

Guide to Paying for Residential Care

April 2025

Introduction

This leaflet provides general information about paying for your residential or nursing care. If you have any questions that are not covered in this leaflet please ask your Social Care Worker, Visiting Officer or the Residential Care Charging Team for help.

Before consideration can be given to providing financial help with the cost of your residential or nursing care, your social care needs must be assessed. If, following the assessment of your care needs, it is decided that your needs must be met in a care home, it will be necessary for the Council to collect details of your finances from you so that a financial assessment can be completed.

When you enter residential or nursing care you are required by law to contribute towards the cost of your care depending on the type of care you receive. The amount you pay is calculated using national legislation under the Care and Support (Charging and Assessment of Resources) Regulations. The financial assessment will confirm the weekly amount you are required to pay.

The Council pays set maximum weekly fee rates for residential and nursing care. If you choose a home which charges more than these fee rates, in addition to the charge you pay from your own money, there will be a top up fee for the difference between the Council's maximum fee rate and the fee rate the care home charges. The top up fee also referred to as a third party contribution will usually have to be paid by a third party such as a relative or sometimes a charity. Further guidance about the top up fee is included in this leaflet and in a separate leaflet.

If you enter care on a temporary basis, the value of your home will be disregarded, but any other property or land you own will be taken into account. Apart from your home, if you have assets worth more than £23,250.00 this will usually mean that you are responsible for the full cost of your care. In these circumstances, you will be required to make arrangements with the home to pay for your care directly and the Council will not provide financial assistance with your care fees.

If you enter permanent care, the value of any property you own may be taken into account by the Council when working out how much you should pay. Apart from your home, if you have assets worth more than £23,250.00 this will usually mean that you are responsible for the full cost of your care. In these circumstances, you will be required to make arrangements with the home to pay for your care directly and the Council will not provide financial assistance with your care fees.

There are some circumstances when your property is not taken account in the financial assessment, for example when your spouse or partner continues to live in the property.

If you have assets worth more than £23,250.00 excluding the value of your home and you require a Deputy to be appointed through the Court of Protection to manage your property and financial affairs, please contact the Court of Protection about paying for your care home fees by telephoning 0300 456 4600. The Council will not be able to assist you financially while the appointment of a Deputy takes place.

How details will be collected for the financial assessment?

A Visiting Officer, who is someone who works for the Council, will contact you or your representative to arrange a visit to see you or your representative. The Visiting Officer will ask to look at details of your income including state and occupational pensions and savings and investments.

The Visiting Officer will need to see documents such as recent letters from the Department for Work and Pensions, pay advice slips for payments of occupational pensions, bank statements, and building society books. The Visiting Officer will let you know which documents are required before the visit so that you can have these ready to show them at the visit.

At the end of the financial assessment you or your representative will be asked to sign a declaration. The declaration confirms that the details provided are accurate and you understand that you must pay a charge for your care.

Charges will start as soon as you are admitted to the care home so it is important that you put your income to one side to pay these charges. It is also important that you do not delay the visit where possible otherwise a large amount of arrears will have to be paid to the Council for your care.

What if I do not want to tell you about my finances?

If you do not want to provide details of your income and savings for the financial assessment, the Council will not be able to provide you with financial assistance. In these circumstances, you will have to make arrangements to pay the care home directly for the full cost of your care.

Types of Care

In general, three types of care can be provided:

Short term care

When your care in a home is for a short period and the actual dates of your stay are set in advance, for example when a person who normally cares for you at home goes away on holiday.

Temporary care

When you require care in a home for a limited period but the actual date of your return home is not necessarily known in advance.

Long term care

When you require ongoing care in a home.

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What you might be expected to pay for these different types of care is explained in this leaflet.

Paying for short term care

To keep things simple you will pay a fixed weekly contribution to the Council towards the cost of your short term care for periods of care lasting no more than 4 weeks. The fixed contribution will be charged as long as your capital, apart from the value of your home, is worth less than £23,250.00 and your income is less than the maximum weekly fee payable by the Council for the care home.

If you have savings worth more than £23,250.00, own or part-own another property or your weekly income is more than the cost of the care, then you will have to pay the full fees from your own resources directly to the care home.

The fixed weekly amounts charged for short term care are based on the minimum benefit entitlement for your age. If the home charges more than the usual fee rates paid by the Council there will also be an extra amount to pay referred to as a third party contribution or top up.

You will be asked to sign a form to confirm that your savings are less than £23,250.00 and your income is less than the full normal weekly fee charged by the care home.

Contribution amount payable by you for short term care from 7 April 2025

Below Pension Credit Age £104.60 weekly

Above Pension Credit Age £196.45 weekly

The fixed weekly amounts are reviewed in April each year when state benefits increase. Where your stay exceeds four weeks you will be asked to provide full details of your income and capital if you require financial help with the cost of the care home. We will then complete a financial assessment to work out the weekly amount you need to pay for the remainder of your stay.

Charges for temporary care

If you are admitted into care on a temporary basis i.e. while adaptations are made to your property, a financial assessment will be completed to work out the weekly amount you are required to pay for your care. This financial assessment will take into account your income and capital but if you intend to return to the home you have moved out of and you own your home, then the value of your home is not taken into account in the financial assessment of your charges and can be disregarded for up to 52 weeks. The value of any other property owned is taken into account when working out the amount you should pay and if the value of any other property owned exceeds £23,250.00, the Council will not be able to provide financial assistance with your care home fees.

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We can make allowances for the expenses you have to pay to maintain your home if these are not covered by your state benefits until you are ready to return there. You will be asked to provide evidence of these expenses so these can be taken into account when we complete the financial assessment to work out the weekly charge you should pay.

If you are in receipt of state benefits then it is important to let the Department for Work and Pensions know of your change of circumstances to avoid overpayments of certain types of benefits. For example, after 4 weeks in a care home, payment of Attendance Allowance will be suspended.

Charges for permanent care

Once the Visiting Officer has collected details of your income and capital, a financial assessment will be completed to work out the weekly amount you should pay towards the fees for the care home. Your Visiting Officer will be able to give you guidance on claiming any state benefits you are entitled to.

Income is represented by any form of regular payment you receive. Income may come from pensions, both state and private or from other sources such as benefits or trusts, but may exclude income from capital as this could be dealt with in a different way. The charging rules require that all pensions and benefits will be taken into account in the financial assessment whether or not you decide to claim them.

Capital refers to any asset such as cash, money in bank or building society accounts, the value of stocks and shares, the value of savings certificates or bonds together with the value of any property, buildings or land that you may own or have a share in.

Your various forms of capital are added together and a formula is applied to the total value to convert it into a weekly figure for charging purposes. This charge is called a tariff income and applies to capital held over £14,250.00 and up to £23,250.00.

Am I entitled to retain any part of my income?

Yes, the charging rules say that you must have a minimum amount of money to spend as you wish. This is known as your personal expenses allowance and is an amount set aside from your income for your use. The personal expenses allowance rate from April 2025 is £30.65 weekly.

The personal expenses allowance rate is set by the Department of Health and Social Care, but the Council has discretion to vary the amount of this allowance in exceptional circumstances, for example, if you have a dependent child living at home.

If you are over 65, receive the Savings Credit element of Pension Credit or have income over a certain level, on top of the personal expenses allowance you may also be able to keep up to £7.05 weekly from your income. If you are entitled to this additional amount, this will be added onto your personal expenses allowance of

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£30.15 week and you will see this in the calculation of your charge. It is called the Savings Credit Disregard.

Certain types of income are not included when calculating your charges, for example Disability Living Allowance (Mobility), Personal Independence Payments (Mobility component), Christmas Bonus and Winter Fuel Payments. You may be able to keep some forms of charitable payments or the war pension you receive.

In addition you may pass 50% of an occupational pension, personal pension or retirement annuity to your spouse, civil partner or partner if they remain at home. However, if you choose not to share 50% of your occupational pension with your spouse, civil partner or partner it will be taken fully into account when assessing your charge. Your Visiting Officer and/or Social Care Worker can advise you on this. Careful consideration needs to be given to this option as in some cases, the person remaining at home might be better off not receiving part of the pension. This is because it could affect their entitlement to other benefits which could help with on-going expenses the person has to pay such as Guarantee Pension Credit.

If you own your property you may be able to keep extra money from your income if you have a Deferred Payment Agreement. There is a separate guide if you own a property which you should read. You can request a copy of this leaflet if this has not been provided by telephoning the Residential Care Charging Team on 01332 640772 or emailing carehomescharging@derby.gov.uk.

What if my savings accounts are held in my name and another person's name?

The total value of the savings will usually be divided between the relevant owners. Where a person's name has been added to the investment to enable them to assist you with withdrawals and there is no evidence of the other person making payments towards the investment the money held will be treated as yours.

What if my savings are held in another person's name?

This means while the other person is the legal owner of the account, you are the beneficial owner, giving only you the right to enjoy those funds. This might happen if the other person opens a bank account to receive your state benefits into, because they apply to the Department for Work and Pensions to become appointee to act on your behalf. The funds held in the account will be treated as yours. Similarly, someone may open an account in their name with your money to assist you in making withdrawals. This money will be treated as yours if there is no evidence of the other person making payments into the account.

What happens if a couple moves into a care home?

You will be assessed individually and what you pay will depend on your own income and capital. You will also be treated as single people for state benefits purposes, even if you are sharing a room. This means you will both need separate claims for benefits such as Income Support or Pension Credit.

Can I give away my property or capital for instance to my relatives?

Capital under £14,250.00 is not included in the financial assessment and you can usually use this money without it affecting your ability to pay the charge for your care. If you have capital between £14,250.00 and £23,250.00 you will be required to contribute £1.00 weekly for every part or complete £250.00 over £14,250.00 up to £23,250.00. You can use your capital but you will still have to pay a contribution from this.

The Council realises that you may want to use some of your capital on birthday and Christmas presents for example and will allow for reasonable expenditure. We also understand that you may want to buy items for your own comfort and enjoyment.

If you do intend to make large purchases or gifts it is worth checking with us first to see how this might affect your charge for care.

You should always keep receipts and records of all payments from capital in the event of questions about this later on. If you make gifts from your capital while you are receiving care in a home, we may still take the capital given away into account in the financial assessment of your charges.

If you have or have had assets over £23,250.00 and you give some of these assets away or change the way they are held for the purpose of securing financial help from an earlier date then the Council may refuse to provide financial assistance.

The Council cannot influence what you do with your own money or property. Where assets have been given away, we will look at each case separately. We will consider whether you could have known that you would have needed residential or nursing care at the time of giving the money away or transferring the asset. If we refuse financial assistance because we believe you have deliberately deprived yourself of an asset we will write to you to explain why we have made this decision.

Will the person who received the money or asset be liable for my charge?

Yes, they could if the gift is significant. Any shortfall in charges which results from money or an asset being given away deliberately to avoid charges will be pursued and the person who has received the gift could find themselves liable for either all or part of the charges due for your care.

May I give away or sell the right to an income from an occupational pension?

Again, the Council cannot influence what you do with your own income. If you choose to give away or sell the right to an income from an occupational pension for the purpose of reducing your charge for care, the Council will still include that income in the charge for your care which you will be required to pay. This is referred to as notional income.

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What if the fees for the care home are more than the Council's maximum standard fee amount?

Some private care homes charge more for a placement than Derby City Council's standard rates, resulting in a top up being required. This is also known as a Third Party Contribution.

What happens if I choose move to a care home which charges more than Derby City Council's standard maximum fee rates?

Care homes which are not owned and managed by the Council are run as a private business and they can decide the weekly fee amount to charge.

If you choose to enter a care home which charges more for the placement than Derby City Council's standard fee rates, then a Third Party/Top Up Agreement must be signed. Your Social Care Worker will ask you to sign this agreement.

The person who takes on the responsibility for the third party agreement or top up must be able to afford these payments for the duration of your stay in care. If they are unable to keep up the payments then you may be asked to move to a less expensive room or another care home at the Council's standard fee rates.

If you own your property and you are eligible for a Deferred Payment, you can pay your own top up as long as there is sufficient equity in your property to cover all fees and you can ask for this part of your charge to be deferred as well. If you own your property it is important that you read our ["Deferred payments scheme guidance."](#)

We can offer help in negotiating the care home fee on your behalf but the care home can decide to change the top up fee, say annually, if you move rooms or when you sell your property and you have funds exceeding £23,250.00. At this time, the Council will no longer financially assist you with your care home placement and you will need to make arrangements to pay the care home directly.

If you are concerned about any changes to the fees in the future, you should discuss your concerns with the Council at the earliest opportunity. Please refer to the separate leaflet which also includes the agreement for the third party contribution/top up payment.

How will owning my own home affect the charges I pay?

If you own property or land then its value will be treated as a capital asset and if your combined assets are worth more than £23,250.00, you will have to meet the full cost of your care.

In certain circumstances the value of the property may not be taken into account in assessing your charge, for example where it is already occupied by a spouse, civil partner, partner or by a relative who is either 60 years of age or over, or is incapacitated. If they leave the property, it will affect what you are assessed to pay so it is important that you keep us informed of any change in circumstances.

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If your stay in the care home is not on-going and you will be returning home then the value of your property will not be included in your assessment of charge.

If you are admitted into care on a permanent basis, the value of your main or only home will not be included in the assessment of your care charges for the first 12 weeks of your permanent care. The Government recognises that it is difficult to decide what to do about paying for your care home placement and what to do about your property in the long term so this period of time has been given to allow you the time to think about these matters. This is referred to as the 12 week property disregard. If you have already lived in care more than 12 weeks before the date financial assistance is provided by Council with your care, the 12 week disregard will not apply.

The value of your property will have to be counted towards your charges if your spouse, partner or relative who is aged 60 or over or incapacitated moves out of the property. In these circumstances, we will allow 12 week disregard from the day after the person moved out of the property.

Must I sell my property straight away?

The value of your main or only home must be taken into account, after the 12 weeks initial disregard period ends, following your permanent admission into care.

The Government has recognised that a person may not want to sell their home when they go into a care home and have introduced a universal Deferred Payments Scheme. Please refer to the [“Deferred payments scheme guidance”](#).

If your circumstances change and you are discharged from the care home to the home you own, the value of your home will no longer be taken into account in the financial assessment of your charges. We will remove the value of the property from the financial assessment and notify you of the revised charges.

How is the value of my property established?

Derby City Council will ask you to provide a professional valuation.

Any outstanding mortgages or loans against the property will be deducted from the value.

What happens if I only own a share of a property?

The amount we will take into account for your share will depend on what basis you own the part share. We will also need to know how long you have owned it and whether you sold or transferred any other share of the property.

If you purchased your property under the Right to Buy scheme with help from family members, then we will look at who contributed what when working out your percentage of the value.

How will any arrears of charges in respect of my property be recovered?

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Under the Deferred Payments Scheme, the part of your charge which relates to the capital value of your main or only home will be allowed to build up until such time as the sale is made or from your estate. Please refer to the "[Deferred payments scheme guidance](#)".

The Council will place a legal charge on your home to safeguard the charges due when the property is sold. The legal charge means that the Council will recover your care home charges from money you receive as a result of the sale. It does not mean that the Council will take over ownership of your property. Once your property is sold, you will in most circumstances no longer require financial assistance from the Council in respect of your charges. You will then be required to make your own financial arrangements to pay for your care with the owners of the care home.

Will I be left with any money to maintain and insure my house if I decide that I do not wish to sell this?

The personal expenses allowance can be increased for people with a property who enter into a deferred payment agreement for the upkeep and maintenance of their property. This is called the Disposable Income Allowance and the maximum amount of this allowance is set by the Department of Health. This is currently £144.00 weekly. If you decide to keep more than the standard personal expenses allowance, this will mean that the part of your charge which relates to the capital value of your house will increase along with the interest charges.

What will be the position regarding the rent on the tenancy of my former home whilst I am arranging for this to be terminated? Who will pay the rent?

If you are claiming Housing Benefit, there are rules that can allow this to continue while you need to pay your rent. If your stay in the care home is temporary, the benefit can continue to be paid for up to 52 weeks. If you are going to the care home on a long term basis, the benefit may be paid for a trial period of up to 13 weeks until you decide to stay. The 13 weeks can include up to 4 weeks if you have to give notice to your landlord when you have decided to stay in the home. Housing Benefit is not taken into account in assessing your charges.

How will I pay my accommodation charges?

For short term care, we will send an invoice or invoices to you covering the charges due for the agreed length of your stay. This is based on the number of nights you had intended to stay, as agreed with the care home. A separate invoice or invoices will be issued for any third-party top up charge due for your short-term care. There are details on the invoices explaining how these can be paid.

For temporary or long-term care, you will be required to pay your charges by direct debit on a four-weekly basis and anyone who has agreed to pay a third-party top up will also be required to pay by direct debit on a four-weekly basis from an appropriate bank or building society account. The Council will provide a form/s to complete and return with details of your own and the third-party payee's bank or building society

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account. This form/s will then be sent by the Council to the bank stated as an instruction to set up the direct debit for your accommodation charges and/or third-party top up charges. You will receive at least 10 working days' notice of the amount of the direct debit payments. Your charges and the third-party charges can be paid as one direct debit as long as the third-party payee arranges to refund the third-party amount to your account.

In very specific circumstances, and as a last resort, if you are unable to look after your own affairs and do not have family or friends to help you, the Council can apply to the Department of Work and Pensions to act as your appointee. This has to be approved by the DWP and only applies if you live permanently in a care home.

Should I keep a record of the charges that I pay?

Yes, it is important to keep a record of the charges that you pay in the event of any query. Please ensure that you keep any receipts that you receive and note how and when you have made a payment.

Do I have to pay accommodation charges if I go into hospital?

While your room is being held for you to return to from hospital, you will have to continue paying your accommodation charge. If it is decided that you cannot return to the home then notice to cancel your room will be given and you will not be required to pay from the date the contract ends if your placement is in an independent sector home.

If you live in a local authority home while your room is being held for your return from hospital you will be required to continue to pay your accommodation charges.

Are there any circumstances when I would not have to pay for my residential care?

There are some occasions for a small number of people when they are not required to make a contribution towards their residential or nursing care.

The first is where you have spent time in hospital after being detained under certain sections of the Mental Health Act 1983. On discharge from hospital it may be that you were made subject to Section 117 of the Mental Health Act and due to this order you are entitled to free aftercare services, including residential and nursing care. However, if the section 117 order is discharged then you will have to pay towards the cost of your care.

The second instance is where your assessed needs meet the eligibility criteria for fully funded NHS health care. Where the assessed needs meet that criteria, the cost will be paid for by the NHS. Your local NHS Clinical Commissioning Group should automatically undertake a 'continuing care' assessment as part of the overall assessment process prior to the admission to the care home.

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If you think that you fall into either of the above categories then you should initially discuss this with your Social Care Worker who will be able to offer you additional advice and information, including who you may need to contact.

Will you contact/write to me about the charges for my care in a care home?

When the charges for your care have been calculated we will write to you or your representative to advise you of the charges payable. Where a legal representative is not appointed, for example, a Lasting Power of Attorney or Deputy, it may be necessary to deal with more than one representative to financially assess and collect your charges.

What matters concerning my financial affairs should I report to the Council?

Any change in your financial circumstances should be reported as this will have an effect on the charges made for your accommodation. For example, any increase in weekly pension or significant increases or decreases in your capital should be notified immediately in writing and with documentary proof to Residential Care Charging and Support Team, Council House, Corporation Street, Derby DE1 2FS.

Adult Social Care Charging Policy

In addition to the information provided in this leaflet, Derby City Council has a policy which sets out the Council's approach to charging for community and residential social care services under the Care Act. You can find a copy of this on our Financial Assessment page on our website <https://www.derby.gov.uk/health-and-social-care/your-life-your-choice/support-from-adult-social-care/financial-assessment/> or contact the Residential Care Charging and Support Team on 01332 640772 or CareHomesCharging@derby.gov.uk

The importance of financial advice

Many people who fund their own care run out of money, having already spent a significant amount on their care. If you need to turn to us because you can no longer fund your own care, we may provide a lower level of funding, which could mean your family contribute to the cost of your care.

This could also mean that we do not provide the financial support that allows you to keep the same level and type of services that you have now.

These risks, combined with the uncertainty brought about by lack of knowledge, may be completely avoidable. Taking specialist regulated financial advice at the point of considering your care options is a vital part of proper planning.

Even if you are already receiving care, either in your home or you have moved to a residential home and financial assistance is being provided by the Council, getting financial advice is still recommended.

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Independent advice

There are a number of information and advice organisations available. Here are a few to get you started:

www.moneyadvice.service.org.uk
www.unbiased.co.uk
www.vouchedfor.co.uk
www.societyoflaterlifeadvisers.co.uk
www.payingforcare.org

If you decide to speak to another organisation about your care and specifically your finances, it is recommended that you search for an adviser in your area who is qualified to offer independent advice on all the financial products and services you're interested in, and who specialises in self-financing long-term care. For more information, visit the Financial Conduct Authority website.

From 2013, financial advisers must hold a Statement of Professional Standing, renewed each year. Ask if you can see this and make sure it is not out of date.

Don't be afraid to check these things, good firms/advisers will be happy to provide this information.

Advisers can provide guidance on a range of financial issues including:

- Purchasing an immediate needs annuity
- Renting out a property
- Equity release
- Savings
- Investments
- Deferred Payments Agreements

Please note that all advisers, whether fully independent or restricted will charge for their services.

For further information, please see the leaflet titled 'Independent Financial Advice'. You can request a copy of this leaflet from the Residential Care Charging and Support Team by contacting 01332 640772.

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Choosing a home

Adult Social Care will provide you with information to help you choose a home. Most homes are under contract with Adult Social Care to provide places at a fixed cost and to the agreed standard of services.

You do not have to choose a home from the information provided by Adult Social Care. Instead you can choose a different home, including one in a different part of the country, as long as it meets your needs and is willing to take you under Social Care's normal contract arrangements.

The home must not cost Adult Social Care more than they would normally pay to help someone with similar needs. You can choose a more expensive home if there is someone else, like a relative or charity, a third party, who is willing to pay the extra cost. You must be sure that the third party can continue to pay the extra costs or you may have to move again later.

What should I look for when choosing my care home?

You will know instinctively if it has a pleasant atmosphere and the person in charge makes you feel welcome.

You should also look at:

- **Location** – Is the home near to your family and friends? Are there good public transport connections?
- **Facilities** – are the rooms comfortable, are there enough bathrooms and toilets and are the communal and dining rooms pleasant and well furnished?
- **Meals** – do residents choose what and when they will eat and are special diets catered for? Can residents prepare food and drink themselves?
- **Activities** – is there an activities organiser? Are outings and social events regularly organised? Are residents encouraged to take up hobbies and educational interests? Is there a residents committee?
- **Visitors** – can people visit you without prior notice? Can visitors stay overnight?
- **Health** – can residents keep their own GP if they want to? What arrangements are there for any regular medication needed? Is there a visiting hairdresser or chiropodist?
- **Staffing** – how many staff are there and what is the ratio of staff to residents during the day and night?
- **Financial and legal** – do you know what the charges for extras will be? Do residents receive a statement with details of all items charged for? What are the conditions in which a resident's stay may be terminated by either side? Is there a retaining fee if you are on holiday or in hospital? Will you have to pay for hairdressing, newspapers and other personal items and how easy it is to obtain these?

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Legislation for care home charges:

The Care Act 2014

The Care and Support (Charging and Assessment of Resources) Regulations 2014

Useful Contacts

Customer Services

Council House
Corporation Street
Derby
DE1 2FS

Tel: 01332 640777

Department for Work and Pensions

The Pension Service 12
Post Handling Site B
Wolverhampton
WV99 1AP
Tel: 0800 7310469

Age UK Derby and Derbyshire

Information and advice line
Tel: 01773 768240

Residential Care Charging and Support Team

Derby City Council
Council House
Derby
DE1 2FS
Telephone: 01332 640772

Derby Citizens Advice South Derbyshire and City

Advice line Telephone: 0808 278 7954

Job Centre plus for ESA

ESA Wolverhampton
Post Handling Site B
Wolverhampton
WV99 2GP
Tel: 0800 1690310

Disability and Carer's Service

Disability Living Allowance
and Personal Independence
Payment Unit and Attendance
Allowance Service Centre
Mail Handling Site A
Wolverhampton
WV98 2AD
Telephone:
Disability Living Allowance and
Personal Independence Payments
0800 1214600
Telephone:
Attendance Allowance Service
Centre
0800 731 0122