

Factsheet 10

Paying for permanent residential care

April 2026

About this factsheet

This factsheet has information about the financial help that may be available from the local authority if you need to live permanently in a care home. It also covers arranging and paying for care yourself.

You may find it helpful to read other Age UK factsheets on residential care funding and social care service provision and on free NHS Continuing Healthcare.

The information in this factsheet is correct for the period April 2026 to March 2027, but rules and figures can sometimes change during the year.

The information in this factsheet is applicable in England. If you are in Scotland, Wales or Northern Ireland, contact Age Scotland, Age Cymru or Age NI for more information. Contact details can be found at the back of this factsheet.

Contact details for any organisation mentioned in this factsheet can be found in the *Useful organisations* section.

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1 Recent developments

Local Authority Circular (DHSC) (2026) 2, published in February 2026, increased the income thresholds in the financial assessment in line with inflation. The capital limits remain the same as the previous financial year.

2 Sources and terms used in this factsheet

Care Act 2014, regulations and statutory guidance

This factsheet is based on the *Care Act 2014 ('the Act')*, introduced in April 2015. There are references to the charging regulations and statutory guidance that support the Act, which set out how a local authority must administer adult social care.

These include the *Care and Support (Charging and Assessment of Resources) Regulations 2014 ('the charging regulations')* and the *Care and Support Statutory Guidance ('the guidance')*. Chapter 8 of the guidance covers '*Charging and financial assessment*' and the Annexes include:

- Annex B: Treatment of capital
- Annex C: Treatment of income
- Annex E: Deprivation of assets

Care homes and nursing homes

This factsheet provides information about '*care homes*' and '*nursing homes*'. These are standard terms used by the Care Quality Commission, the industry standards regulator. Nursing homes are care homes where a nurse must be present to provide or supervise medical-type care alongside basic personal care. We use '*care home*' for both types of home in this factsheet, unless discussing something specifically to do with a nursing home.

Local authority

In this factsheet, we use '*local authority*' to refer to the adult social services department of the local authority or council. It is also used to describe similar departments within: a county council, a district council for an area in which there is no county council, a London borough council, or the Common Council of the City of London.

Capital

Capital takes many forms, but it generally refers to money or assets you own that is used to fund part, or all, of the cost of services to meet your assessed needs. It can include property, land, savings, stocks, shares and trusts. It is not regular payments of income like pensions or benefits.

3 How to get help from the local authority

If you need residential care, the local authority may have a duty to arrange it once it has assessed your needs. You are likely to have to pay something towards care home fees from your income and capital. If the local authority is involved in arranging your placement, the amount you pay is worked out via a financial assessment.

See section 17 for information about free care services.

Note

If you have more than £23,250 in capital, the local authority do not contribute towards your fees.

3.1 Assessment of needs

The local authority must first carry out a needs assessment to establish whether your needs meet the eligibility criteria for care and support (*'eligible needs'*). Next, they look at whether residential care is an appropriate way to meet these needs, before deciding if they can help with the cost. If you may have care and support needs, they must assess you, regardless of your financial situation. Eligible needs are those that result in you having difficulty in achieving certain *'outcomes'* relating to daily living, leading to a significant impact on your *'wellbeing'*.

Before recommending a care home, all other options allowing you to stay at home should be considered or tried, if this is what you want. Other accommodation may be suitable, such as warden controlled or extra-care sheltered housing, and you should be told about possible options.

If the local authority is required to meet your assessed needs, they must prepare a care and support plan setting out how your needs will be met. The plan should include your personal budget, which is the amount the local authority calculates as the overall cost of meeting your eligible needs.

If the local authority decide they are not required to meet your needs, it must give you a written record of the decision and their reasons. This may be because you do not have eligible needs, or the financial assessment means you must pay full fees (a *'self-funder'*) and you can arrange care to meet your needs or have support to do this in a safe and appropriate manner. See section 18 if you are a self-funder of your care home place.

The local authority has a duty to provide information and advice, regardless of whether they help arrange or pay for a care home.

See Age UK factsheet 41, *How to get care and support*, for more information about the needs assessment, eligibility criteria, and care and support plan.

4 The financial assessment

The financial assessment is how a local authority calculates your contribution to the overall cost of meeting your eligible needs in a care home, specified in your personal budget. Your income and capital are taken into account, subject to certain disregards, and you must be allowed to keep a Personal Expenses Allowance (see section 10).

A 'sufficient' personal budget and choice

Your care and support plan must include a personal budget if you are going to receive financial support from the local authority. This specifies the overall cost of meeting your needs, how much you must pay based on a financial assessment, and the remaining amount paid by the local authority, usually on a weekly basis.

Your personal budget must be sufficient to meet all your eligible needs. The local authority must show there is at least one suitable care home available at your personal budget level and should offer a choice. Additional payments, known as 'top-ups', must not be requested unless the local authority has shown your personal budget is sufficient to pay for at least one suitable care home option.

The local authority does not pay the total personal budget figure towards the cost of your care. Instead, it pays the difference between the personal budget figure and the amount you are assessed as being able to pay through the financial assessment. See section 11 for examples of how this works in practice.

Only your own resources should be considered

Local authorities cannot generally assess joint resources of couples. They can only look at your own capital and income. This includes income and savings in your sole name. Jointly held savings are divided equally in the financial assessment, unless evidence shows your share is unequal.

Another exception is jointly owned property, where your actual share or beneficial interest must be taken into account.

'Light touch' financial assessment

The local authority can, with your permission, carry out a 'light touch' financial assessment. For example, if you have significant financial resources and it is clear you will not qualify for financial support.

A written record of the financial assessment

You must be given a written record of the financial assessment, explaining how it was carried out, what the charges will be, how often they are made, and the likelihood of fluctuations in charges. It should be provided in a way you can easily understand, as early as possible.

5 Your income

Your income can be included in your financial assessment. It is usually looked at on a weekly basis and taken into account in full, unless it is fully or partly disregarded. Your income is calculated on the basis that benefits such as Pension Credit are being claimed, so make sure you have applied for any possible benefits. If your weekly eligible income exceeds your personal budget, you are a self-funder.

Income disregarded from the financial assessment

Examples of disregards include:

- Disability Living Allowance or Personal Independence Payment mobility components (although not care or daily living components)
- War Widows' and Widowers' special payments
- regular charitable and voluntary payments (e.g. by a relative)
- Guardian's Allowance
- personal injury trust payments
- awards of certain damages
- discretionary payments made to people infected with hepatitis C by contaminated blood products
- any earnings
- War Pension Scheme payments paid to injured veterans with the exception of any allowance for constant attendance allowance which is awarded in cases of significant disability.

Income that is partly disregarded

Types of income that are partly disregarded include:

- £10 a week of War Widow's, War Widower's, War Disablement Pension paid to non-veterans
- 50 per cent of your private/occupational pension or retirement annuity that is paid to your spouse or civil partner and they do not live in the same care home
- if you receive, or your income is too high for, Pension Credit Savings Credit, up to a maximum of £7.30 a week or £11.00 for a couple

Notional income

Notional income is income you are treated as having even though you do not actually receive it. For example, this can be income that is available on application like the State Pension but you have not yet applied for it, or you have applied for only some of it, or income due but has not been received, or income you have deliberately deprived yourself of to reduce the amount you must pay for your care (see section 8).

6 Your savings and other types of capital

Most forms of capital are included in the financial assessment, including savings, bank or building society accounts, National Savings accounts, Premium Bonds, stocks and shares, and property (buildings or land).

For more about how property is valued and deferred payment agreements, see Age UK factsheet 38, *Property and paying for residential care*.

6.1 General points about treatment of capital

Valuation of capital

If your capital is valued at more than £23,250, no precise valuation is needed because you are expected to pay full fees yourself. Capital either has a '*market*' value – the amount a willing buyer would pay (e.g. stocks and shares), or a '*surrender*' value (e.g. Premium Bonds).

Any outstanding debt secured against an asset, such as a mortgage, is deducted from the value. If you would incur expenses in realising the value of an asset by selling it, 10 per cent is deducted from the capital value for the purposes of the financial assessment.

If you have more than £23,250

You must pay full care home fees (self-fund) until your capital reduces to the upper capital limit, £23,250, at which point a local authority may have to start to assist you with funding. It is a good idea to contact the local authority a few months in advance of this happening, to ensure they can carry out the needs and financial assessments in good time.

If you have between £14,250 and £23,250

Capital between £14,250 and £23,250 is assessed as if you have an assumed (or '*tariff*') income. For every £250 or part of £250 above £14,250, you are treated as if you have an extra £1 a week income.

Example

If you have capital of £14,750 you are treated as having £2 a week tariff income (two lots of £250). Ask for a review when your capital drops down to the next £250 band (£14,500) as this means the tariff income reduces to £1 a week.

If you have below £14,250

You cannot have any assumed income from capital under £14,250 included in the financial assessment. Effectively, it is completely disregarded in the financial assessment.

Disregarded capital

Certain capital is partly or fully disregarded. This includes the potential surrender value of life insurance policies or annuities. Certain types of investment bond with life assurance elements are disregarded.

If you are unsure whether a bond has a life assurance element, ask the company that issued the bond or your financial adviser. Age UK cannot advise on particular financial products.

Funds held in trust or administered by a court which derive from personal injury payments, including compensation for vaccine damage and criminal injuries are disregarded permanently. Personal injury payments not in a trust are disregarded for 52 weeks.

Ex-gratia payments made to Far East Prisoners of War on or after 1 February 2001 are disregarded. Payments made to people who caught hepatitis C due to contaminated blood products are disregarded, as are payments related to Creutzfeldt-Jakob disease.

Treatment of money held in trust depends on your rights to demand the trust money be paid to you. The rules are complicated so seek advice from the trust provider.

Property disregards

Your share in the value of your former home can be disregarded, for example, if your partner still lives there or, in certain circumstances, a relative. If your home is included in the financial assessment, its value is disregarded for the first 12 weeks of a permanent care home placement. This is to give you time to make a decision about your property in relation to paying care fees. For example, you might enter into a deferred payment agreement with the local authority.

Note

The value of personal possessions is disregarded, provided they were not bought with the intention of avoiding care charges.

Jointly held capital

If you jointly own capital (e.g. savings) with other people, you and other owners are treated as having equal interests in it, unless evidence shows your share is unequal. It is usually advisable to divide joint accounts, so each person holds their money separately, to ensure it is accurately taken into account when paying fees.

An exception is jointly owned property. The value must be calculated in terms of the present sale value of your beneficial interest. This is the part you own that could be sold to a willing buyer with the proceeds of sale going to you. See Age UK factsheet 38, *Property and paying for residential care*, for more information.

Capital treated as income

Some capital assets are treated as income (see section 5). This includes payments made through an annuity, earnings not paid as income, and pre-arranged third party payments to pay for residential care, but not voluntary payments to remove arrears.

Where an agreement or court order provides that periodic payments are to be made to a care home resident because of a personal injury, any non-income periodical payments are treated as income.

Notional capital

This is capital that is included in the financial assessment, even though you do not have it. For example, it could be funds available on request, such as an unclaimed Premium Bond win, or capital you disposed of to avoid using it to pay for care home fees (called '*deliberate deprivation*' – see section 8).

If you are assessed as having notional capital, its value must be reduced on a weekly basis by the difference between the weekly rate you pay for residential care and the weekly rate you would have paid if notional capital did not apply.

6.2 Business asset short-term disregards

If you are a permanent resident, the local authority should disregard the capital value of any business assets you own or part own for a reasonable period of time, providing steps are being taken to realise the capital value and specified information is provided.

The local authority should obtain information about:

- the nature of the business asset
- the estimated length of time necessary to realise the asset
- your share of the assets
- a statement of what, if any, steps have been taken to realise the assets, what these steps were and what is intended in the near future, and
- any other relevant evidence, for example your health, receivership, liquidation or an estate agent's confirmation of placing any property on the market.

If no immediate intention to realise the capital value in the business assets is demonstrated, the local authority can take the asset value fully into account in the financial assessment immediately.

7 Care charges debt

If the amount you are charged for your care and support is not paid, you may find yourself in debt to the local authority. This may be because you have not paid charges for some reason, or a delay in the completion of the financial assessment resulting in backdated charges.

The local authority has the power to recover sums due to it as a debt. If the local authority say you have debts owing to them, it is important to act as soon as possible. It is not advisable to ignore demands, as failure to deal with a debt can have serious consequences, such as debt enforcement through the County Court.

The local authority must act reasonably and seek to discuss any debts with you or your representative. The local authority should ensure that debt repayments are affordable for you. They should not instigate debt enforcement through the County Court unless and until all reasonable avenues have been exhausted.

You should consider getting specialist debt advice. Age UK factsheet 75, *Dealing with debt*, has information about dealing with debts and the details of organisations offering specialist debt advice.

For more information on the powers of a local authority to recover debts, see section 8 of Age UK factsheet 40, *Deprivation of assets in social care*.

8 Deliberate deprivation of assets

Deliberate deprivation is when capital or income is given away, disposed of, or not claimed, with the intention of reducing the amount you must pay towards your care home fees.

If this happens, the local authority has the power to treat you as though you still possess the assets you have given away as '*notional*' capital or income in the financial assessment.

A local authority must use its discretion when assessing the timing and motives for the transfer of eligible assets prior to a financial assessment.

To be held to have deprived yourself of assets, they must show that you must have known you may need care and support and have intentionally reduced your assets to reduce your potential financial contribution.

If you pay off a debt that would otherwise remain, even if not immediately due, this must not be considered as deprivation.

The local authority must take into account that assets can be disposed of, or used, for justifiable reasons. They must genuinely consider all the circumstances in question and be able to explain their decision.

For more information see Age UK factsheet 40, *Deprivation of assets in social care*.

9 Social security and disability benefits

The local authority expects you to claim all social security benefits you are entitled to when you go to live permanently in a care home. They can include them in the calculation of your financial assessment, whether you claim them or not. If you already claim a social security benefit, the local authority may ask to see details. It may ask you for permission to request information from the Department for Work and Pensions (DWP).

9.1 Pension Credit

Pension Credit has two parts:

- Guarantee Credit and
- Savings Credit.

It is means tested and entitlement is based on income and capital. You must reach State Pension age to claim. Capital up to £10,000 is disregarded. You are treated as having '*tariff*' income of £1 a week for every £500, or part of £500, above £10,000. There is no upper capital limit. Eligibility for Pension Credit is worked out by adding up your income, including any tariff income. Most forms of income are taken into account as '*qualifying income*'.

If you are a member of a couple and one of you moves permanently into a care home, each of you are treated as single for Pension Credit. If you are a member of a couple and you enter a care home on a temporary basis for respite or a trial period, you remain treated as a couple.

For more information, see Age UK factsheet 39, *Paying for care in a care home if you have a partner*, and factsheet 48, *Pension Credit*.

9.1.1 Guarantee Credit

Guarantee Credit tops up your income to a level called the '*appropriate minimum guarantee*'. The appropriate minimum guarantee is £238.00 a week for a single person and £363.25 a week for a couple.

The amount of Guarantee Credit paid is the difference between your assessed income (less any disregarded amounts) and the appropriate minimum guarantee.

9.1.2 Savings Credit

Savings Credit is abolished for people reaching State Pension age on or after 6 April 2016. If you are a couple, you can get Savings Credit if both of you reached State Pension age before 6 April 2016. If only one of you did, you cannot claim unless you or your partner had an existing award from before 6 April 2016 and have remained entitled since.

You may be entitled to Savings Credit if your qualifying income is above a threshold. The current weekly threshold amounts are £208.07 for a single person and £329.75 for a couple.

9.1.3 Pension Credit and property

Your share in the value of your property is disregarded in certain circumstances if, for example, your partner still lives there. This also applies if a close relative lives there and they are State Pension age or incapacitated.

If this disregard does not apply, the property value can be disregarded when calculating Pension Credit for up to 26 weeks (or longer '*if reasonable*'), provided the Pension Service is satisfied you are taking '*reasonable steps*' to sell it. For more information see Age UK factsheet 38, *Property and paying for residential care*.

Note

The local authority expects you to claim Pension Credit if you are entitled to it. If you do not claim, they can treat you as though you are in receipt of the unclaimed PC award as '*notional income*'.

9.2 Disability benefits

Attendance Allowance (AA), Disability Living Allowance (DLA) and Personal Independence Payment (PIP) can be paid if you have care or mobility needs. AA can be claimed if you have reached State Pension age, but it does not have a mobility component.

If you claim DLA or PIP before reaching State Pension age, you can continue to receive it after reaching State Pension age, even if your award includes a mobility element.

Local authority funding and self-funding

If you receive local authority financial support for your care home, DLA and PIP mobility components are fully disregarded in the financial assessment. Your entitlement is unaffected. However, an exception to this rule can apply if the local authority funds a nursing home, see below.

AA, DLA care component and PIP daily living component are taken into account as income in the financial assessment. Payment of these benefits stops 28 days after local authority financial support begins, or sooner if linked to a recent stay in hospital or state-funded care home. If you spend days at home away from the care home, you can be paid the daily rate for these benefits.

If you pay the full cost of your fees ('*self-funding*'), you can continue to be paid AA or care and daily living and mobility components of DLA or PIP. You are also treated as a self-funder if you receive local authority support via a deferred payment agreement.

If you lose payment of disability benefit during the local authority 12-week property disregard, it can be reinstated at the end of the 12-week period when you become a self-funder.

NHS funding

If you receive NHS Continuing Healthcare (NHS CHC) in a residential care home, payments of AA, DLA care component and PIP daily living component stop after 28 days, or sooner if linked to a recent stay in hospital or state-funded care home. The mobility components of DLA and PIP are unaffected.

If you receive NHS CHC in a nursing home, payments of AA, DLA care component and PIP daily living component stop after 28 days, or sooner as above. However, you may be treated as being in a 'similar institution' to a hospital. This means your benefits are affected in the same way as for hospital in-patients, so AA and both components of DLA and PIP stop after 28 days. These rules should only apply if you receive medical or other treatment from, or under the direct supervision of, the nurses or other health professionals at the nursing home. This can also apply if you receive local authority funding towards a nursing home placement.

Disability benefits and Pension Credit for self-funders

If you receive AA, DLA middle or high-rate care component, or PIP daily living component, an extra amount (severe disability addition) can be included in the calculation for PC Guarantee Credit entitlement.

As a self-funder, including where you enter into a deferred payment agreement, you can continue to be paid AA or the care/daily living elements of DLA and PIP, meaning you can get this extra amount in your PC if you are entitled. This applies as long as no one is paid Carer's Allowance for looking after you.

Your income and capital are taken into account when working out whether you are entitled to PC. Your share in the value of property is disregarded in certain circumstances, for example, your partner lives there. This also applies if a close relative lives there and they are State Pension age or incapacitated. If this does not apply, your property is disregarded for PC for 26 weeks if you are taking steps to sell it (note, this disregard does not apply to the social care financial assessment).

It is particularly important to check your entitlement to PC if you enter a deferred payment agreement, as this may reduce the amount that is ultimately repaid to the local authority at the end of the agreement. For more information, see Age UK factsheet 48, *Pension Credit*.

Introduction of Personal Independence Payment

DLA is being replaced by PIP. New adult claimants must apply for PIP. If you currently receive DLA, this continues but if your circumstances change, you are invited to claim PIP. All working age DLA recipients are being assessed for PIP over the next few years. If you currently receive DLA and were 65 or over on 8 April 2013, you will not move to PIP.

See Age UK factsheet 87, *Personal Independence Payment and Disability Living Allowance*, for more information.

10 Personal Expenses Allowance

The local authority must let you to keep a Personal Expenses Allowance (PEA) of at least £31.80 a week. You should not be asked to put your PEA towards the cost of meeting your needs if you are a permanent or temporary care home resident. It is for your own personal use.

The local authority has a discretionary power to increase your PEA. The guidance has illustrative examples to assist local authorities in the use of this discretion. One relates to where your property is disregarded in the financial assessment and you have ongoing housing costs. For further information, see section 7 of Age UK factsheet 39, *Paying for care in a care home if you have a partner*.

11 The financial assessment calculation

Once a local authority has all the information about your income and capital, it calculates how much you should pay towards the cost of your care, ensuring you are left with a PEA of at least £31.80 a week. They must give you written information setting out how it calculated the amount you should pay, including the level of your personal budget.

The following examples show what your contribution might be.

Example 1

You are 83, single and live in a rented flat. You have capital of £5,000 and your weekly income is State Pension of £125.95 and PC Guarantee Credit of £112.05, to give an assessable amount of £238.00 a week.

The local authority arranges for you to move permanently into a care home. Your personal budget is set at £700 a week to meet your assessed eligible care and support needs. The home costs £700 a week.

Your capital is ignored by the local authority because it is less than £14,250.

The local authority calculation	£
Your total weekly income (£125.95 plus £112.05)	238.00
Less PEA	31.80
Your weekly contribution to personal budget	206.20
Local authority's contribution to personal budget	493.80
Cost of the home	700.00

Example 2

You are married, aged 82, with a State Pension of £125.95 a week and a private pension of £200 a week. Your wife stays living in the flat you jointly own. You have a savings account in your name of £10,400 and a joint account of £8,000. Your personal budget is set at £650 a week and the local authority arranges a permanent place in a care home costing £650 a week. The value of your flat is ignored as your wife lives there. Half your private pension is ignored as you pay half to your wife.

Your savings of £10,400, together with half of the balance of the joint account, £4,000, are included in the calculation. Your total capital is assessed as £14,400, so you have a tariff income of £1 a week. Your State Pension and the other half of your private pension are included.

Your weekly income means you do not qualify for Pension Credit Guarantee Credit or Savings Credit. The local authority must disregard £7.30 a week of income, and allow you to retain a PEA of £31.80.

The local authority calculation	£
State Pension	125.95
50% private pension	100.00
Tariff income from capital	1.00
Your total weekly income	226.95
Less Personal Expenses Allowance (PEA)	31.80
Less Pension Credit disregard of qualifying income	7.30
Your weekly contribution to personal budget	187.85
Local authority's contribution to personal budget	462.15
Cost of the home	650.00

12 Financial assessment review

The local authority should ensure your financial assessment is regularly reviewed, to take into account any changes to your income or capital. This should be on an annual basis at least. There should also be a review if your circumstances change or if you request a review. If your income or capital changes, for example you inherit money, you must inform the local authority as soon as possible. This helps ensure your care charges are accurately based on your current circumstances.

13 Choice of accommodation and top-up

The local authority assessment and care planning process determines the type of accommodation best suited to meet your needs. The local authority has a duty to provide suitable residential care at your personal budget level, with at least one choice available where the fees can be met entirely out of your personal budget.

You have a right to choose your particular provider or location, subject to certain conditions. That choice must not be limited to settings or care home providers the local authority already contracts with or operates, and it does not have to be within the local area. As well as any area in England, arrangements can be made for placements in Scotland, Wales and Northern Ireland.

You have the right to choose between different providers of that type of accommodation provided that:

- the home is of the same type as specified in your care and support plan
- the home is suitable for your assessed needs
- the home is available, and
- the home is willing enter into a contract with the local authority on the local authority's terms and conditions.

If your preferred option costs more than the amount in your personal budget, the local authority can request a top-up as a condition of arranging the placement, see section 13.1. For more information about choice of accommodation, see Age UK factsheet 29, *Finding, choosing and funding a care home*.

13.1 Third party top-ups

If your preferred accommodation costs more than the local authority specify in your personal budget, it must still make arrangements for you in that home as long as someone else (and sometimes yourself) can make up the difference between that amount and the care home fee. This is a third party contribution or an '*additional payment*' or '*top-up*'.

The local authority must demonstrate that care and support suitable to meet your assessed eligible needs can be arranged within the amount specified in your personal budget. It must show there is at least one suitable care home at your personal budget level.

If no care home can meet your assessed eligible needs within the amount set by the local authority, it must increase your personal budget to meet the extra cost and must not request a top-up.

The local authority cannot set an arbitrary ceiling on the amount they pay such that you are required to have a top-up in order to meet the cost of the care home. Your personal budget must reflect the cost of meeting your individual eligible needs.

For example, you may have specific religious or dietary needs, or a particular need to be near relatives or friends to maintain your wellbeing. Your assessment must consider all your needs and the local authority must be adequately flexible in how it responds to ensure they are met.

If you choose a care home costing more than your personal budget and a third party agrees to pay the additional cost, the local authority must make a contract with your preferred home, subject to these conditions.

The third party must show they can reasonably expect to be able to contribute for as long as the arrangement lasts – i.e. the length of time you will be in the home. The third party and the local authority must agree what will happen if the home's fees subsequently increase. The local authority may not necessarily agree to pay for all, or even part, of an increase.

If third party additional payments cannot be continued, you may have to move to another less expensive home. The local authority should carry out an assessment of the effect on your wellbeing and any risks involved before taking this course of action.

Additional payments and choice of accommodation also apply if you are placed for '*after care*' under section 117 of the *Mental Health Act 1983*.

Note, any agreement to pay a '*top-up*' is made with the local authority, not the care home. If the care home requests payment of a '*top-up*', raise this with the local authority immediately.

Residents' contributions to more expensive accommodation

You cannot usually top-up your own fees to meet additional costs of more expensive accommodation, for example using your Personal Expenses Allowance or disregarded capital or income. However, if your property is subject to the 12-week disregard, or you have a '*deferred payment agreement*' or receive accommodation under section 117 for mental health aftercare, you can make additional payments yourself. The local authority must be satisfied you are able to make the payments.

You can meet the top-up from disregarded income or capital, or you may be able to add the top-up to your deferred payment agreement.

Personal Expenses Allowance

Your personal budget should cover the cost of the care and accommodation needed to meet your eligible needs but may not cover additional things like clothing or hairdressing. You can use your PEA to cover these costs, or anything else genuinely additional to the local authority contracted services or assessed as necessary by the NHS.

However, how you use your PEA is entirely your choice. The guidance states '*This money is for the person to spend as they wish and any pressure from a local authority or provider to do otherwise is not permitted*'.

14 Arrangements for paying care home fees

Where a local authority arranges a care home placement, it is responsible for contracting with the provider. They guarantee payment of the full fee, including any 'top-up', as part of their legal duty to ensure your eligible needs are met under the *Act*. The local authority generally pays the full fee and then collects the amount from you that has been assessed as your contribution towards your personal budget.

If a 'top-up' is required, this can be paid directly to the care home, with the local authority paying the remainder of the fees. The guidance states this is not recommended. The local authority should only allow for the top-up to be paid in this way if you, the care home and the third party paying the top-up (in a case where you are not the top-up payer) agree.

15 Financial assessment delays

The financial assessment should be completed promptly. You can challenge the local authority if there are delays. The Local Government and Social Care Ombudsman state they generally expect a financial assessment to be done within four weeks of a needs assessment.

Ask the local authority to explain what is causing the delay and what steps are being taken to ensure the assessment is completed as soon as possible. If this does not resolve the situation, you can raise a formal complaint (see section 21).

The local authority may expect you to pay backdated care charges that have accrued during the period of delay. If you believe this is unreasonable, you can complain.

If your complaint reaches the Ombudsman, they may say the local authority can expect you to pay backdated charges, even where the authority are at fault for delaying the financial assessment. However, they will consider, for example, whether the local authority made you aware of possible charges before making care arrangements for you. You should not be expected to pay backdated charges in one go. Any repayments should be affordable for you.

16 NHS and other care services in care homes

The NHS is responsible for providing community health services to you in your care home on the same basis as if you are in your own home, for example district nursing and continence services. They should meet the cost of any continence supplies (such as continence pads) you are assessed as requiring.

You can receive services such as physiotherapy, speech and language therapy, occupational therapy, and chiropody. Your GP should visit you if needed. Where services are provided by the NHS, they are free of charge, with limited exceptions.

The NHS covers the cost of health-related equipment given to you that is not standard provision within the home, if you are assessed as needing it. Your Integrated Care Board should have its own criteria for the type of help it provides, based on guidance. These criteria should be published and available locally.

The local authority can provide other personal social care services to you in a care home based on your assessed eligible needs. This includes short-term rehabilitation (called '*bed-based intermediate care*'), or the provision of bespoke disability equipment such as specialist seating - beyond what a care home has a duty to provide as a registered service provider.

This is based on the local authority's duty to meet your eligible needs in full. Local authority-provided equipment to meet eligible needs must be provided free of charge. For information, see Age UK factsheet 44, *NHS services*, and factsheet 42, *Disability equipment and home adaptations*.

17 Free care services

This section sets out when a financial assessment for care costs does not apply and the services are provided for free.

17.1 NHS Continuing Healthcare

In certain circumstances, the NHS is responsible for meeting the full cost of your care in a care home. This is called NHS Continuing Healthcare (NHS CHC). To be eligible, you must be assessed and found to have a '*primary health need*'.

The NHS arranges and meets the full cost of your care. Unlike social care, you are not required to make a financially assessed contribution, as the services are provided for free.

The professionals involved in your care, for example GP, nursing staff or social worker, must consider whether you may be eligible and refer you for an assessment where appropriate. The local authority should not undertake a financial assessment until it has considered whether you should be referred for an NHS CHC assessment.

Note

If you think your possible need for NHS Continuing Healthcare has not been addressed but should have been, ask the local NHS Integrated Care Board (ICB) for an assessment.

For more information see Age UK factsheet 20, *NHS Continuing Healthcare and NHS-funded nursing care*.

17.2 Short-term rehabilitation in a care home

You may be eligible for short-term rehabilitation in a care home provided by the local authority ('*bed-based intermediate care*'). It must be provided free of charge for up to six weeks. After this, you can be charged in the same way as other local authority services.

It is often provided to prevent hospital admission or after discharge from hospital if a rehabilitation potential is identified. The purpose of this service is to enable you to maintain or regain the ability to live independently in your own home. There should be an initial agreed rehabilitation plan and reviews throughout to gauge progress, and an agreed future action plan at the end.

It does not normally last longer than six weeks but can be extended if there is evidence that further progress can be made. At the end of the period, you may qualify for fully funded NHS Continuing Healthcare or require paid-for social care services. For more information, see Age UK factsheet 76, *Intermediate care and reablement*.

17.3 NHS-funded nursing care payments

NHS-funded nursing care (NHS FNC) is a payment provided to support the provision of nursing care in a nursing home. This can be provided to self-funders as well as those receiving local authority financial support. The NHS makes payments directly to your nursing home. The weekly rate for 2026/27 is £267.68.

Nursing care is care given by a registered nurse in providing, planning, or supervising your care. It does not include time spent by other staff involved in general personal care. Responsibility for NHS FNC lies with your Integrated Care Board (ICB). If you move to a different ICB area, you become the responsibility of that ICB when you register with a GP.

If you make private arrangements as a self-funder, the care home must clearly set out the fees they intend to charge and what services they cover, before you move in. This should include an explanation of how NHS FNC relates to the fees you are charged. For more information, see Age UK factsheet 29, *Finding, choosing and funding a care home*.

17.4 Mental health 'after-care' services – section 117

If you have been detained in hospital for treatment under section 3 or the criminal provisions of the *Mental Health Act 1983*, your residential care may be provided as an 'after-care' service under Section 117. Local authorities cannot charge for after-care provided under Section 117.

This places a joint duty on health and local authorities to provide after-care services. Section 75(5) of the *Care Act 2014* states its purpose is to meet mental health-related needs and to reduce '*the risk of a deterioration of the person's mental condition...requiring admission to a hospital again for treatment for mental disorder.*'

Choice of accommodation

People who receive mental health after-care have broadly the same rights to choose accommodation as someone receiving care and support under the *Care Act 2014*, although there are no restrictions upon when the resident can top-up themselves.

After-care and dementia

In *R v Richmond LBC and others, ex parte Watson and others [1999] 2 CCLR 402*, it was held that after-care provision under Section 117 does not have to continue indefinitely but it must continue until the health body and the local authority are satisfied the individual no longer needs such services. The judge felt it was difficult to see how such a situation could arise where the illness is dementia.

In *Complaint number 06/B/16774 against Bath and NE Somerset Council, 2007*, the Local Government Ombudsman found maladministration when a local authority sought to discharge a person with dementia from a section 117 care home placement because they had 'settled'. It was stated that:

Whether or not a person is 'settled in a nursing or residential home' is an irrelevant consideration. The key question must be, would removal of this person (settled or not) from this nursing or residential home mean that she is at risk of readmission to hospital? If the answer is yes then the person cannot be discharged from aftercare.

18 Arranging and paying for your care yourself

You are free to find a place in a care home yourself if you can make your own arrangements and pay the fees.

After a local authority needs assessment, the financial assessment may find you must pay the whole amount of your care home fees. This is called 'self-funding'. If you have support and assistance or can manage alone, you can be expected to arrange this yourself. Otherwise, the local authority must assist you to ensure your needs are met, see section 3.1.

The care home must provide you with a written copy of the terms and conditions of the service before your placement begins, in line with Care Quality Commission (CQC) standards.

It must also comply with Competition and Markets Authority guidance, which says the contract must not place you at unfair disadvantage. See Age UK factsheet 29, *Finding, choosing and funding a care home*, for more information.

If your funds run down to the upper capital limit

If you are a self-funder in a care home and your capital drops towards the upper capital limit (£23,250), ask the local authority for a needs assessment to see if you are now eligible for funding assistance. This may take time to arrange, so it is worth asking a few months before your capital reduces to £23,250. They should not tell you to wait until your capital reaches this point.

The local authority must undertake the needs assessment and financial assessment as soon as reasonably possible, taking into account the urgency of your needs. Once aware of your situation, they should seek to ensure you are not forced to use up your capital as a result of delay. If this happens, you can complain, which can include a request for financial compensation.

If the home in which you have been self-funding costs more than the local authority is prepared to pay, this can cause difficulties if you apply for local authority assistance. They may request payment of a top-up to make up the difference. If no one is willing and able to do this, they may conclude you need to move to a cheaper care home.

If this is recommended, ask the local authority to carry out an assessment of all your needs including your physical or psychological wellbeing, and your social and cultural needs. They should look at the risk to your physical and mental wellbeing of moving you.

If your existing care home is found to be the only one that can meet your assessed eligible needs, the cost must be covered by your personal budget and a top-up cannot be requested. The guidance states local authorities '*should not have arbitrary ceilings*' to their personal budgets.

Deferred payment agreement

If you are unable to sell your home or wish to delay doing so, you may be able to access a deferred payment agreement from the local authority.

For more information, see Age UK factsheet 38, *Property and paying for residential care*.

If you move areas for care home accommodation

If you move into a care home as a self-funder in a different local authority area from where you lived before, the local authority in the area you now live is usually responsible for assisting you if you may become entitled to support with funding.

Benefits entitlement

You may have entitlement to payment of AA, DLA or PIP if you self-fund your care home. See section 9.2 for more information. Depending on capital and income, you may be able to claim Pension Credit.

19 The local authority information and advice duty

The local authority has a duty to provide an information and advice service relating to care and support. This must include the following:

- the local care and support system and how it operates
- the choice of types of care and support
- the choice of providers available to you
- how to access the care and support that is available
- how to access independent financial advice relevant to meeting your needs for care and support, and
- how to raise concerns about your safety or wellbeing.

'Independent financial advice' is financial advice provided by a qualified person who is independent of the local authority in question. All financial advisors should be registered with the Financial Conduct Authority. Financial advice is a paid for service. See Age UK factsheet 43, *Getting legal and financial advice*, for more information about financial advisers.

20 People who can act on your behalf

Independent advocacy

If you have substantial difficulty being involved with the care and support process and have no appropriate person, such as a family member, to assist you, the local authority must provide an independent advocate to support and represent you. A person should not be considered appropriate if you do not want them to be your advocate. The duty applies where you experience substantial difficulty in doing one or more of the following:

- understanding relevant information
- retaining that information
- using or weighing that information as part of the process of being involved
- communicating your views, wishes or feelings.

Mental capacity – advocates and attorneys

While you are still able to make decisions and express your views, you should think how you want your affairs dealt with if you lose mental capacity in the future. You can create a Lasting Power of Attorney (LPA), which grants legal authority to an attorney or attorneys to make decisions on your behalf if you lose mental capacity.

There is an LPA for financial decisions as well as for health and care. If you lose mental capacity without an LPA in place, an application can be made for a deputyship with the Court of Protection.

In certain circumstances the local authority must appoint an Independent Mental Capacity Advocate (IMCA) to support and represent you if you lack the mental capacity to make a decision, for example about moving into a care home, and have no one to support you other than paid staff.

All actions and decisions taken on your behalf must be made in your *'best interests'* in line with the *Mental Capacity Act 2005*. Contact the Office of the Public Guardian if you have any concerns about the actions of an LPA or deputy. For more information, see Age UK factsheet 22, *Arranging for someone to make decisions on your behalf*.

Appointees for benefits

If you lack mental capacity to manage your social security benefits, the DWP can appoint someone else to make claims and receive benefits on your behalf. An appointee is usually a close friend or relative who visits you regularly. The local authority can act as your appointee. As a last resort, the care home manager or owner can act as appointee.

You and a prospective appointee are interviewed before any appointment is made. An appointee's powers only extend to the management of social security benefits.

21 Complaints and safeguarding from abuse and neglect

If you are not satisfied with any aspect of the service you receive from the local authority or want to challenge a decision they have made, you can complain. For example, you may do this where you believe the local authority has included income or capital in the financial assessment that should be disregarded, or where it has delayed carrying out the financial assessment, leaving you uncertain how much you will be charged for your care home placement.

Some issues might be dealt with informally, but if not, you can make a formal complaint to the authority. If you are not satisfied with the local authority's response to your complaint, you can complain to the Local Government and Social Care Ombudsman (LGSCO), which is independent of the local authority.

If your care home placement has been arranged by the local authority, complain using the local authority complaints procedure, as they retain responsibility for your care.

If you have arranged and funded your placement independently, you can complain to the LGSCO if you have not been able to resolve the issue through the care home's complaints procedure.

You can inform the Care Quality Commission (CQC) about any concerns you have. The CQC regulate care homes and access how local authorities meet their duties under the *Care Act 2014*. They do not have duties towards dealing with individual complaints. However, they have extensive powers and must respond appropriately.

See Age UK factsheet 59, *How to resolve problems and complain about social care*, for more information.

Abuse and neglect

If you have a concern about abuse or neglect, you should raise this with the local authority, which has safeguarding duties. It has a duty to investigate safeguarding concerns and this applies irrespective of how your care is arranged and funded.

It does not matter whether the local authority actually provides services or support to the person concerned or whether the person's needs meet the eligibility criteria for social care services.

If the local authority suspects they are experiencing, or at risk of experiencing, abuse or neglect and cannot protect themselves because they have health or social care needs, there is a duty to carry out a safeguarding enquiry. Following the enquiry, the local authority must decide whether it needs to take action to protect the adult concerned.

See Age UK factsheet 78, *Safeguarding older people from abuse and neglect*, for more information.

Useful organisations

Care Quality Commission

www.cqc.org.uk

Telephone 03000 616 161

Independent regulator of adult health and social care services in England, covering NHS, local authorities, private companies or voluntary organisations and people detained under the *Mental Health Act*. They assess how local authorities meet their duties under the Care Act 2014.

Care Rights UK

www.carerightsuk.org

Telephone 020 7359 8136

Advice and support to older people in care homes, relatives and friends.

Carers UK

www.carersuk.org

Telephone 0808 808 7777

Provides information and support for carers, including information about benefits.

Citizens Advice

www.citizensadvice.org.uk

Telephone 0800 144 8848 (England)

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

Equality Advisory and Support Service

www.equalityadvisoryservice.com

Telephone helpline 0808 800 0082 Mon-Fri 9am-7pm, Sat 10am-2pm

Helpline provides information and advice about the *Equality Act 2010* and human rights.

Local Government and Social Care Ombudsman

www.lgo.org.uk/

Telephone 0300 061 0614

Provides free, independent, service for complaints about local authorities and about social care service providers for self-funders.

Office of the Public Guardian

www.gov.uk/government/organisations/office-of-the-public-guardian

Telephone 0300 456 0300

Registers attorneys and deputies for people lacking mental capacity. Deals with complaints and concerns about attorneys and deputies.

Age UK

Age UK provides advice and information for people in later life through our Age UK Advice line, publications and online. Call Age UK Advice to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

Age UK Advice

www.ageuk.org.uk

0800 169 65 65

Lines are open seven days a week from 8.00am to 7.00pm

In Wales contact

Age Cymru Advice

www.agecymru.wales

0300 303 4498

In Northern Ireland contact

Age NI

www.ageni.org

0808 808 7575

In Scotland contact

Age Scotland

www.agescotland.org.uk

0800 124 4222

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