

Care funding

Care costs within a care home environment vary hugely ranging from £45,000 to £120,000+ per year depending upon the complexity and type of care required and the type of accommodation chosen. The level of these costs will obviously have a huge impact on a person's wealth and this is a concern for both the people requiring care and also for their families. It is essential that advice is sought at the earliest possible opportunity so that families have time to make the right choices for their particular circumstances.

In broad terms there are three ways to fund a person's care in a care placement. These are detailed below:

- Self-funding
- Local Authority assisted funding
- NHS Continuing Healthcare funding



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Self-funding

The majority of people who are currently residing in residential or nursing care pay for the care and accommodation themselves. Many people find themselves in this position because the assets that they own, for example, property and monies held in bank accounts or investments have a value of more than £23,250. If a person owns assessed assets below this value, they can expect the Local Authority to assist with the funding. However, there are certain types of assets which the Local Authority is not permitted to take into account when carrying out this type of financial assessment. Sometimes this will mean that people fall within the self-funding regime when actually some contribution ought to be being made by the Local Authority. Often people within the self-funding regime are never re-assessed and therefore never have an opportunity to review whether they ought to be assisted financially by either the Local Authority or by the NHS.

Local Authority Assistance/Funding

Where a person's assessable assets fall below the figure of £23,250 the Local Authority will step in to assist with funding. As mentioned above, in dealing with this calculation there are certain assets that cannot be taken into account by the Local Authority and it is essential that advice is taken as to what should or should not be declared so that this calculation can be undertaken correctly.

Most people incorrectly assume that the Local Authority will simply fund the full cost of their care once their capital assets have fallen below this limit. This is not the case. In dealing with their calculation for their contribution, the Local Authority will fix a maximum amount that they would be willing to pay for a particular level of care in a particular room in a specific care home. This is usually a lower rate than the care home will be charge for that particular room.

For example:

Care Home charge	£950.00 per week
Local Authority maximum payment for that particular care	<u>£650.00</u> per week
Balance outstanding (to be paid as a third party top up)	<u>£300.00</u> per week

This £300.00 difference between what the care home expects to be paid and what the Local Authority has set as its limit **will need to be paid by a third party** (often the resident's family) **and is not permitted to be funded by the resident personally**. This is to ensure that families, who want their relative to reside in a more luxurious or costly care home, are able to do so, without the Local Authority being liable for the additional 'hotel' costs.

However, in the calculation shown above the Local Authority's maximum payment figure is not what the Local Authority will actually pay. The resident will be entitled to retain a small living allowance of approximately £25 per week but all their other income will be used toward the cost of care. The resident will be expected to pay all the

income they receive (including state pension, private pension etc.) toward the costs of care. This is known as the 'Resident's Contribution'. The Local Authority will then pay the difference between the Resident's contribution and the maximum amount that the Local Authority feel that the room is worth (in our example £650.00).

Resident's income	£280.00 per week
Less the permitted living allowance (approx.)	<u>£ 25.00</u> per week
Total Calculated Resident's Contribution	<u>£255.00</u> per week

Local Authority Maximum Limit	£650.00 per week
Less total calculated Resident's Contribution	<u>£255.00</u> per week
Actual amount that will be paid by the Local Authority	<u>£395.00</u> per week

As you can see sometimes this means that the Local Authority contributes a relatively minor sum in comparison to the resident and the 'third party'. Clearly assessments will not always be as simple in practice and can often involve complex calculations and exemptions which are not readily explained. Advice should be sought at the earliest opportunity and this is usually when the resident or their family are presented with a Financial Assessment form to complete.

The new Care Act came into effect in part from April 2016 however the changes in relation to the way that the calculations of a person's finances and contributions toward the cost of their care were shelved. However, it was announced in November 2021 that the issue is back on the Government's agenda and a new radical funding regime is being pushed through Parliament. There are talks of 'individual spending caps' for care and it is thought that the lower threshold of capital held before the Local Authority step in will be reduced to £20,000

NHS Continuing Healthcare funding

The third possibility is often over looked when the Local Authority has decided that a person's finances are such that they are regarded as Self-Funding. This option is where the funding for a person's care is met in its entirety by the NHS. This is called **Continuing Health Care**. This type of funding is **completely non-means tested and no financial assessment will be undertaken**. When assessing whether a person would qualify for Continuing Healthcare, the only criteria that is relevant is the person's health/care needs. Where it is decided that somebody's **primary needs are medical rather than social needs**, the NHS will fully-fund a care placement. Often, it is difficult to differentiate between what is medical and what is simply a need for assistance by a trained care worker (social care). In order to assess whether needs are predominantly medical rather than social care a brief assessment is made (checklist) and if the person is shown to have a certain level of needs, a full CHC assessment will then be undertaken. During this assessment, a wide range of 'domains' (areas of need) are reviewed. Assessments are usually lengthy and can be complex often dealing with medical issues which are outside the family's understanding. It is crucial that all aspects of a person's health needs are raised and taken into account appropriately at this meeting and that the best possible case is made for the person requiring care.

How can Sydney Mitchell help you?

1. We will be able to provide guidance and advice at a time of crisis for you and your family.
2. We will be able to assess your current situation and steer you through the maze of conflicting information you are likely to be receiving from the clinicians and social workers involved.
3. We can provide clarity and peace of mind by representing you / your relative at assessments and providing support and guidance for you throughout the complex and often stressful process.
4. Ensuring that your or your relative's case is put forward in the best way possible to ensure they receive any funding to which they may be entitled.

<http://www.sydnemitchell.co.uk/services-individuals/care-funding>



Tracy Creed
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Tracy has extensive experience in all areas of Private Client work. This includes Wills, Trusts, Probate, Inheritance Tax planning, Estate planning and Care funding issues.

Tracy specialises in working with elderly clients and resolving care funding issues. She receives referrals from care homes to which she has proved her ability to deal with matters in an effective manner.



Lucy Hassett,
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Lucy has worked in the legal profession for many years assisting fee earners giving a high quality service on a range of private client matters.

Lucy works alongside Tracy Creed on resolving care funding issues working primarily with elderly clients but care matters can affect individuals of all ages.