

Paying for care and support in England



**Alzheimer's
Society**

Together we are help & hope
for everyone living with dementia



Paying for care can be worrying to think about. With the right information and support, you can better understand your options and make the right decisions for you. This factsheet outlines the different ways to pay for care, and the amount you might be expected to pay.

This factsheet is for people living in England. The laws in Northern Ireland and Wales are different. See factsheet NI532, **Paying for care and support in Northern Ireland** and W532, **Paying for care and support in Wales** for more information about the laws in those countries.

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1 The care needs assessment

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Many people with dementia need care and support as their condition progresses. Each person has individual needs, so the types of care put in place will be different for everyone.

To work out what a person's needs are, they will need a care needs assessment from their local authority. The assessment looks at how the person manages activities such as washing, cooking or maintaining relationships. It will show whether they have care needs that may be eligible for help and support from their local authority. These are known as 'eligible care needs'. If they do, the local authority will then make a care and support plan. They will do this with the person, as well as their carer (if appropriate).

It might not occur to a person with dementia who is paying for their own care to have a needs assessment. However, it could help decide what care options are most appropriate for them. Anyone is allowed to request a needs assessment from the local authority. This should be provided to the person for free even if they pay for their care.

For more information see factsheet 418, **Assessment for care and support in England**.

The local authority may charge for care and support services, and for arranging them. However, some types of care and support must be free of charge.

These include:

- aids and minor adaptations to the home costing less than £1,000
- NHS services
- aftercare or support provided under the Mental Health Act 1983, section 117
- intermediate care, including reablement for up to six weeks. Reablement is a short period of care where someone is supported to recover after illness or hospital discharge.

NHS-funded nursing care and NHS continuing healthcare are provided by the NHS. They are not provided by the local authority, which means they are free of charge. See booklet 813, **When does the NHS pay for care?**

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Who pays?

Once the local authority have made a care and support plan, they will decide whether to charge for the care they provide for the person with dementia. If they do decide to charge, a financial assessment must be completed.

The financial assessment will consider the person's capital and income. It is used to work out if the person will receive any help with funding their care costs. The next section describes this process in more detail.

Some people will pay for all their care costs – this is called being a 'self-funder'. Most people will pay part of their care costs, with their contribution decided by the financial assessment. Sometimes, the person's care will be fully funded by the local authority or the NHS.

Respite care

Local authorities provide some respite services free of charge. If they do charge, it is the person with dementia who is financially assessed. This is true even if it is the carer who needs the break. For more information see factsheet 462, Respite care in England, NI462 (for Northern Ireland) or W462 (for Wales).

2 Financial assessments

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To help decide who will pay, the local authority will carry out a financial assessment. The financial assessment for homecare is slightly different to the assessment for a residential care home.

The person can ask for a financial assessment even if they think they may pay for their own care. It may still be helpful to them.

The financial assessment process

A person with dementia may not always need a full financial assessment. This could be because the person is going to receive care and support at a low cost. In this case, the local authority may decide to do a 'light-touch' financial assessment.

Light-touch financial assessments

In some circumstances, a local authority may choose to treat the person as if they have had a full financial assessment, even if they haven't. This is called a 'light-touch financial assessment'.

This mainly happens if:

- The person has significant resources, so they will pay for their own care but want the local authority to arrange it for them. The local authority will usually charge for this service.
- The local authority are charging a small amount for a service that the person can afford. Carrying out a full financial assessment would be disproportionate in this case – for example, if it costs more time and money to do the financial assessment than to provide the service.
- It is clear that the local authority would cover the cost of the person's care – for example, the person may receive means-tested benefits that show that they would not contribute towards the costs.

If the local authority decide to do a light-touch financial assessment, they must tell the person that it has taken place. The person still has the right to ask for a full financial assessment if they want to. The person may want this if they dispute the charges, for example.

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Financial assessment forms

If a person with dementia needs a full financial assessment, they will be asked to complete some forms about their finances. Someone from the local authority may be able to visit to help the person fill in the forms.

In these forms, the person with dementia will have to report on two things:

- **income** – this refers to any money the person receives regularly. For example, this could be a pension. It can also include benefits, such as Universal credit or the Guarantee credit element of Pension credit. It doesn't include any money the person earns if they are working.
- **capital** – this refers to any other assets the person has. This includes savings and investments, such as stocks and shares. In some cases, it includes the value of the person's home (for example, when paying for care home fees). It does not include personal possessions, such as jewellery.

The person may lack the mental capacity to take part in this process. The local authority will then need to find out if there is anyone who has the appropriate authority to be involved in the person's financial affairs. This could be an attorney under a Lasting or Enduring power of attorney, or a deputy. If there is no such person, then a family member or the local authority may need to apply to become the person's deputy.

For more information see factsheet 472, **Lasting power of attorney**, factsheet 530, **Deputyship** and factsheet 460, **Mental Capacity Act 2005**.

It can feel like an invasion of privacy when the local authority are looking into a person's finances. However, it is important to make sure that the person is charged the right amount for their care. The person could be charged the full amount if they refuse to answer the financial questions.

If they lack the mental capacity to take part, they should not be penalised for that. The local authority should be working with an attorney or deputy instead.

Based on the information in these forms, the local authority will decide what to include in the person's financial assessment. For each type of capital and source of income the person has, the local authority will either:

- fully take it into account (known as 'available' income or capital)
- partially take it into account
- ignore it completely (known as 'fully disregarding' it).

For example, some benefits like the Personal independence payment (PIP) mobility component will be fully disregarded and not expected to contribute to care costs. Whereas other benefits can be fully or partially taken into account and expected to contribute to care costs.

When deciding what to charge, the local authority must treat everyone fairly. If you are concerned that your local authority are treating you unfairly, you can put in a complaint. See 'Complaints' on page 18.

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Cost amounts and limits

In England the two threshold limits for a person's capital are:

- **upper capital limit** – £23,250
- **lower capital limit** – £14,250.

These limits are accurate as of April 2024, but may change in the future.

The local authority will compare the person's capital to the capital limits. This will show how much the person with dementia will pay for their care:

Above the upper capital limit

If the person's capital is above the upper capital limit, they will be expected to pay all their own care costs. If the person's capital is likely to drop to the upper threshold, they or their carer should ask the local authority for a review of their finances. Ask for a review well in advance, as they can take time to be assessed.

Between the upper and lower capital limits

If the person's capital is between the upper and lower capital limits, they will pay a means-tested contribution from their capital. This contribution is calculated as £1 per week for every £250 they have above the lower limit. For example, if someone has £15,000 in capital:

- they are £750 over the lower capital limit ($£15,000 - £14,250 = £750$)
- £750 divided by £250 is 3
- $£1 \times 3 = £3$ contribution paid per week.

In this situation, the amount of income the local authority leave them with will be less. There may be a gap between the person's contribution (from both their capital and income) and the amount the care costs. In this case, the local authority should start to contribute towards their care costs.

Below the lower capital limit

If the person's capital is below the lower capital limit, they will still pay what they can afford from their income (leaving them a minimum amount). However, they won't have to pay any contribution from their assets. This means that they can keep their capital and use it as they wish. The local authority will pay the difference between the person's income and their care costs. Some local authorities may be more generous than these limits in the financial assessment for homecare. Ask to see your local authority's charging policy.

Income the person can keep

The person will always be allowed to keep a certain amount of protected income. This is income that can't be used to pay for care costs. If the person is in permanent residential care, this is known as a Personal expenses allowance (PEA). If they're receiving homecare, it is known as the Minimum income guarantee (MIG).

Personal expenses allowance (PEA)

If a person is contributing to their **care home** fees, they must be left with a minimum amount of money for themselves each week. This is called the Personal expenses allowance (PEA).

In England, the Personal expenses allowance rate for 2024/25 is **£30.15** weekly.

The person with dementia can spend this money as they wish. It is not a benefit, but the person's own income, made available to them. This can be used for anything they choose, such as newspapers, haircuts or clothing.

There are some circumstances where the local authority increase the PEA. For example, this may happen if the person has an occupational pension being paid to them. They can keep half of this income to pass back to their spouse or civil partner who is still at home. The local authority must allow this. The local authority must consider increasing the PEA for other reasons too. For example, they may do this to cover some housing costs where their property is disregarded in the financial assessment.

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Minimum income guarantee (MIG)

The MIG is the minimum amount of income the person must be left with each week. The MIG is only for people who are contributing towards their **homecare** fees.

The amount that a person must be left with as MIG will depend on whether they are:

- single or in a couple
- over or under State pension age
- a carer
- living with a disability.

The MIG is always higher than the PEA, as someone living at home has higher living costs. For example, a single person over State pension age will receive around **£228.70** per week (2024/2025 rate).

In addition to the MIG, the local authority must allow people living at home enough income to cover some housing costs, including:

- mortgage repayments
- rent or ground rent
- council tax
- certain service charges.

They only have to do this if those payments aren't covered in other ways. For example, this will be the case if the person claims council tax support to cover their council tax payments.

Let the local authority know of any living costs you have when you complete the financial assessment forms. Do this even if they haven't asked for this information. The local authority must not assume all of a person's money above the MIG level is available for care charges.

Disability related expenditure

When looking at the person's income, the local authority must look at any costs related to a disability. These are costs for needs that are not included in the package of care from the local authority. This is known as disability related expenditure. Examples could be community alarms, food for a specialist diet or extra laundry costs.

If the financial assessment includes disability benefits, the local authority must allow the person to keep enough income to cover their disability related costs.

If the person would be left with less than their MIG, they should not be asked to pay for the full cost of homecare. This is after paying for housing costs, disability related expenditure and care costs. The local authority should cover some of the cost so that the person can keep their MIG.

A person must make it clear which outgoings relate to their disability. The local authority must consider these costs when deciding what will be charged. This may reduce the amount a person contributes to their care costs. They should not have to pay more than they can afford. If a person feels they are paying too much, they may wish to challenge this. See 'Complaints' on page 18.

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3 Benefits

The local authority expect people to claim benefits they may be entitled to. They can offer support to help the person do this.

Most benefits claimed will be included in the financial assessment for care.

If the person is receiving **care at home**, the local authority can decide whether to count the following benefits as income:

- Severe disability premium
- Disability living allowance – daily living component
- Personal independence payment – daily living component
- Attendance allowance.

Local authorities usually decide to include these benefits in the assessment. If they do, they must consider disability related expenditure. This is to ensure that the person is still able to pay for any regular expenses related to a disability. Each local authority will have their own policy detailing how they do this.

If the person is receiving **care in a care home**, the financial assessment will include most benefits. This includes those often claimed by people living with dementia. This might be Pension credit, Employment and support allowance, and Universal credit. Some benefits must not be taken into account in the financial assessment for care. This includes the mobility part of Disability living allowance and Personal independence payment. Some other benefits, for example the War widow's pension, should only be partially counted.

Financial support and benefits

If the person receives financial support for the costs of care, this may affect their benefits. This depends on where the person with dementia receives care.

- If the person is receiving **care at home** and gets funding for homecare fees, this will not impact their eligibility for benefits.
- If the person is receiving **care in a care home**, their benefits may be affected. This will depend on who is paying the care home fees:
 - If the person is a self-funder and is paying for their care costs in full, they can still receive some benefits. This includes Attendance allowance or the Personal independence payments daily living component. These can help towards paying care home fees.
 - If the local authority are contributing towards the care fees, any benefits the person continues to receive will go towards the cost of care. This includes their State pension, or any benefits they claim as an income replacement. In these cases, the person must be left with their Personal expenses allowance (PEA). If someone receives funding help with care home fees, some benefits usually stop being paid after 28 days. An example would be Attendance allowance.

It may help to arrange a full benefits check. Citizens Advice or Age UK can help explain what financial help is available. The person's carer may also find this useful, such as to discuss protecting their pension rights. See 'Other useful organisations' on page 19 for contact details.

For more information on benefits, see factsheet 413, **Benefits for people affected by dementia**.

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The person's finances and property

The local authority should not usually ask for details of a partner's finances. They should only ask about which capital and income belong to the person being assessed and which belong to their partner. Once they know this, the assessment should only take into account the finances of the person who needs care. The only exception to this is where there would be a financial advantage for two people to be assessed as a couple.

If the person has joint bank accounts or other assets held jointly, the assessment can only include the share belonging to them. It will be assumed that the person's share is half (50%) of these joint assets, unless they can show otherwise.

Deprivation of assets

The Care Act 2014 guidance is clear that people should be treated with dignity and respect. They should be able to spend their money as they choose. However, local authorities must not reward people who avoid paying their contribution on purpose.

A person may intentionally get rid of assets, such as property or money, to reduce the amount they need to pay for their care. This is classed as a deliberate deprivation of assets. For example, this may be giving money away to someone else, or transferring ownership of a property into someone else's name.

When deciding whether a deprivation of assets has taken place, the local authority will consider:

- the reasons why the person gave away money or other assets
- whether they had a reasonable expectation of needing care and support at the time
- whether there was an expectation of needing to contribute to the cost of their care.

If the local authority think the person has deliberately reduced their assets, they may still include the value of those assets – as if the person still owned them. If another person has benefitted from the deprivation, they may be made responsible for covering the costs.

Home and property

A person's home may be included in the financial assessment. This depends on where the person with dementia is receiving care.

The value of the person's home is not counted in their financial assessment if they **receive care at home**. It should not be used when deciding their contribution towards the cost of this type of care.

The person may be **living in a care home**, but still own their own home. This may mean that their home is included in the financial assessment.

There are some situations where this is not the case. In these instances, the home will not be taken into account, even when paying for care home costs. This is when one of the following people who lives in the property will continue to live there after the person has moved into a care home:

- a husband, wife, civil partner or partner
- a close relative over the age of 60
- a dependent child
- a relative who is disabled or incapacitated.

The person's house might also be the permanent home of someone who has been caring for them, such as a friend. For as long as the carer is living there, the local authority have discretion to decide whether to include the value of the home in the assessment. This is more likely to apply in cases where the carer has given up their own home to care for the person with dementia.

The value of the person's home should not be taken into account for the first 12 weeks they are living in the care home. This is called the '12-week property disregard'. This may mean that, during this time, the local authority will pay or contribute towards the fees. This grace period can give people time to sell the home, or to speak to the local authority about other options.

If the home is not sold within 12 weeks, the person may be able to enter into a deferred payment agreement (DPA). In this arrangement, the local authority pay the person's care home fees for them. Then, when the person sells their home, they must repay the local authority the cost of the care home fees.

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4 Care home fees

The local authority will have an upper limit (known as ‘standard rate’) that they will pay for a care home. Legally, the local authority must offer at least one care home option that meets the person’s needs. However, they should offer more than one. The person has the right to choose between different homes as long as:

- the accommodation can meet the person’s assessed needs
- it is within the local authority’s standard rate
- the accommodation has a place available and will enter into a contract with the local authority.

It may not be possible to meet the person’s needs while staying within the standard rate. In this case, the local authority must fund the person’s care in a more expensive care home. No one should be asked to pay a top-up fee to cover the extra costs of this home.

Paying top-up fees for a more expensive care home

The person with dementia (or their carer, deputy or attorney) might want to stay in a more expensive care home. However, the local authority may have already offered a care home place within its budget that meets the person’s needs.

In this instance, the local authority may agree to part-fund the person’s place in a more expensive care home. This can happen as long as a third party (such as a relative) agrees to pay the difference. This is often referred to as a ‘top-up’ fee.

Top-up agreements are made with the local authority, who will have a contract with the home. The local authority must ensure that the person paying the top-up is willing and able to pay. This person enters into a written agreement with the local authority. The agreement should explain what will happen should fees change, or the person can’t pay the fees.

If the person stops paying the top-up fee, the local authority may ask the resident to move to a different care home within their budget. This new home must meet the person’s assessed needs.

This move can be disruptive to a person with dementia. For this reason, bear in mind how long you may have to pay the extra amount. Care home costs may also go up over time.

Self-funding

If someone is paying their own care home fees in full, they can agree the financial arrangements directly with the care home.

When making these arrangements, ensure that there is a contract that clearly explains:

- the home's obligations
- the fees
- the services included in the fees
- what may be charged as 'extras'
- how much notice will be given if fees increase.

A person with dementia may lack the mental capacity to make the arrangements with the care home. Their attorney under a Lasting or Enduring power of attorney or their deputy can do that on their behalf. If no one has been appointed, the local authority have a duty to make these arrangements for them. They will still be charged for any care arranged.

Deferred payment agreements (DPAs)

DPAs allow the person to 'defer' paying the costs of a care home if they're not able to sell their home immediately. The local authority loan the money needed to pay the care home fees. Local authorities may also choose to enter into a deferred payment agreement with a person receiving care in supported living accommodation.

A legal charge, which is a written agreement a bit like a mortgage, is placed on the person's property. When the debt is repaid – which is usually after the property is sold – the charge is removed. This may be a temporary arrangement (used as a bridging loan). It could be a long-term arrangement and last until after the person's death. For instance, this can be used if the person's carer needs to continue living there.

All local authorities must offer a DPA scheme. To be eligible, the local authority must agree the person's needs are best met in a care home. They must also have less than £23,250 in capital outside of the value of the home. Local authorities can refuse to take up an agreement with people in certain circumstances. For example, this can happen if the value of their home isn't high enough to cover the loan.

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The local authority usually charge a fee to set up the DPA, and they may also charge interest on the loan.

A DPA is a complicated financial transaction. The local authority should give the person the advice and support they need before taking part in an agreement with them.

MoneyHelper is a website that gives simple advice. This includes information about DPAs and renting. See 'Other useful organisations' on page 19 for contact details.

A person may lack the mental capacity to enter into a DPA. An attorney under a Lasting or Enduring power of attorney or a deputy would need to do that on their behalf. The attorney or deputy would need to be able to show that the DPA was in the person's best interests.

5 Getting advice from the local authority

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The Care Act 2014 gives people the right to ask for clear, written information from their local authority. This should help people with dementia, carers and families to make informed choices about care and support.

For example, someone may ask for advice about paying for care charges. The local authority should signpost them to independent and impartial sources of advice.

A person may lack the mental capacity to engage in the care planning process. They may have nobody to support them. The local authority must then appoint an advocate for them. The advocate can represent the person's wishes and help keep them involved.

If the person refuses to pay care costs

The person's local authority have a legal duty to meet their eligible care needs once those have been assessed.

A person who does not have the mental capacity to decide about paying for their care may refuse to pay their care costs. In this case, the local authority cannot withdraw the service. They should continue to meet the person's needs, while attempting to resolve any dispute. The local authority would need to involve the attorney or deputy if the person has one. If they don't, the local authority may need to apply to become a deputy themselves to access the person's finances.

Sometimes, the person does have mental capacity but refuses to pay. In this case, the local authority still have a duty to meet their needs. This may be necessary if the person would be unsafe without support. The local authority may pursue court action to recover any debt that the person owes.

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Complaints

The person with dementia or their carer may want to complain about a decision to do with the person's care. For example, they may disagree with a funding decision made by the local authority.

The person must first try to resolve the complaint directly. This may be with the local authority, NHS body, care home or care company. They should ask for the organisation's complaints procedure. If it isn't possible to resolve the complaint locally, the person may be able to take it to the relevant ombudsman. See 'Other useful organisations' on page 19 for contact details.

When making a complaint, it's important to have written records of all communication. This can help to show how agreements have been reached and decisions made. This may be between:

- the person with dementia or their attorney or deputy, and
- the local authority, care provider or NHS body.

In some cases, a solicitor may be needed – for example, if the complaint involves discrimination or interpretation of the law. People who qualify for legal aid may get help that is publicly funded. This legal help may be advice and information on complaints to do with charging. For more information visit www.gov.uk/find-legal-advice

Other useful organisations

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Citizens Advice

0800 144 8848 (9am–5pm Monday–Friday)

www.citizensadvice.org.uk

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. Trained advisers offer information on finances in a way that is easy to understand. To find your nearest Citizens Advice, look in the phone book, ask at your local library or look on the website. Local opening times vary.

Disability Rights UK

0330 995 0400 (general enquiries line)

enquiries@disabilityrightsuk.org

www.disabilityrightsuk.org

Disability Rights UK is an organisation of disabled people working for equal participation for all.

GOV.UK

www.gov.uk

GOV.UK is the website for finding information and services from the UK government, including information about paying for care.

Local Government and Social Care Ombudsman

0300 061 0614 (10am–1pm Monday, Tuesday, Thursday, Friday; 1pm–4pm Wednesday)

www.lgo.org.uk

The Local Government and Social Care Ombudsman investigates complaints about social care services in England, for example, complaints about local authority social services.

MoneyHelper

0800 138 7777

www.moneyhelper.org.uk

MoneyHelper is a website that provides free, impartial advice about money choices and pensions.

NHS Help with health costs

www.nhs.uk/nhs-services/help-with-health-costs

The NHS website provides information on how you can get help with health costs, including the different phone numbers you can call.

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Parliamentary and Health Service Ombudsman
0345 015 4033 (9am–4pm Monday–Thursday;
8.30am–12pm Friday)
www.ombudsman.org.uk/

The Parliamentary and Health Service Ombudsman investigates complaints about the NHS in England.

Society of Later Life Advisers (SOLLA)
0333 2020 454
admin@societyoflaterlifeadvisers.co.uk
www.societyoflaterlifeadvisers.co.uk

SOLLA is a not-for-profit organisation which provides information on accredited financial advisers who specialise in later life matters.



Factsheet 532

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Reviewed by: Joe Latimer, Solicitor (Community Care Specialist), Lawstop; Kate Smith, Strategic Manager, Hampshire County Council and Tiffeny James, Research Associate, National Institute for Health and Care Research

This factsheet has also been reviewed by people affected by dementia.

To give feedback on this factsheet, or for a list of sources, please email publications@alzheimers.org.uk

This publication contains information and general advice. It should not be used as a substitute for personalised advice from a qualified professional.

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At Alzheimer's Society we're working towards a world where dementia no longer devastates lives. We do this by giving help to everyone who needs it today, and hope for everyone in the future.

We have more information on **Needing greater support with care.**

For advice and support on this, or any other aspect of dementia, call us on **0333 150 3456** or visit **alzheimers.org.uk**

Thanks to your donations, we're able to be a vital source of support and a powerful force for change for everyone living with dementia. Help us do even more, call **0330 333 0804** or visit **alzheimers.org.uk/donate**



Patient Information Forum



Together we are help & hope
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Alzheimer's Society
43-44 Crutched Friars
London EC3N 2AE

0330 333 0804
enquiries@alzheimers.org.uk
alzheimers.org.uk

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