



**Independent
Age**



Paying care home fees in England and Wales



Thank you

We would like to thank those who shared their experiences as this guide was being developed, and those who reviewed it for us.

What do you think?

We welcome your feedback on our publications. We use your comments to plan future changes.

If you'd like to help us develop our information products, you can join our Readers' Panel. To find out more, call **020 7050 6560** or visit **independentage.org/readers-panel**.

Our publications

In this guide you'll find references to our other free publications. To order them, call **0800 319 6789** or visit **independentage.org/publications**.

If you would like this information in a different format – such as large print or audio CD – call us on **0800 319 6789** or email **helpline@independentage.org**.

While we make every reasonable effort to ensure that our information is accurate at the time of publication, we do not accept any liability arising from its use. Our information should not be used as a substitute for professional advice. The inclusion of other organisations does not constitute an endorsement from us.

The sources used to create this publication are available on request.

© Independent Age 2023

Author: Independent Age

Production: Independent Age

Design: Mark Errington

Photography: Leanne Benson cover, p3, 5, 9, 12, 16, 21, 23, 26, 29, 35, 42; Maria Brosnan p41; Dave Poultney p34, Lee Townsend p45

Contents

About this guide	2
1. Getting a care needs assessment	3
2. NHS help to pay for care	9
3. The financial assessment	12
4. If the council are paying towards your care home fees	21
5. If you need to pay all your care home fees yourself	26
6. Ways to fund long-term care	34
Christopher's story	42
Checklist	44

Date of publication: October 2023

Next review date: October 2025

We spoke to older people about their experiences. Their quotes appear throughout. We have changed the names of some of the interviewees who wished to be anonymous. Some of the images seen throughout this guide are posed by friends of Independent Age.

The PIF TICK is the UK-wide Quality Mark for Health Information.

About this guide

If you're thinking of moving to a care home, how you will pay your care home fees is one of the main things you'll need to consider. You may get help from your local council to pay for your care, but this will depend on your circumstances.

To get financial support from the council, you'll first need to have a care needs assessment. A social care professional will talk to you about your support needs and work out whether you qualify for council help. If you do, the council will assess your income and savings to see how much you might have to contribute towards your care home fees. This is known as a financial assessment.

While some people will qualify for full funding from their council, many will end up paying for at least some of their care. This can be difficult, financially and emotionally, so it's best to plan ahead and avoid snap decisions.



If you're considering getting care in your own home, read our guide **Paying for care at home in England and Wales** instead.



1. Getting a care needs assessment

Before you do anything else, make sure you're getting all the help you're entitled to from your local council.

1. Getting a care needs assessment

A care needs assessment is the best place to start if you're considering a move to a care home. It works out exactly what your care needs are, which could help you to find a suitable home.

Even if you think you'll end up paying for all your care yourself, it's still worth having an assessment. You could get an idea of the costs involved in living in a care home, so you can make sure you're not moving somewhere too expensive. If you qualify for financial help from the council in the future, you may have to move if you're living somewhere that costs more than the council will pay.



To do

Call the adult social services department of your local council to arrange an assessment. Their number will be in the phone book or search online at **gov.uk/apply-needs-assessment-social-services**.



The council must carry out an assessment if you appear to need care and support, regardless of your finances or whether you might qualify for their help. They must not charge you for it.

The assessment is your opportunity to discuss the difficulties you're having. The assessor may suggest types of support you hadn't thought of. There may be alternatives to moving to a care home.

You should be involved throughout the assessment, and your views and wishes must be taken into account as well as your needs. You can have someone with you if you want to, such as a close friend or relative, or an advocate.

1. Getting a care needs assessment

It's important to express what you want to happen and to discuss all your needs – such as any special dietary requirements or communication difficulties you have. The council can then consider these things when they work out how much they would expect to pay for a care home place that can meet all your needs. If you feel strongly that you'd like to move out of the area to be closer to family, for example, make sure you mention this too.



For more information about how the assessment works, read our factsheet **First steps in getting help with your care needs (England and Wales)**.

Qualifying for council support

The assessor will work out whether your needs meet the national eligibility threshold for help. There are slightly different criteria in England and Wales – see our factsheet **First steps in getting help with your care needs (England and Wales)** for details.

Next steps if you qualify for help from the council

Financial assessment

You'll have a separate financial assessment to work out how much you have to pay towards your care home fees, and what the council should contribute. Even if your needs assessment shows that you qualify for council support, this doesn't necessarily mean that the council will pay towards your care home fees. See **chapter 3** for details.

Arranging your care

If your needs meet the threshold for support, the council must work with you to put together a plan for your care. If they agree that a care home best suits your needs, they may arrange your care home place for you. In England, they don't have to do this if your financial assessment shows that you need to pay all the fees yourself, but you can still ask.

When discussing your care plan with you, the council should tell you how much money they think is needed for your care – as worked out from your care needs assessment. In England, this is called your personal budget, and you have a right to know what it is.

1. Getting a care needs assessment

Knowing this amount shows you what the council would expect to pay a care home for the level of care that you need. It is important to know this amount if you are going to be paying for and choosing your own care home place (see **chapter 5**).



Good to know

If you want to, you can choose your own care home – even if the council is paying towards your fees (see **chapter 4**).

If you don't qualify for help from the council

If your needs do not meet the threshold for support, you can still ask the council for information about local care homes. **Chapter 5** has details of things to consider if you're paying for your own place in a care home.



2. NHS help to pay for care

In some situations, the NHS may be responsible for paying for your care – usually if you mainly need healthcare rather than social care.

2. NHS help to pay for care

If you have a very high level of health and care needs, you might qualify for NHS Continuing Healthcare. There is a separate assessment for this, and the council should check if you might qualify when you contact them for a care needs assessment.

If you do qualify for NHS Continuing Healthcare, the NHS will arrange and pay for all the care you're assessed as needing. You won't need to have a financial assessment through the council. This may cover the full cost of your care home place, unless the care home you've chosen costs more than your local health authority think is necessary to meet your needs.

“ Remember, if you don't qualify for NHS Continuing Healthcare now, you may still qualify in the future. If your needs change, you should be reassessed, especially if you only narrowly missed qualifying when you were first assessed.

Poppy, Advice Manager

NHS-funded nursing care

If you don't qualify for NHS Continuing Healthcare but you need nursing care in a nursing home, you will qualify for NHS-funded nursing care. This is a weekly payment made from the NHS to the nursing home.

If you are paying for your own care, this payment may reduce your overall care home fees (depending on your contract with the home). If your local council is contributing to your care home fees, this payment may reduce the amount they contribute. The payment is £219.71 (2023/24 rate) a week in England and £201.74 (2022/23 rate) a week in Wales.



See our factsheet **Continuing Healthcare: Should the NHS be paying for your care?** for more information or call our Helpline on **0800 319 6789**.



3. The financial assessment

If you qualify for council support, you'll usually have a financial assessment (or means test) to work out what you should pay towards your care home fees.

The financial assessment checks whether the council should be paying for any of your care. It looks at:

- your income – for example, pensions and most benefits (such as Attendance Allowance)
- your capital – for example, savings and investments
- the value of your home sometimes, which is also counted as capital if you own it, but this depends on your situation.

Only your income and capital are looked at, not your partner's, if you have one. If you and your partner have joint income or savings, the council will assume you each have an equal share of these, unless there's evidence otherwise.



Good to know

If you and your partner are both moving into a care home, the council will assess your finances separately.

The council must give you a written record of your financial assessment. This should explain what you will be charged, how this was calculated, how often you will be charged and if this charge is likely to change in the future. If there is anything in it that you don't understand, ask the council to explain it to you.

3. The financial assessment

How your contribution is worked out

Your income

You'll usually have to use most of your income towards your care home fees. There are a few types of income that aren't included, and the council must leave you with a small amount of income to spend as you wish. In England, this is known as the Personal Expenses Allowance, which for 2023/24 is £28.25 a week. In Wales, it is called the minimum income amount and is £39.50 a week (2023/24 rate).

The council can allow you to keep more than this amount. For example, you may have to pay ground rent for a house that you're trying to sell, or you may wish to help your partner at home with expenses such as repairs to the house. If you want to ask the council to let you keep a higher amount, explain to them what you need the money for.



The ways different kinds of income are treated are complicated. If you think the council hasn't carried out your assessment correctly, you may need advice. Contact our Helpline (**0800 319 6789**, **helpline@independentage.org**) to arrange to speak to an adviser.

Your capital

How your capital is looked at is different in England and Wales.

In England

If you have more than £23,250 in capital (which could include the value of your home), or an income that is higher than the care home fees.

You may have to pay for all your care yourself, depending on your circumstances.

If you have between £14,250 and £23,250 in capital.

Most capital between these amounts will be calculated as providing you with an income of £1 a week for every £250 (or part of £250) of your savings. You'll also have to make a contribution from your income.

If you have less than £14,250 in capital.

You won't have to use this towards your care costs, but you'll still have to make a contribution from your income.

3. The financial assessment

In Wales

If you have capital of more than £50,000 – which could include the value of your home – you may have to pay all your care home fees yourself.

If your capital is at or below this limit, the council will contribute towards your fees. How much you will pay and how much the council will pay towards your care will depend on your income.



Will the value of my home be included when looking at my capital?

If you own your home, its value will usually be included when calculating your capital unless it's still the main home of:

- your partner or former partner
- a close relative who is aged 60 or over
- a close relative who is incapacitated – for example, they qualify for disability benefits such as Attendance Allowance.

Sometimes, the council may choose to ignore the value of your home in other circumstances. If you disagree with the council's decision to include the value of your home in their calculation, you can make a complaint to the council. Contact us for advice (**0800 319 6789**, helpline@independentage.org).



Good to know

If you are planning to move to a care home temporarily (for less than a year), the council won't include the value of your home in the financial assessment. Your income and capital may also be assessed differently to if your move was permanent.

3. The financial assessment

12-week property disregard

The council won't include the value of your home in their calculation of your capital for the first 12 weeks after your move to a care home if:

- your capital, apart from the value of your home, is less than the capital limit (£23,250 in England and £50,000 in Wales), and
- you do not have enough income to pay your care home fees.

This is to give you time to sell your home or look at other options (see **chapter 6**). The council may contribute towards your care fees during this time.

The council can also choose to disregard the value of your home in other situations. For example, they might do this to give you time to sort out your finances because of an unexpected change of circumstances.

Reducing your assets before you need care

You might be tempted to give property or money away to friends or family, or to buy expensive personal items so that your income or capital drops and the council have to pay more towards your care. However, this can have serious consequences for you and anyone you've given your assets to.

When the council carry out the financial assessment, they can look at assets you previously owned as well as what you own now. They will consider whether you have given away money or property deliberately, to avoid paying for your care.



For more information, read our factsheet
Can I protect my assets if I need care?

“ People try and hide money thinking they're doing it legally, but they're not. We looked into that.

3. The financial assessment

Challenging a financial assessment

If you disagree with the outcome of your financial assessment, you might be able to challenge it. You may think that the council should be leaving you more of an income each week, for example.

If you want to challenge the council's decision, you could start by raising the matter informally with your council, or make a formal complaint using their complaints procedure.



To do

The financial assessment is complex, so it's a good idea to get advice. Contact our Helpline (**0800 319 6789**, helpline@independentage.org).



4. If the council are paying towards your care home fees

If the council are contributing towards the cost of your care, there are certain things they must do.

4. If the council are paying towards your care home fees

Choosing a care home

In England, the council must offer you a place in at least one care home that meets your needs. In Wales, they must offer you a place in at least two suitable care homes. You can also choose a care home yourself as long as your chosen care home:

- does not cost more than what the council would expect to pay
- is prepared to enter into a contract with the council and accept their terms and conditions.



The amount the council say they would expect to pay for your care must be realistic – it should take into account your individual needs and the market rate for care home places in your area, for example.

You can ask the council for details of local care homes.

You can also choose to move to a different area, but be aware that a care home in the new area may cost more. The council may increase the amount they would expect to pay for your care if your care needs assessment shows that it is important for your wellbeing to move closer to family, for example.

If the council disagree with your choice of care home and refuse to arrange or pay towards your place there, they must give you written reasons. You may want to consider making a complaint if you disagree with their reasons.



4. If the council are paying towards your care home fees

Top-up fees

You may prefer a more expensive home, even though a cheaper home that can meet your assessed needs is available. You can move there as long as someone else – a relative, friend or charity – will pay the extra cost. This is known as a top-up fee.

It's important that any top-up arrangements you make can continue for as long as you're in the care home. You may have to move to a cheaper home if the person paying the top-up fee can't afford to pay it anymore. You can't usually pay your own top-up fees.

There's a good reason you can't pay your own top-up fees – most of your income will be going towards your fees already.

Remember that the council shouldn't ask for top-up fees to be paid if there is no care home available that can meet your needs for the amount the council would usually expect to pay.



For more information about top-up fees, see **independentage.org/top-up-fees** or call us on **0800 319 6789**.

Contract with the care home

If the council are contributing to your care home fees, they're responsible for making sure that the full cost is paid to the care home. They should agree a contract with the care home saying how much the fees are and what sort of care you should receive.



To do

Always ask to see the contract between the council and the care home to make sure it includes any special requirements that were in your care plan. The care home's fees should cover all your care needs – but check if you have to pay any extra charges for things such as outings, hairdressing and leisure activities.

If you get Attendance Allowance, this will usually stop after you have been in the care home for 28 days if the council are contributing to the fees. Tell the Department for Work and Pensions as soon as you go into the care home, so they can end your benefits at the right time. What happens to other benefits is complicated, so contact us for a benefits check (**0800 319 6789**, helpline@independentage.org).



5. If you need to pay all your care home fees yourself

Paying care home fees can be very expensive but, if you are paying them yourself, there are a number of ways to finance it.

How much does care in a care home cost?

Care home costs vary depending on where you live and the type of care you need. On average, it costs around £600 a week for a residential home and around £800 a week for a nursing home in the UK.

If you choose a care home with fees that are much higher than the council would expect to pay, the council may not fund the full cost if your capital dropped below the threshold for council support (£23,250 in England and £50,000 in Wales). You might then be asked to move to a cheaper home, or to find someone to pay top-up fees to allow you to stay in your current care home (see **chapter 4**).

“ Find out what the council would pay for your care home place. It's good to know even if you'll be paying the fees.

5. If you need to pay all your care home fees yourself

You can question the amount that your council say they would pay for your care if you do not think it is a realistic amount to meet your care needs in a care home. This amount must take into account your individual situation.

Finding a care home

Your council may be able to provide a list of local care homes, although the information they provide varies. You could also:

- ask for personal recommendations from friends and neighbours
- use an online directory like **carehome.co.uk** (**0800 808 5852**)
- get information from the CQC (**03000 61 61 61**, **cqc.org.uk**) in England, or Care Inspectorate Wales (**0300 7900 126**, **careinspectorate.wales**), which inspect and rate care homes.



Take a look at our guide **How to find the right care home** for more tips.

If the council assess you as needing a care home and you're self-funding, you can still ask them to arrange your care home place. In England, the council can usually choose whether they help you or not. If they do choose to help, they can't charge you an arrangement fee. In Wales, the council must help you if you ask them, but they can charge you an arrangement fee if they want to.



5. If you need to pay all your care home fees yourself

Your contract with a care home

Before you sign a contract with a care home, check it carefully – it should include information about:

- how much you need to pay and when
- what is included in the fees and what costs extra
- when the fees can be increased and what the increases will be based on
- what you will be charged if you are temporarily away from the care home – because you are in hospital, for example.

It should also cover notice periods and the procedure to follow to make a complaint. Make sure that you understand it and are happy with it before signing.

If in doubt, get advice from the Citizens Advice consumer helpline (**0808 223 1133**, **citizensadvice.org.uk/consumer/get-more-help/if-you-need-more-help-about-a-consumer-issue**).

Get financial advice

There are many financial products and other options that could fund your long-term care, so you may want to get independent financial advice. Paying for long-term care is a specialist area, so make sure your adviser holds a relevant qualification showing they understand the care and support system in the UK.

You can find an adviser through the Society of Later Life Advisers (**0333 202 0454**, **societyoflaterlifeadvisers.co.uk**) or Unbiased (**0800 023 6868**, **unbiased.co.uk**). There is likely to be a charge for financial advice.

“ There are some rogue financial advisers around and you’ve got to be extremely careful. You do need financial advice and it’s got to be correct and unbiased.

5. If you need to pay all your care home fees yourself

Remember that if the value of your home is included in your financial assessment, the council will not take its value into account for the first 12 weeks that you are in the care home. You will just pay any contribution you need to make from your income and any other capital you have over the threshold. This is to allow you time to make plans for what you will do with your property.

See **chapter 6** for information about some of the options available for funding long-term care.



However you decide to fund your care, make sure you're claiming all the benefits you're entitled to. Try our online benefits calculator at **independentage.org/benefits-calculator** or contact us (**0800 319 6789**, **helpline@independentage.org**) to arrange to speak to an adviser.

If you have care needs because of a long-term condition or disability, you might qualify for a disability benefit such as Attendance Allowance. Whether you qualify depends on your needs; your finances aren't taken into account. If the council aren't contributing towards your fees, you can still claim while living in a care home.

If your circumstances change

If your capital falls below £23,250 in England or £50,000 in Wales, you may qualify for financial help from the council. Contact them around three months before you think your capital will drop below this level. The council can only provide financial help from the date they start funding your care home place, so they won't reimburse you if you've already had to spend your capital down to below the threshold.

You should start by having a care needs assessment (or reassessment) from the council to look at your current care needs. The council can only ask you to move or pay top-up fees if there is a cheaper home with a space available that can meet all your needs. They must also consider how a move would affect your physical, social or mental wellbeing. For example, you may have made friends in your current care home, and losing those friendships might have a big impact on your wellbeing.



6. Ways to fund long-term care

There are some important things to consider when deciding how to pay your care home fees.

If the value of your home is included in your financial assessment, you may think that you have no choice but to sell your property immediately. This is one of the options, but there are others to consider too.

It's worth getting independent financial advice when exploring your options – there are pros and cons to each, so it's important that you choose the best one for you.

In this chapter, we've listed some of the options you may want to consider.



6. Ways to fund long-term care

1. Deferred payment agreements

You may be able to make a deferred payment agreement with the council if:

- your capital, not including the value of your property, is less than £23,250 in England or £50,000 in Wales, and
- your income is not enough to cover your care home fees.

The council will pay your care home fees or loan you the money in instalments. They'll then claim back the money later – either when you move out of the care home or when your home is sold, for example when you die. The council will also charge administration fees and interest. They must provide you with information about deferred payment agreements if you're likely to qualify.



For more information about deferred payment agreements, call us on **0800 319 6789** or email **helpline@independentage.org**.

2. Care fee payment plans

Immediate needs care fee payment plans

This is a type of insurance policy, also known as an Immediate Needs Annuity. As the name implies, it's for people who need care immediately. You pay a large lump sum in advance and in exchange it pays out a guaranteed tax-free income to cover the cost of your care for life.

How much you pay upfront depends on your age, current health, life expectancy and what guaranteed income you would want. Bear in mind that you wouldn't usually be able to get your money back, although you could put in a capital protection clause to allow your family to get some money back if you were to die early – this would cost extra. It's also possible that your plan might not cover all your care costs if prices increase.

Your family or friends can take out an Immediate Needs Annuity to pay for your care too, particularly if they have power of attorney.

6. Ways to fund long-term care

Deferred needs care fee payment plans

These work like immediate needs care fee payment plans but, instead of providing an immediate income, they pay out from an agreed point in the future, usually between one and five years. The longer the deferred period, the lower the cost of the plan. This means you'll need to find another way to pay care home fees until the income from the plan starts.

“ My mother was 94 and I began to worry that I'd run out of money if she lived to a grand old age. I did take out an annuity. I looked into it carefully – you do need financial advice. If my mother had lived for three years, the annuity would have paid off. She lived for one year and we've lost about £100,000. I'm at ease with this – I knew it was a gamble. I thought about it carefully and I made the correct choice in my mother's interests.

3. Releasing money from your home

If you're releasing money from your home, bear in mind that this could affect your entitlement to means-tested benefits such as Pension Credit.

Selling your home

This might be an option for you if you don't have any relatives that you want to pass your home down to. The council may be able to lend you the money to pay your care home fees while your home is being sold. This is sometimes called a bridging loan – ask them for details. Be aware that the council can charge interest and administration fees.

Equity release

Equity release allows you to release money from your home without selling it. For example, if you use a home reversion scheme, you sell part of your home at less than its market value in return for cash.

There are usually better options than equity release. Make sure you get independent financial advice before considering this. MoneyHelper has more information (**0800 138 7777**, moneyhelper.org.uk/en/homes/buying-a-home/what-is-equity-release).

6. Ways to fund long-term care

Renting out your home

Look into this carefully if you choose this option. You will have certain responsibilities as a landlord, although you could pay a property management company to help with this. Bear in mind that rental income is taxable and you may be liable for Capital Gains Tax when you sell. It may also affect whether you qualify for some means-tested benefits, such as Pension Credit or Council Tax Support.

You could see if your council operate a private-sector leasing scheme. This would involve leasing your home to the council to use as social housing. Unlike renting out your home yourself, you would be guaranteed a rental income even if the property were sometimes empty.

“ Selling my house felt like too much to think about when I was moving into the home. The council offered me a deferred payment agreement, which seemed a good option at the time – I may decide to sell later.



To do

Contact our Helpline (**0800 319 6789**, **helpline@independentage.org**) if you want to discuss your circumstances with an independent adviser. We are unable to provide financial advice, so contact Society of Later Life Advisers (**0333 202 0454**, **societyoflaterlifeadvisers.co.uk**) or Unbiased (**0800 023 6868**, **unbiased.co.uk**) to find a financial adviser.



Christopher's story

Mum had been in her care home for over a year when the owner of the home put the rooms up by £50 a week. By this stage, Mum's funds had shrunk to a point where the council had to step in to cover her fees. My family was topping up these fees and we couldn't afford the increase. When we explained this to the owner, he said they would put Mum in a room with a toilet shared by five others, and threatened to evict her. We were horrified. Mum had dementia – we knew moving rooms would confuse her and we were worried she would stop eating, as she had before.

This was not a care home we wanted Mum to stay in.

I called the Helpline team at Independent Age who explained to me that if Mum was assessed as needing a bathroom, then this would be seen as a necessity for her, not an optional luxury. This would mean that the council would have to increase the amount they were willing to pay towards her care.

Meanwhile, I started looking at alternative care homes. We found one which we thought would be perfect for Mum. You sometimes have to be a pain in the backside before you get what you want. You have to make sure you know the way the system works.

Eventually, we were told we had the extra funding and Mum could be moved to our preferred care home. Within a day, Mum had settled in and had forgotten about the care home where she had lived before. She was so much happier and there was no fear of her being put in a room without a toilet or being evicted.

“ My mum was a kind, outgoing woman who had worked hard all of her life. She deserved to receive good care at the end.

Checklist

Arrange a care needs assessment from your local council (see **chapter 1**).

Find out how much the council would expect to pay for a care home that meets your needs. Also ask the council for information about local care homes. The council can usually arrange your care home place for you if you qualify for help from them, but you may still want to choose your own care home.

Prepare for your financial assessment. Make sure you have the information available about your income and capital that the council ask for.

Before your financial assessment, also write down any extra costs you have that may mean you need to be left with more income than the standard amount you're able to keep (see **chapter 3**).

If your home is included in your financial assessment and you need to pay your care home fees yourself, the value of your property will start being taken into account after 12 weeks. Use those first 12 weeks to consider your options carefully and put plans in place for your property. For example, you may want to ask the council about a deferred payment agreement or bridging loan (see **chapter 6**).

Moving to a care home and working out how to pay the fees can be stressful. Contact our free Helpline (**0800 319 6789**, **helpline@independentage.org**) to arrange to speak to an adviser about your situation if you need support.



About Independent Age

No one should face financial hardship in later life.

Independent Age is a national charity providing support for older people facing financial hardship. We offer free impartial advice and information on what matters most: money, housing and care.

We financially support local community organisations across the UK through our grants programme. We campaign for change for older people struggling with their finances.

You can call us on freephone **0800 319 6789** (Monday to Friday, 8.30am to 5.30pm) or email **helpline@independentage.org** to arrange to speak to one of our advisers.

To donate or help support our work, please visit **independentage.org/support-us**.



Independent Age
18 Avonmore Road
London
W14 8RR

independentage.org

charity@independentage.org
Helpline 0800 319 6789
Head office 020 7605 4200

