Independent Age

Trusted Information Creator
Patient Information Forum

Paying care home fees in Scotland

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. Special thanks go to the Scottish Government – Adult Social Care Charging Unit for their expert knowledge during the creation of this guide.

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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

Even if you qualify for some funding from your council, you are still likely to end up paying for at least some of your care. This can be difficult but it's best to plan ahead and avoid making snap decisions.

This guide explains council assessments and how they could help you. It also goes through how the council works out your contribution towards your care home costs. If you're likely to be paying for most of your care, make sure you're getting everything you're entitled to and thinking about what you can afford in the long term.

In this guide, you'll find references to our other free publications. You can order them by calling **0800 319 6789**, or by visiting **independentage.org/publications**.

1. Care needs assessments

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

Reasons to have a care needs assessment

The first step to getting help with your care home fees is arranging a care needs assessment (also known as a community care assessment). If the assessment shows you qualify for council support, you can get help paying for your personal and nursing care needs to be met in the care home. If the council agrees that a care home is the best place to meet those needs, you may then have a financial assessment to see if you qualify for council help towards the rest of your fees.

Getting help from the council doesn't just mean financial help – council assessments can help you to work out what your needs are and what might be the best way to meet them. For example, you might have assumed that a care home would be your best option, but the council may suggest other ways to meet your care needs.

Councils must provide you with information and advice about social care, such as information about good-quality local care homes, even if you don't qualify for financial assistance.

How do I get an assessment?

Call the adult social services department of your local council to arrange an assessment. Their number will be in the phone book, or you can find it online at **mygov.scot/social-services**.

The council should carry out an assessment if you appear to need care and support, regardless of your finances or whether you might qualify for help. They mustn't charge you for the assessment.

If your needs are urgent – for example, if your situation could get worse very quickly – the council may provide immediate help and carry out an assessment later.

What happens at a care needs assessment?

An assessment might sound intimidating, but it's your opportunity to explain how you're managing and what difficulties you're having. The council can then work out what your care needs are and help you decide what to do next.

> "The assessment made me realise I did need help. Initially I just felt my family were fussing.

At the assessment, you and the assessor will look at what your needs are so you can start thinking about what types of support might help best.

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

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

To learn more about independent advocates and how they can help, read our factsheet **Helping you get your voice heard: Independent advocacy**.

“The assessment really brought home the extent of his care needs. It’s not always obvious.

What happens next?

After the assessment, the assessor will decide if you meet the council's criteria for getting support.

If you are assessed as needing personal and/or nursing care and you move into a care home, then your local council can provide a flat rate payment to go towards your personal and nursing care.

> ⚠ The council will only make the flat rate payment towards your nursing care if you are living in a care home that can provide 24-hour nursing care.

The current flat rate payments are:

Personal care	**£233.10 per week**
Nursing care	**£104.90 per week**

If you do qualify for free personal or nursing care, the council will set up a contract with the care home. Your payments can only begin after this contract has been made.

After 28 days of getting free personal care, you will no longer be able to receive Attendance Allowance or Adult Disability Payment.

2. Your care home contract

Before you move into a care home, you will receive a contract, or residency agreement.

The contract should include information about:

- any care home costs – what you are expected to pay and what the notice periods are for payment increases
- your consumer rights – for example, information about a trial period, during which either you or the care home can decide to end the agreement without notice
- any services the care home provides – for example, electricity, heat and laundry
- the care home's complaints procedure.

The council should give you the option to decide how the contract is arranged. There are five different contract routes:

- **Route 1 – Independently Funded Person**
  This means that you will pay all your care home fees yourself.
- **Route 2 – Free Personal/Nursing Care Supported Person**
  You will use this route if you have a private contract with the care home for your living and accommodation costs, but your local council also has a contract with the care home for the free personal and nursing care portion of your fees.
- **Route 3 – Assessed Contribution Supported Person**
  You qualify for a funded care home place, but you still need to contribute towards your living and accommodation costs. How much you need to contribute will be worked out in a financial assessment (see **chapter 3**). Your contribution may be paid to the care home or to the council, depending on your arrangement.

- **Route 4 – Assessed Contribution Supported Person with Top Up**
  As with Route 3, you qualify for a funded care home place, but you will still need to make a contribution based on your financial assessment.

  However, with this route, the care home does not accept the amount that the council has agreed to pay towards your care because it is lower than the care home's fees. This means that you will need to 'top up' to cover the rest of the fees.

What are top-up fees?

After your financial assessment, the council will work out how much money they are willing to contribute towards your care home fees. If you would like to live in a care home that costs more than the council is willing to pay, it may be possible for a third party to pay the difference – this is also known as a top-up fee.

Before asking for a top-up, the council must prove that:

1. there are less expensive care homes that can provide the care you need, and
2. they have places available.

Most top-up fees are paid by family members or friends. The third party will sign a contract agreeing to make ongoing payments to the council or to the care home. This contract will include information about what will happen in the case of certain events – for example, if the care home fees increase. See our webpage **independentage.org/top-up-fees** for more information.

Good to know

You usually can't pay your own top-up fee, but it is possible in some instances – for example:

- if you have a deferred payment agreement (see **page 27**), or
- if it is within the first 12 weeks after your permanent move to a care home and the 12-week property disregard applies (see **page 19**).

- **Route 5 – Fully Funded Supported Person**
  This is when you qualify for a care home place that your council pays for in special circumstances – for example, if you need specialist care. The council signs the contract with the care home for your accommodation and living costs as well as your personal and nursing care costs.

Speak to an adviser with Advice Direct Scotland (**0808 800 9060**, **advicedirect.scot**) for advice on contract routes.

See our guide **How to find the right care home** for tips on choosing a home that suits you.

3. Financial assessments

Although personal and nursing care is free in Scotland, you may need to pay for other costs, such as accommodation.

Your local council will carry out a financial assessment to work out how much you should contribute.

> You can decide not to get a financial assessment but, if you decline an assessment, you will be responsible for covering any costs aside from the fees for your personal and nursing care.

The financial assessment looks at:

- your income – for example, pensions and most benefits
- your capital – for example, savings and investments. Whether the value of your home is included depends on your circumstances (see **page 18**).

Only your income and capital is looked at, not your partner's, if you have one.

Capital limits for care in a care home

You have more than £32,750 in capital.	Your council will not contribute to your care home fees aside from any free personal and/or nursing care that you have been assessed as needing.
You have between £20,250 and £32,750 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 may also have to make a contribution from your income.
You have less than £20,250 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.

If your capital is below the lower limit, the council may provide up to:

- £739.43 per week for residential care
- £855.78 per week for nursing care.

The exact amount the council provides will depend on what they assess you can afford to pay yourself from your income.

Does my home count as capital?

If you plan to move into a care home and you currently own your home, its value will usually be included when calculating your capital. But in some circumstances, it won't be included – for example, if it's still the main home of:

- your partner or former partner
- a close relative who is 60 or over
- a close relative who is incapacitated (for example, they qualify for disability benefits).

Other exemptions may apply. The rules are complicated, so call the Citizens Advice Scotland Helpline to arrange to speak to an adviser (see **page 19** for contact information).

If you have less than £32,750 in capital apart from the value of your home, and not enough income to pay your care home fees, the council won't include the value of your home in its calculation of your capital for the first 12 weeks after your permanent move to a care home. This is to give you time to sell your home or look at other options – see **chapter 5**.

If your capital falls below £32,750 during the first 12 weeks after your move to a care home, ask the council about the 12-week property disregard.

The council can also use their discretion to disregard the value of your home in other situations. For example, they might do this if there is someone who is not a child or relative living in your home who moved in to provide you with care.

If your financial situation changes, make sure you're given a new financial assessment.

For more information on how your income and capital are assessed, contact Citizens Advice Scotland on **0800 028 1456**.

Challenging a financial assessment

If you disagree with the outcome of your financial assessment, you might be able to challenge it. You could start by raising the matter informally with your council, or make a formal complaint using their complaints procedure.

4. Reducing your assets before you need care

Be wary of giving savings or property to someone else to reduce what you need to pay towards your care in future.

4. Reducing your assets before you need care

You might be tempted to give away your assets (such as money or property) to friends or family, or to buy expensive personal items so that your income or capital drops and the council has 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 carries 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 other assets deliberately, to avoid paying for your care – which is known as deprivation of assets.

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

There's no limit to how far back the council can look when considering this (unlike Inheritance Tax rules, there isn't a seven-year cap), but they will need to consider your reasons and whether you knew you'd need social care when you deprived yourself of assets.

If the council decides you have deprived yourself of assets to avoid paying for care up to six months before you first contacted them about funding your care, they may:

- treat you as still having the asset and include its value in your financial assessment
- recover fees paid towards your care costs, from the person who received the asset.

Even if you gave away an asset more than six months before you first contacted the council about funding, they may still decide that you have deliberately deprived yourself of assets. If you disagree with the decision, you can use your council's complaints procedure to challenge it.

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

5. Ways to pay for your care

Even if you qualify for financial support from your council, you are still likely to need to pay towards your care home fees.

Get a benefits check

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. This might be Attendance Allowance if you're over State Pension age, or Adult Disability Payment (which has replaced Personal Independence Payment) if you're under State Pension age. Whether you qualify depends on your needs – your finances aren't taken into account.

If you're self-funding, you can keep getting these benefits if you move into a care home.

For more information about who qualifies and what you could get, read our factsheets **Attendance Allowance** and **Disability benefits for adults under State Pension Age**.

Get financial advice

If you need to use your capital or savings towards your care home fees and are considering financial products and other options that could fund your long-term care, it's important to get independent financial advice. Paying for long-term care is a specialist area, so make sure your adviser understands the care 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**).

Your local council should also be able to signpost you to financial information and advice to help you plan and pay for your care.

> "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.

Options for funding care

1. Deferred payment agreements

If you're moving to a care home, when your capital falls below £32,750 (not including the value of your home), you may be able to defer payment with either a deferred payment agreement or a charging order.

With a deferred payment agreement, the council will pay your care home fees and claim the money back later. You may also have to pay interest and administration costs. If the council charges interest on your loan, they must tell you the rate before you sign an agreement.

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

- you have been assessed as needing a place in a care home
- you have capital of or less than £20,250 (excluding the value of your home)
- you don't want to sell your home, or are unable to sell your home quickly enough to pay your care home fees.

The council may have other requirements, so it's best to check with them if you're considering a deferred payment agreement.

If you qualify for a deferred payment agreement, it is a good idea to get independent financial advice before signing (see **page 26**).

If you are refused a deferred payment agreement, you can challenge this by following your council's complaints procedure.

Your council may offer you a charging order instead of a deferred payment agreement. This is a legal charge on your property. This means that the council will be paid back if or when your property is sold. If you are unable to sell your home, or choose not to, the charging order ensures that the council will be paid back.

“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 thought about it carefully and I made the correct choice in my mother's interests.

2. Care fee payment plans

Immediate need care fee payment plans
This is a type of insurance policy, also known as an Immediate Needs Annuity. This policy is 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.

Deferred need care fee payment plans
These work like immediate need 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.

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 the most appropriate option if you're moving to a care home and you don't have any relatives you want to pass your home down to.

Equity release

Equity release allows you to release money from your home without selling it, whether you need care at home or in a care home. There are two types:

- **lifetime mortgages** – you would borrow money against the value of your home and receive it as a lump sum or regular payment. The loan would be repaid only when the mortgage ends. This might be if you sell your home, die or move into residential care. Some mortgages add the interest on to the amount you owe so, as the amount increases, you'd pay interest on the interest as well as the original amount borrowed. Lifetime mortgage rates are usually higher than other mortgage rates.
- **home reversion schemes** – you would 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**).

Renting out your home

If you need to fund your care in a care home but don’t want to sell your home, you could consider renting it out and using the income to help pay your care home fees. 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 if you sell. It may also affect whether you qualify for some means-tested benefits, such as Pension Credit or Council Tax Reduction.

You could see if your council operates a private sector leasing scheme. This would involve leasing your home to the council to use as social housing. Under this scheme you would be guaranteed a rental income even if the property was sometimes empty.

4. Investments

Investment portfolios aren't usually recommended to fund the cost of care because older investors may not have the same flexibility to wait for a recovery if investments fall. However, you could consider investing any surplus you have after making sure you have enough savings to cover your likely care costs. Make sure you get financial advice before doing this.

> If your financial situation changes for any reason, make sure to let the council know.

Frances’s story

My husband always did the finances. Now he’s in a care home and that’s where the problems started. We used up all our savings on bills for the care home before he turned 65 and started getting his pension.

I have my small pension and my husband’s pension, but they go on all the things you need to pay each month: electricity, care home fees, petrol, daily living. I get Pension Credit and Attendance Allowance too, which means I’m able to live normally.

Checklist

Use the checklist below if you are planning a move to a care home.

- [ ] Contact your local council to request a care needs assessment – see **chapter 1**. If you qualify for council support, your personal and nursing care costs will be covered.
- [ ] Prepare for your financial assessment – although personal and nursing care is free, you are likely to need to pay for other costs, like your accommodation costs in the care home – see **chapter 3**.
- [ ] Before the assessment, make sure you are aware of the rules about giving away your assets when you need care – see **chapter 4**.
- [ ] Make sure you have read and understood the contract with the care home, and what you are expected to pay – see **chapter 2**.
- [ ] Check you are claiming the benefits you are entitled to – see **chapter 5**.

- [ ] If you need to use your savings or capital towards your care home fees, consider getting financial advice – see **chapter 5**.
- [ ] Look at your options for paying for your care, such as making a deferred care fee payment agreement with the council, or selling your home – see **chapter 5**.
- [ ] Once you are paying your fees, tell the council if your financial situation changes for any reason.

Don't forget to read our guide **How to find the right care home** for tips on choosing a home that suits your needs.

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

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