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Paying for residential and nursing home care if you own property

Your questions answered

April 2003

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A free interpreting service is available if you need help with this information.

Please telephone Stockport English Language Service on 0161 477 9000.

E-mail: info@stockportels.co.uk Fax: 0161 480 1848

এই তথ্যের ব্যাপারে আপনার যদি কোন সাহায্য সহযোগিতার দরকার হয় তবে আপনার জন্য বিনামূল্যে সে-ভাষীর ব্যবস্থা করা হবে। দয়া করে স্টকপোর্ট ইংলিশ ল্যাংগুয়েজ সার্ভিসে **0161 477 9000** এই নাম্বারে ফোন করুন।

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بروز مرنے والے کورٹ انٹرنیشنل سروس کو **0161 477 9000** پر فون کریں۔

如你需要他人為你解釋這份資料的內容，我們可提供免費的傳譯服務，請致電史托模英語服務：**0161 477 9000**

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If you would like this leaflet in large print, on audio tape, in Braille or on disk, please contact 0161 474 4609 for a copy (textphone 0161 474 4619).

Introduction

This leaflet deals with questions that you may have if you need long term residential or nursing care and own your own home or have a financial interest in that property. You are classified as needing 'long term care' if you stay in residential or nursing home care for more than 6 weeks.

If you do need long term residential care the value of your home may be taken into account when the amount that you have to pay for your care is calculated. Second homes, such as holiday cottages may also be used to help fund your care. If you do not have enough savings, money or assets to pay the **full** costs of your residential or nursing home care, you may have to sell your house to pay the fees. This can hit some people hard and there are various ways in which we can help you plan for the future.

This leaflet does not claim to cover every situation or include all the detail of the schemes - everyone's circumstances can be different and things can change. However, the following paragraphs will give you a brief explanation of the options available to you. We always suggest that you contact the Customer Finance section for further advice about your own particular circumstances and how you will be affected. They can be contacted on 0161 474 4692.

Summary of Schemes

When your home cannot be used to pay for care costs

Sometimes the value of your home has to be 'disregarded' or ignored if you have, for example, a spouse, partner or other disabled relative living there. This means that you will not have to sell your house **as long as** that person continues to live there. For more information about the rules that mean that your home will be disregarded, please see the section later in this leaflet called **Disregarded Property**.

Time to make decisions about the future

To allow you time to make decisions about care home costs, a **12-week Property Disregard scheme** is in place. This means that for the first 12 weeks of long term admission to residential accommodation, if your home is going to be used to pay for your care, you will only need to pay a contribution towards your fees from income, savings or other assets you have. The Council will then pay the rest of your bill during the 12-week period. For more information, please see the section later in this leaflet called **12-week Property Disregard**.

Selling your home at a later stage

After the 12-week property disregard period you may be able to put off, or defer, paying part of the costs of your care until your house is sold, although you will still have to make a contribution from savings, assets and income. This is called the **Deferred Payments scheme**. You must ask the Council whether you can go on the scheme, as they have to pay the balance of your unpaid bill until your property is sold. If the Council is unable to offer you

a Deferred Payment Agreement they will let you know their reasons in writing. For more information, please see the section later in this leaflet called **Deferred Payments**.

Paying for more expensive nursing and residential care

You may wish to go into residential or nursing home care that is more expensive than the Council is prepared to pay for. You **may** be able to top up the difference from your own money, which can include the value of your property. For more information, please see the section later in this leaflet called **Paying for more expensive accommodation**.

Free Nursing care

From October 2001, the NHS has paid for the cost of nursing care in registered nursing homes for anyone who pays the full cost of the accommodation. From April 2003 this will apply to all residents of nursing homes. For more information, please see the section later in this leaflet called **Free Nursing care**.

Disregarded Property - Homes that cannot be used to pay for care costs

If you own a house or have an interest in a property, it will normally count as an asset which will be taken into account when working out how much you have to pay for long term nursing or residential care. The Council cannot take into account your property to cover any nursing or residential care costs, if it is occupied by:

Your spouse or partner (except if you are estranged or divorced) **or**

A relative or member of your family who is:

- Aged 60 or over
- Aged under 16 for whom you are financially responsible
- Incapacitated i.e. the person gets one or more of the following Social Security benefits: Incapacity Benefit, Severe Disablement Benefit, Disability Living Allowance, Attendance Allowance, Constant Attendance Allowance, or other eligible benefits.

You must let the Council know if your spouse, partner or other relative stops living in your home, as it will then be used as an asset to pay for your residential or nursing home costs.

You may think that there may be other reasons that mean that the Council should not take into account the value of your property. The Customer Finance section can discuss this with you when they take the full details of your situation.

The 12-week Property Disregard scheme – Time to make decisions

The 12-week Property Disregard scheme has been set up to give you time to make decisions about your future care. Whilst you are on the scheme we suggest that you get independent legal advice to help you plan for the future. Please see useful contacts at the back of leaflet.

The scheme means that for the first 12 weeks of long term admission to care,* you will only be expected to pay a contribution towards your care fees and the Council will ignore, or disregard, the fact that you own your own property. The amount of contribution that you are asked to make will be decided by the Council and depends on the amount of money and savings that you have. The Council will pay the rest of your fees during the 12-week period.

*You will be classified as needing 'long term care' if you remain in residential or nursing care for over 6 weeks. The 12-week disregard period starts from the end of your first 6 weeks in residential or nursing care.

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Who can go on the 12-week Property Disregard scheme?

A

The scheme is open to anyone who does not have enough savings, income or assets (apart from a house) to pay for the full cost of their care.

However, if you have savings or money above the capital limit of £19,500, you will have to use them to pay for your fees as soon as you start long term residential or nursing care and you will also not be entitled to go on the 12 week Property Disregard scheme.

Deferred Payment scheme - Selling your house at a later stage

You need to be aware that:

- You are only allowed to be on the Property Disregard scheme for 12 weeks in any 12 month period. So if you stay in residential or nursing care for 8 weeks then leave and return to care within a year, you can only go back on to the scheme for the remaining 4 weeks.
- You cannot go on the Property Disregard scheme if you went into a residential or nursing home on a long term basis before 9 April 2001.
- If you sell your house during the 12 weeks of the disregard period and end up with more than £19,500 (including any other savings or money), you will have to pay for the full cost of care straight away.

As soon as the 12-week property disregard period is over, your home can be taken into account to work out how much you have to pay for your care. The equity in your home i.e. how much it is worth, is likely to be more than what is called the capital limit of £19,500 and you will therefore be expected to pay for the full cost of your care. Under the Deferred Payment scheme you can put off paying what you owe until your house is actually sold, or it is sold as part of your estate after your death. However you will still be expected to make some contribution towards your care from any income, savings or other assets which you have. **You are strongly advised to get independent financial advice before committing to the scheme and to look into other ways of paying for your care.**

Q

Who can go on the Deferred Payment scheme?

A

You can go on the Deferred Payment scheme provided that:

- You are in long term residential or nursing care.
- You own your own home but do not have enough income or savings to pay for the full cost of your care.
- You do not want to sell your house for whatever reason, or cannot sell it quickly enough to pay the full costs of your care.
- Your property is registered with the Land Registry or your title to the property is clear.
- You will have to pay for the full cost of your care because you have money and equity in your house above the capital limit of £19,500.

- There is no mortgage left to pay on the house or the amount outstanding on the mortgage still leaves the property worth substantially more than the £19,500 capital limit.
- The Council has enough money to pay for the scheme.

Q

How will it work?

A

- The value of your property will be taken into account, or assessed, when the Council works out how much you have to pay for your care. The Council will also assess the value of any other of your assets including savings and income and advise you on what contribution you will have to make towards your care costs.
- The difference between what you pay for your care and the full cost of the care will mount up as a debt in your lifetime.
- A legal charge will be raised on your house. This will allow your house to be sold after your death and your care debts to be paid to the Council from the proceeds of the sale.
- You must sign a legal agreement to say that you accept the conditions of the scheme. If you are unable to sign the agreement it must be signed by someone who is dealing with your financial affairs in an official capacity, such as someone who has Power of Attorney, a registered Enduring Power of Attorney or who is your Receiver appointed by the Public Guardianship Office.

- The Council cannot break the agreement once it is in place.
- You may break the agreement at any time but if you do you will have to pay the debt which has built up straight away.
- If the estimated value of your house and other assets/savings minus the amount that you owe reaches £19,500 the debt will not increase.
- Interest will not be charged if the debt is paid within 56 days of death.
- If you decide to rent out your property any income must be put towards the cost of your care, and this will reduce the rate at which the debt builds up.
- If you decide not to sell your house straight away you need to think about how you will keep it secure, as well as paying for insurance and maintenance costs. The Council cannot pay these expenses.
- If you decide not to sell straight away and there is money still owing on a mortgage you need to be sure that you are able to pay the mortgage **as well** as the bill for your care costs.
- If you do not sell your house you will not be able to claim Income Support which can be used to pay your care debt. You may still be able to claim Attendance Allowance/Disability Living Allowance if you qualify and your property is worth enough to cover the full cost of your care. The Customer Finance section will advise you of your options.

You cannot go on the Deferred Payment scheme if:

- You are not the sole owner of the property, unless everyone else involved agrees.
- You are using it instead of using your own savings/income.

If the Council is unable to offer you a Deferred Payment Agreement they will let you know their reasons in writing.

Paying for more expensive accommodation

You may want to go into care that is more expensive than the Council is prepared to fund. For example, a home that has better facilities, or is closer to friends or relatives. You may be able to make up the difference between what the Council will pay and the cost of the home by:

- Making a 'top up' from your own money.
- Getting a friend, relative or voluntary organisation to pay the top up.

You should be aware that:

You **may** be able to top up your care costs during the 12-week property disregard period and if you go on the Deferred Payment scheme. However, you can only use your money/savings to top up your care costs during this period. You cannot use the equity in your property during this period.

After the 12-week property disregard period, if you have agreed to a Deferred Payment Agreement, you **may** be able to use money from your property to pay for the top up of your care. If they agree, the Council will pay the full cost of your accommodation including the top up, but will recover any payments made for the top up when your house is sold, in addition to the debt that will build up under the Deferred Payment Agreement.

The Council must be certain that you have enough money or equity in your house to top up your care for as long as you need it. You are advised to talk to your Social Worker before you agree to pay for more expensive care, as you need to bear in mind that if you do not keep making the top up payments you may have to move out to another home. You will then have to pay any outstanding bill for your top up payments once your own house is sold.

Free Nursing care

From October 2001, the NHS has paid for the cost of nursing care in registered nursing homes for anyone who pays the full cost of the accommodation. From April 2003 this will apply to all residents of nursing homes.

If you receive Free Nursing care, it will be paid to the Council who will use it to reduce your bill for nursing accommodation. You will still have to pay for other accommodation costs. The award of Free Nursing care will reduce the rate at which the debt against your property increases.

You will be assessed to see what your nursing needs are by a NHS nurse. The charges for your nursing care will be put into three charging bands and these will be used to work out your nursing costs.

From April 2003,

- The lowest band of £40 each week
- The middle band of £75 each week
- The highest band of £120 each week

Useful contacts

If you want to know more about residential or nursing care and the financial schemes in place to help you pay for them, please contact the Customer Finance section on 0161 474 4692.

If you would like independent advice, contact Age Concern on 0161 474 0636 and ask for Factsheet No.10 **'Getting and paying for care'**.

You can also get advice about Social Security benefits from the Welfare Rights Unit on 0161 474 3093.

The Benefits Agency can give further advice about benefits on 0161 429 2000.