Local Authority Funding
– in a care home

Current legislation

If someone needs to move into a care home what Government support can they expect? If an individual has capital over the upper threshold level they will not qualify for financial assistance from the Local Authority until such a time as their capital falls below the stated amount. Financial thresholds vary from country to country:

England	upper £23,250	lower £14,250
Scotland	upper £26,000	lower £16,000
Wales	upper £24,000	lower £24,000
Northern Ireland	upper £23,250	lower £14,250

Unfortunately, in the meantime, private care fees will have to be met from existing capital and income.

Most savings and assets are included in the means test, but some confusion has surrounded the subject of whether or not a person's home is included. To help clarify the situation, a person's home is not included in the means test if:

- the spouse or partner still resides at the home.
- a relative aged 60 or over lives at the house.
- a disabled relative lives at the house.
- a dependent child under 18 lives at the house.
- the person is in the first twelve weeks of needing permanent care.
- the care is being provided on a temporary basis.

The 12-week Property Disregard

As mentioned above, a person's property is excluded from the means test for the first twelve weeks following admission to a care home and once a permanent contract is established. This means that if their remaining capital falls inside the current threshold then the Local Authority should assist with the payment of the care fees.

It is worth noting that they will in most cases only pay up to their published limits, which could leave a person with a deficit and what is known as a 'top up' situation. It will be up to the individual themselves to cover any difference in actual care fees and the Local Authority contribution during this 12-week period and after this period the difference may only be met by a third-party such as a relative or friend.

The money paid out by the Local Authority during the first twelve weeks is not repayable.

Deferred Payment Agreement

If, after the first twelve weeks the property has not been sold, the Local Authority can continue to pay towards the care fees, under the 'deferred payment agreement'.

The money is repayable once the property has sold or the resident dies (called the event), but for the most part the loan is interest free, providing the money owed is paid back within 56 days of the event. (If more than 56 days elapse, the Local Authority will start to charge interest on the loan).

Local Authority Agreements and Self Funders

Sometimes, for varying reasons and in different locations throughout the country, people who have capital above the stated thresholds, are being asked to enter into funding agreements with the Local Authority. These people are still classed as self funding residents, but may find that they are paying their care fees directly to the Local Authority and not the care home.

In this situation, the aforementioned Immediate Care Plans can still present an ideal solution. As with classic self funders (i.e. those paying the care home direct), it is still recommended and advisable to seek the services of a specialist adviser.

Third Party Top Ups

When people qualify for Local Authority funding, the vast majority of Local Authorities will only contribute up to their published weekly funding figures.

However, there are occasions when a person is being funded by the Local Authority (not as a self funder), but the preferred care home costs more than the Local Authority is able to contribute.

In these situations, close family members may be asked to pay additional sums to bring the combined weekly payments in line with the actual fee structure of the care home.

These payments are known as "third party top ups". As each Local Authority has a duty of care to ensure that these additional disbursements are sustainable, an Immediate Care Plan could also provide a longer-term solution to a top up liability.

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