income may allow you to fund your care costs.

If you decide to rent your property the following points apply, unless you are paying the full cost of your care:

- your property should be rented on a short-term let only of six months or twelve months at a time;
- you must send a copy of the letting agreement to the Essex County Council Payment Section, PO Box 11, County Hall, Chelmsford, Essex CM1 1LX;
- a caution or legal charge will be placed on your property to safeguard our interest;
- if you wish, you can use the money received from the rent of your property to reduce the amount of outstanding charges. If you do not, this income may be considered within the financial assessment which may result in an increase to your care costs.

Where the rental income does not or would not meet your care costs you may wish to apply for a deferred payment scheme and continue to rent your property. This can allow you to reduce the amount deferred against your property by the amount of rental income you receive.

You will need to consider the effect on any benefits you receive. You may wish to seek advice from a Citizens Advice Bureau. If your property is not up for sale you may not receive Income Support if you are aged under 60, or Pension Credit if you are aged 60 or over. This is because The Department for Work and Pensions may count its value as capital. Any rental income you may have will also count as income for these benefits. However, you may be able to claim Attendance Allowance or the care component of Disability Living Allowance.

What should I do when my property is sold?

When your property has been sold, you or your appointee should send a copy of the completion of sale statement to the Essex County Council Payment Section, PO Box 11, County Hall, Chelmsford, Essex CM1 1LX. We will send you a statement showing the amount you have to repay.

You must then pay the full care fees until your capital falls to £22,250 or under. When this happens you should ask for a financial re-assessment, if our assessment section has not contacted you already.

If you are claiming Income Support or Pension Credit you should also advise the Department for Work and Pensions that your property has been sold.

What if my property has been transferred to someone else?

If your property has been transferred to someone else in the last two years we will take the circumstances of the transfer into account. You should send a copy of the agreement confirming the property transfer with your completed financial assessment form to:

Essex County Council
Financial Operations, Financial Assessment Team
PO Box 11, County Hall, Chelmsford CM1 1LX

We will refer your case to our legal department for a decision about whether your property will be included in your financial assessment.

Can I go into a home which charges more than the council's contracted rate?

There are two circumstances in which you may be able to enter a home that charges more than our contracted rate.

- You have entered a deferred payment agreement. The difference between our contracted rate and the home's fees is added to the amount deferred against your property.
- A third party (for example relative or friend) agrees to pay the difference. We will administer the payment and send an invoice to the third party for payment.

Before we agree to this, we must be satisfied that you or your relative/friend are able to afford a more expensive home for the duration of your stay. A calculation is completed to ensure there is enough equity for two years.

Contracted rate

The 'contracted rate' is the term we use to explain the maximum amount that Essex County Council has contracted to pay the care homes in your area, see example below.

Example

Our contracted rate to 'A Home'	£390.00 pw
'A Home' charges	£450.00 pw

We will only top up to a maximum of £390.00. Clients with capital over £22,250 can only pay up to the maximum contracted rate and a third party will be required to pay the difference.

How can I claim Pension Credit or Income Support?

Pension Credit

If you are over 60 years old, and your assessment has identified that you are entitled to receive an amount of Pension Credit you will need to contact The Pension Service on 0800 99 1234 to advise them of your admission date. They will complete an application form for you over the phone. Their line is open from 8am to 8pm Monday to Friday and 9am to 1pm Saturday.

National Pensions Credit Application Line telephone 0800 991 234.

Income support

If you are under 60 years old you will need to contact Job Centre Plus Claims Line on 0845 602 1614 (open 08.00 to 18.00 Monday to Friday and Saturday 09.00 to 13.00)

You must contact the Department for Work and Pensions as soon as possible when you enter the care home. Any delay may result in a loss of benefits you are entitled to.

In what circumstances can I claim Attendance Allowance or DLA?

Attendance Allowance or the care component of the Disability Living Allowance will normally stop after 28 days in a care home if we are helping you to pay your fees.

If you will be repaying the balance of your fees you should be able to continue to claim Attendance Allowance or the care component of Disability Living Allowance. This could be while your property is up for sale or if you have entered into a deferred payment agreement with us.

If we have assessed you as able to pay the full cost of your care then you can claim Attendance Allowance or the care component of Disability Living Allowance.

How are couples treated in the financial assessment?

We will ask you if your money is held in a personal account or a joint account, for example you and your partner share a bank account. If you share expenses with a partner please state the amount that you contribute (for example you pay 50% of the gas bill).

If you are part of a couple and one of you is going into residential care for a short break, you should indicate this on the financial assessment form. If you are aged under 60 you may be able to get Income Support during a short residential break even if you are not entitled to this benefit as a couple when living at home.

Can I keep any money for myself?

You will be entitled to a personal allowance to buy newspapers, toiletries, sweets etc. The government sets the amount and this year (2008-2009) it is £21.15 each week.

If you are married and receive a private pension you are entitled to give half of this private pension to your spouse if he/she remains at home. You may wish to seek advice from an independent agency about the impact of this on the benefits of you and your spouse.

Who does not have to pay a charge?

You may be exempt from a charge if you receive after care services provided under Section 117 of the Mental Health Act 1983. Your care worker will discuss this with you at the time your care is arranged or during a later review. Those Service Users who have been assessed as meeting the NHS Continuing Care Criteria will be exempt from charging during their stay.

How do I pay for my care?

If you have a short respite stay your charge will be invoiced directly from Essex County Council on your return home.

If you are a permanent resident in a care home you can make arrangements to pay your contribution directly to the home. Or we can send a regular monthly invoice to you or to a nominated friend, relative or appointee, who has undertaken to pay this top-up.

What happens when I go into Hospital?

When you go into hospital you will remain liable for the cost of your bed in the residential home. However, Essex County Council has decided that if your hospital stay exceeds six weeks, they will at the time take on the payments for your bed until you are fit to return to the residential home or the social workers advise us of your permanent discharge.

Have we answered your questions?

We hope to have answered your questions in this leaflet. Your social worker will also discuss how to pay for the care that has been arranged for you. If you have further enquiries that have not been covered either in this leaflet or the financial assessment form guidance, then please contact:

**Essex County Council, Financial Operations,
Financial Assessment Team
PO Box 11, County Hall, Chelmsford CM1 1LX**

Help shape our services

We are committed to working with service users and carers to continuously improve our services. The Essex Participation and Advisory Group (EPAG) represents people and their carers who use our services and helps us make sure our services are easy to access, co-ordinated, timely and effective.

Why not get involved?

EPAG is always interested to hear from people who feel they could play a positive part in the work of Essex County Council. This might involve monitoring or reviewing services. It could also involve planning and developing new services. To find out more please contact our user carer advocacy policy advisor by calling 0782 486 7823 or write to:

**User Carer Advocacy Policy Advisor, Essex County Council
PO Box 297, County Hall, Chelmsford CM1 1YS**

or e-mail advocacy.web@essex.gov.uk

This booklet is issued by

Essex County Council Financial Assessment Team,
You can contact us in a number of ways

By telephoning Contact Essex:

0845 603 7630

By post:

Essex County Council
Financial Operations,
Financial Assessment Team
PO Box 11
County Hall, Chelmsford CM1 1LX

By e-mail:

rfa@essex.gov.uk

By textphone for people with hearing difficulties

0845 758 5592

**The information contained in this booklet can be translated,
and/or made available in alternative formats, on request.**

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