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Paying for adult social care in England

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Summary

This briefing provides a high-level overview of how individuals in England may access financial support from their local authority towards the costs of their adult social care.

The main rules governing eligibility for local authority funding support are set out in the Care Act 2014 and in The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), as amended. Further details are provided in the Care and Support Statutory Guidance, published by the Department of Health and Social Care.

Very broadly, whether a person is eligible for local authority funding depends on how much capital they have:

- Care home residents with more than £23,250 in capital (the upper capital limit) are not eligible for local authority funding support.

- Care home residents with capital between £14,250 (the lower capital limit) and £23,250 (the upper capital limit) are eligible for funding support but must contribute a “tariff income” of £1 per week for every full or part £250 above the lower limit towards the cost of their care.

- Care home residents with capital below £14,250 are eligible for funding support and are not charged any “tariff income” – the capital is completely disregarded.

While these limits are rigid for care home residents, local authorities have discretion to set higher (but not lower) limits for people receiving care in other settings (for example, in their own home).

The value of a person’s main or only home is disregarded as capital when they are receiving care outside of a care home. For care home residents, their home can be counted as capital, but in certain circumstances it must be disregarded either for a time-limited period or permanently (for example, if the home has been continuously occupied by the person’s partner since before they went into a care home).

When someone is eligible for local authority funding support they are still required to contribute their income towards the cost of their care, subject to any disregards (for example, earnings are disregarded).

Individuals are, however, allowed to retain a certain amount each week for personal expenses and (if applicable) household bills. For care home residents this is called the Personal Expenses Allowance and for people receiving care in other settings it is called the Minimum Income Guarantee.

1 Introduction

This briefing provides information on how people in England are assessed for local authority funding support towards the costs of their adult social care. The final section provides brief information on the position in Scotland, Wales and Northern Ireland.

More detailed information on the current system, which may be useful for individuals currently in receipt of care, is available in a range of factsheets published by Age UK. Of particular interest may be:

- Age UK, Paying for permanent residential care (PDF), April 2024.
- Age UK, Property and paying for residential care (PDF), August 2023.
- Age UK, Paying for care and support at home (PDF), May 2024.

In September 2021, the government set out plans to reform how people pay for adult social care in England, including the introduction of a cap on care costs.[1] The reforms were due to be implemented from October 2023. However, at the Autumn Statement 2022 the Chancellor announced the reforms would be delayed for two years, until October 2025.[2] Further information on the reforms is available in the Library briefing: Proposed reforms to adult social care (including cap on care costs).[3]

1.1 Accessing social care support: the care needs assessment

Under sections 9 and 10 of the Care Act 2014, local authorities have a duty to undertake an assessment of any adult with an appearance of need for care and support, or any carer with an appearance of need for support, regardless of their financial situation or whether the authority thinks that the individual is eligible for support.[4]

While local authorities can set their own assessment procedures, they must meet a person's social care needs if those needs meet national eligibility

1 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021.
2 HC Deb 17 November 2022, c850; HM Treasury, Autumn Statement 2022, CP 751, November 2022, para 5.61.
3 Commons Library briefing CBP-9315, Proposed adult social care charging reforms (including cap on care costs).
4 Care Act 2014, sections 9 & 10.

criteria set by regulations.[5] Authorities also have the power, but not a duty, to meet needs which do not meet the national eligibility criteria.

Further information on the national eligibility criteria is available in paragraphs 6.102 to 6.134 of the Care and Support Statutory Guidance, published by the Department of Health and Social Care (DHSC).[6]

1 NHS Continuing Healthcare and Funded Nursing Care

If someone qualifies for NHS Continuing Healthcare, the NHS will meet the full cost of both their health and social care needs (including accommodation costs in a care home, if applicable) irrespective of their financial position. The person does not have to contribute anything towards the cost. A person is only eligible for continuing healthcare if their need for care is assessed as being primarily due to health needs. For more information, see the Library briefing: NHS Continuing Healthcare in England.[7]

In addition, where a care home resident is assessed as eligible for NHS funded nursing care (FNC), the NHS makes a fixed-rate payment to the care home towards the cost of the care provided to the resident by the home's registered nurses. The standard FNC rate for the 2024/25 financial year is £235.88 per week.[8]

Further information is available in the Age UK guide: NHS Continuing Healthcare and NHS-funded nursing care (PDF).[9]

1.2 The financial assessment

If a local authority wishes to charge a person for meeting their social care needs (whether eligible or not) it must carry out a financial assessment of what they can afford to pay.[10]

The main rules governing the financial assessment are set out in the Care Act 2014 and in The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), as amended. Further details are provided in the Care and Support Statutory Guidance (CASS), published by the DHSC.[11]

5 The Care and Support (Eligibility Criteria) Regulations 2015 (SI 2015/313).
6 DHSC, Care and Support Statutory Guidance, March 2024.
7 Commons Library briefing CBP-6128, NHS continuing healthcare in England.
8 DHSC, Increased 2024 funding for nursing in care homes, 7 March 2024.
9 Age UK, NHS Continuing Healthcare and NHS-funded nursing care (PDF), July 2023.
10 Care Act 2014, section 17.
11 The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672); DHSC, Care and Support Statutory Guidance, March 2024.

Although the regulations and guidance cover both care home residents and people receiving care in other settings (for example, in their own home), the level of detail differs. In short, local authorities are required to follow fairly prescriptive rules for care home residents. In contrast, for settings other than care homes (for example, people receiving care in their own home), local authorities have to "develop and maintain" their own charging policies with the proviso that they must be at least as generous as the rules for care homes.[12]

For example, as explained in the next section, individuals with capital above a certain amount (the upper capital limit) are not eligible for local authority funding support toward the cost of their care. For care home residents the upper capital limit is set by the regulations at £23,250. However, local authorities can, if they wish, set a higher limit (but not a lower one) for people receiving care in other settings.[13]

The CASS says "a local authority must regularly reassess a person's ability to meet the cost of any charges to take account of any changes to their resources. This is likely to be on an annual basis, but may vary according to individual circumstances. However, this should take place if there is a change in circumstance or at the request of the person".[14]

2 The previous approach – separate guidance

Prior to the publication of the CASS, the then Department of Health published two sets of guidance on charging for social care:

- For care home residents: Charging for Residential Accommodation Guide.[15]
- For those receiving care in non-care home settings: Fairer Charging Policies for Home Care and other non-residential Social Services.[16]

Light touch financial assessments

In certain circumstances a local authority can treat a person as if a financial assessment has been carried out (referred to as a "light touch" financial assessment).

12 DHSC, Care and Support Statutory Guidance, March 2024, para 8.7.
13 DHSC, Care and Support Statutory Guidance, March 2024, paras 8.4-8.7.
14 DHSC, Care and Support Statutory Guidance, March 2024, para 8.17.
15 The last edition was Department of Health, Charging for Residential Accommodation Guide, April 2014.
16 The last edition was Department of Health, Fairer Charging Policies for Home Care and other non-residential Social Services, June 2013.

The main circumstances where a light touch assessment can be carried out are where:

- it is apparent the person has significant financial resources that will mean they fail the means-test;
- the person is claiming certain benefits (for example, means-tested benefits) which demonstrates that they would not be able to contribute towards their care costs; or
- the local authority charges a small or nominal amount for a particular service which a person is clearly able to meet and would clearly have the relevant minimum income left.[17]

Care and support which must not be charged for

While local authorities have a general power to charge a person for meeting their care needs, there are certain things a local authority cannot charge for.[18] These are detailed in the CASS:

> - intermediate care, including reablement, which must be provided free of charge for up to 6 weeks…[but there should not be a strict time limit and local authorities have discretion to offer this free of charge for longer than 6 weeks where there are clear preventative benefits]
> - community equipment (aids and minor adaptations). Aids must be provided free of charge whether provided to meet or prevent/delay needs. A minor adaptation is one costing £1,000 or less
> - care and support provided to people with Creutzfeldt-Jacob Disease
> - after-care services/support provided under section 117 of the Mental Health Act 1983
> - any service or part of service which the NHS is under a duty to provide. This includes Continuing Healthcare and the NHS contribution to Registered Nursing Care
> - more broadly, any services which a local authority is under a duty to provide through other legislation may not be charged for under the Care Act 2014
> - assessment of needs and care planning may also not be charged for, since these processes do not constitute ‘meeting needs’.[19]

17 DHSC, Care and Support Statutory Guidance, March 2024, paras 8.22–8.26.
18 Care Act 2014, section 14.
19 DHSC, Care and Support Statutory Guidance, March 2024, para 8.14.

2 Eligibility for financial support – the capital limits

2.1 The capital limits

Whether a person is eligible for local authority funding towards the cost of their social care depends firstly on how much capital they have. Currently:

- Care home residents with more than £23,250 of capital (the upper capital limit) are not eligible for local authority funding support.
- If a care home resident has capital between £14,250 (the lower capital limit) and £23,250 (the upper capital limit) they are eligible for local authority funding support but must contribute a "tariff income" of £1 per week for every full or part £250 above the lower limit towards the cost of their care. This is in addition to any other income they are required to contribute (see section 4).
- Care home residents with capital below £14,250 are eligible for local authority funding support and are not charged any "tariff income" – that is, the capital is completely disregarded. Individuals are, however, still required to contribute their income towards the costs of their care, subject to any disregards (see section 4 below).[20]

The capital limits are rigid for care home residents. However, for individuals receiving care in locations other than a care home, they are minimums and local authorities can set higher (but not lower) limits if they wish.[21]

In some cases a person may initially not be eligible for local authority funding support, but become eligible as their capital reduces to below the upper capital limit over time (for example, as they spend their capital paying for their care).

Information on how the capital limits, and the other main parameters of the financial assessment, have changed over time is provided in the Library briefing: Adult Social Care: Means-test parameters since 1997.[22]

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20 The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), regulations 12 & 25; DHSC, Care and Support Statutory Guidance, March 2024, Annex B, paras 24-27.

21 DHSC, Care and Support Statutory Guidance, March 2024, paras 8.12.

22 Commons Library briefing CBP-8005, Adult Social Care: Means-test parameters since 1997.

Government reform plans

As set out above, the upper capital limit determines the point at which someone becomes eligible for social care funding support from their local authority. There is currently no limit on how much a person can spend on social care in their lifetime. This can lead to some people facing what are sometimes referred to as "catastrophic care costs" of over £100,000.[23]

In September 2021, the government set out plans to reform adult social care in England (PDF).[24] As part of the proposed reforms, the government plans to introduce a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime. In addition, it plans to increase the upper capital limit to £100,000 and the lower capital limit to £20,000.

The reforms were initially planned to be implemented from October 2023. However, at the Autumn Statement 2022 the Chancellor announced they would be delayed for two years, until October 2025.[25]

Further information is available in the Library briefing: Proposed reforms to adult social care (including cap on care costs).[26]

2.2 What is (and isn't) classed as capital

Annex B of the CASS provides detailed information on the treatment of capital under the financial assessment. It does not provide a definitive definition but says capital "refers to financial resources available for use and tends to be from sources that are considered more durable than money in the sense that they can generate a return".[27]

Examples of capital cited in the CASS include (but are not limited to) buildings, land, stocks and shares, bank and building society accounts and trust funds. The value of a care home resident's home may also be treated as capital (see section 3 below). Some capital is treated as income, including, for example, payments under an annuity.[28]

Certain capital can be permanently disregarded from the financial assessment, either partially or in-full. This includes, for example, the surrender value of any life assurance policy or annuity, payments in kind from

23 For more information see, The Health Foundation, If not now, when? The long overdue promise of social care reform, 10 May 2021.

24 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021.

25 HC Deb 17 November 2022, c850; HM Treasury, Autumn Statement 2022, CP 751, November 2022, para 5.61.

26 Commons Library briefing CBP-9315, Proposed adult social care charging reforms (including cap on care costs).

27 DHSC, Care and Support Statutory Guidance, March 2024, Annex B, para 5.

28 DHSC, Care and Support Statutory Guidance, March 2024, Annex B, paras 5-6 & 55.

a charity and any social fund payment. Some capital is also disregarded for a fixed period of time.[29]

Information on when a person's home is disregarded from the financial assessment is provided in section 3 below.

2.3 Deliberate deprivation of assets

Where someone deliberately reduces their capital (or income) with the intention of reducing the amount they must pay towards their social care, the local authority has the power to "either charge the person as if they still possessed the asset or, if the asset has been transferred to someone else, seek to recover the lost income from charges from that person."[30]

There are no hard and fast rules about how recently an asset needs to have been disposed of for it to be considered deliberate deprivation, although the timing of the disposal should be taken into consideration, among other factors. For example, the CASS says "it would be unreasonable to decide that a person had disposed of an asset in order to reduce the level of charges for their care and support needs if at the time the disposal took place they were fit and healthy and could not have foreseen the need for care and support."[31]

Further details are provided in Annex E of the CASS and in the Age UK guide: Deprivation of assets in social care (PDF).[32] The Local Government and Social Care Ombudsman has also published guidance to local authorities on deprivation of capital decisions.[33]

2.4 Personal budgets and choice of care

If a local authority is required, or chooses, to meet a person's care needs, it must produce a care and support plan setting out how those needs will be met. This should include a statement setting out the cost to the local authority of meeting the person's needs (their "personal budget"), including the amount the person must pay themselves (on the basis of the financial assessment) and the amount the local authority must pay.[34]

A personal budget must be sufficient to meet the person's needs which the local authority is required or has chosen to meet.[35] A local authority must also

29 For full details of disregarded capital see Annex B of the CASS.
30 DHSC, Care and Support Statutory Guidance, March 2024, Annex E and para 8.28.
31 DHSC, Care and Support Statutory Guidance, March 2024, Annex E, paras 8-16.
32 Age UK, Deprivation of assets in social care (PDF), September 2023.
33 Local Government and Social Care Ombudsman, Ombudsman issues guidance on care finance decisions, August 2022.
34 DHSC, Care and Support Statutory Guidance, March 2024, para 11.7, Annex J.
35 DHSC, Care and Support Statutory Guidance, March 2024, para 11.24.

ensure that at least one accommodation option is available within a person's personal budget and it should ensure that there is more than one such option.[36]

Top-up payments

In some cases, a person may choose a care home that is more expensive than the amount identified in their personal budget. Where this happens, a "top-up payment" will be required to cover the difference between the actual cost of the preferred care home and the amount the local authority will pay.

There are two types of top-up:

- First-party top-up: where the person provides their own money.
- Third-party top-up: where the top-up is funded by someone else – for example, a relative.

Usually, top-up payments are made by a third party. A first party top-up can only be made if one of the following applies to the person whose needs are being met:

> - they are subject to a 12-week property disregard […];
> - they have a deferred payment agreement in place with the local authority […]; or
> - they are receiving accommodation provided under S117 [section 117 of the Mental Health Act 1983] for mental health aftercare.[37]

In order to agree to a top-up agreement, a local authority "must ensure that the person paying the 'top-up' is willing and able to meet the additional cost for the likely duration of the arrangement, recognising that this may be for some time into the future". The CASS says a local authority "must ensure that the person paying the 'top-up' enters into a written agreement with the local authority, agreeing to meet that cost".[38]

Top-up payments must always be optional and not because there are no suitable places available within a person's personal budget.[39] Age UK explains that a person "should not be asked for a third party top-up if [they] have moved into a more expensive home out of necessity rather than personal preference."[40]

[36] DHSC, Care and Support Statutory Guidance, March 2024, para 8.37.
[37] DHSC, Care and Support Statutory Guidance, March 2024, Annex A, para 39.
[38] DHSC, Care and Support Statutory Guidance, March 2024, Annex A, para 23.
[39] DHSC, Care and Support Statutory Guidance, March 2024, para 8.37 & Annex A, para 12.
[40] Age UK, Finding, choosing and funding a care home (PDF), July 2023, p17.

As part of its now-delayed reforms (see section 2.1 above), the government said it will allow everyone receiving local authority support to make top-up payments themselves if they wish.[41]

Direct payments

Direct payments are monetary payments made to individuals to meet some or all of their assessed eligible care and support needs. Where a person with capacity requests direct payments, the local authority must agree to this if the following four conditions are met:

- the adult has capacity to make the request, and where there is a nominated person, that person agrees to receive the payments
- the local authority is not prohibited by regulations (see below) from meeting the adult's needs by making direct payments to them (for example, because the person is required to attend drug or alcohol rehabilitation)
- the local authority is satisfied that the adult or nominated person is capable of managing direct payments.
- the local authority is satisfied that making direct payments to the adult or nominated person is an appropriate way to meet their needs.[42]

Direct payments may only be used to meet the needs set out in the adult's care and support plan.[43] They also cannot be used to pay for people to live in long-term care home placements.[44]

There are other conditions around the use of direct payments, which are set out in The Care and Support (Direct Payments) Regulations 2014 (SI 2014, 2871). Under the regulations, for example, direct payments may not be used to pay a family member to meet the adult's care needs unless the local authority considers it necessary to do so. Local authorities are also able to add other conditions.[45]

Further information on direct payments is provided in chapter 12 of the CASS, and in a guide published by Age UK: Personal budgets and direct payments in social care (PDF).[46]

41 HM Government, Adult social care charging reform: further details, 17 November 2021.
42 Care Act 2014, section 31.
43 Care Act 2014, section 33(3).
44 The Care and Support (Direct Payments) Regulations 2014 (SI 2014, 2871), regulation 6; DHSC, Care and Support Statutory Guidance, March 2024, para 12.41.
45 The Care and Support (Direct Payments) Regulations 2014 (SI 2014, 2871), regulations 3 and 4.
46 Age UK, Personal budgets and direct payments in social care (PDF), November 2023.

3 Property and the capital means test

The value of a person's main or only home is always disregarded as capital if they are receiving care in a setting other than a care home (that is, it does not count towards the £23,250 upper capital limit). The remainder of this section covers the situation regarding care home residents.

When a person is resident in a care home, their home may be included in the means test, meaning they could have to sell it in order to pay for their care (but see section 3.5 below on deferred payment arrangements).

In some cases, the value of a care home resident's home must be disregarded, either for a time-limited period or permanently. Local authorities also have discretion to disregard the value of a person's home in situations where a mandatory disregard does not apply.

3.1 Shared ownership of a home

The rules on how jointly owned capital is treated under the financial assessment are set out in Annex C of the Care and Support Statutory Guidance (CASS). The value of most jointly owned capital is calculated by dividing the overall value by the number of owners.[47]

However, in the case of property, it is the beneficial interest of each owner that is taken into account – that is, the sale value of the person's beneficial interest on the open market, not the market value of the property as a whole divided by the number of owners. A person has a beneficial interest in a property if they are entitled to a share of the proceeds of its sale.[48]

In terms of acquiring someone's share of a home, however, the market value may not be clear. A guide published by Age UK explains (PDF):

> If you [the person in receipt of social care services] jointly own property, it is your individual beneficial interest in the property that should be taken into account and valued in the financial assessment, not the property as a whole.
>
> This means the local authority must base its valuation on the sale value of your beneficial interest to a 'willing buyer', on the open market, at the time of your financial assessment.

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47 The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), regulation 24; DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 12.

48 DHSC, Care and Support Statutory Guidance, March 2024, Annex B, para 15.

> They should not simply assess the value of your property as a whole (or equivalent properties), divide up the shares owned and say this is the true value of your beneficial interest. The value of your beneficial interest depends on how attractive it is to purchase. This can include a nil value.
>
> **The joint property ownership trust purpose**
>
> When property is jointly owned, it is owned in trust in legal terms – each owner holds it in trust for the other owners. For your beneficial interest in a jointly owned property to have a value to a willing buyer on the open market, they must be able to realise its value. This relates to their potential ability to apply to a Court to enforce sale of the whole property.[49]

This can be a complex area and the Age UK guide provides summaries of relevant case law. It also suggests individuals should seek legal advice if they are told by a local authority that their beneficial interest in a property has a value for the following reasons:

- the local authority takes the value of your property and divides it by the number of joint owners
- the local authority offers to be the willing buyer, or
- any willing buyer would be able to force a sale.[50]

3.2 When property is disregarded for a time-limited period

The value of a property can be disregarded from the means-test for 12 weeks:

- when a person first enters a care home as a permanent resident; or
- when a property disregard other than the 12-week disregard (see below) unexpectedly ends because the qualifying relative living at the home has died or moved into a care home.

In addition, a local authority has discretion to apply a 12-week disregard "when there is a sudden and unexpected change in the person's financial circumstances." The CASS says the local authority "will want to consider the individual circumstances of the case" when deciding whether to apply the disregard.[51]

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49 Age UK, Property and paying for residential care (PDF), August 2023, pp11-12.
50 Age UK, Property and paying for residential care (PDF), August 2023, pp12-13.
51 DHSC, Care and Support Statutory Guidance, March 2024, Annex B, paras 45-46.

3.3 When property is disregarded permanently

There are two circumstances when a care home resident's main or only home must be permanently disregarded from the capital part of the means test.

Firstly, the home must be disregarded if a person's stay in a care home is temporary and they either:

- intend to return to their home; or
- they are in the process of selling the home in order to buy a new home that is more suitable to their needs.[52]

Secondly, the home must be permanently disregarded where it has been continuously occupied by one of the following people as their main or only home since before the person went into a care home:

- the persons partner, former partner or civil partner, except where they are estranged;
- a lone parent who is the person's estranged or divorced partner;
- a relative of the person or a member of their family who is:
  - aged 60 or over;
  - a child of the resident aged under 18; or
  - incapacitated.

The CASS provides definitions of "relative" and "member of a person's family" for these purposes. It says the term "incapacitated" is "not closely defined" but it "will be reasonable to conclude that a relative is incapacitated" if they are in receipt of a disability-related benefit (such as Personal Independence Payment), or if their disability is equivalent to that required to qualify for such a benefit.[53]

3.4 Local authority discretionary disregard

Local authorities also have discretion to permanently exclude the value of a person's home from the means test where one of the two mandatory permanent disregards set out above do not apply. The CASS says the local authority "will need to balance this discretion with ensuring a person's assets are not maintained at public expense." It adds that "an example where it may

[52] DHSC, Care and Support Statutory Guidance, March 2024, Annex B, para 34.
[53] DHSC, Care and Support Statutory Guidance, March 2024, Annex B, para 34-41.

be appropriate to apply the disregard is where it is the sole residence of someone who has given up their own home in order to care for the person who is now in a care home or is perhaps the elderly companion of the person."[54]

3.5 Deferred payment agreements

A deferred payment agreement (DPA) is essentially a loan given by a local authority, which is usually secured against the value of a person's property. The intention is to allow the person to delay paying their care costs until a later date and thus avoid having to sell their home in their lifetime to pay for residential care. However, as the name suggests, payment of care home bills is only deferred – they must be paid by the person (or a third party) at a later date. A person may also be charged administration costs and interest.[55]

A local authority must offer a DPA to a person if they meet eligibility criteria set out in the CASS (but there are certain circumstances where a request for a DPA may be refused even if a person meets the criteria (for example, if the person refuses the terms of the agreement). Authorities can also choose to offer a DPA to people who do not meet all the criteria.[56]

The CASS says "in principle, a person should be able to defer the entirety of their care costs". However, the actual amount to be deferred depends on the total costs of their care, the amount of equity in their chosen security (usually their home), and the amount they are contributing to their care costs from other sources.[57]

Local authorities must set an "equity limit" to determine the total amount that can be deferred. The limit must ensure there is a buffer "to cover any subsequent interest which continues to accrue, and [to] provide a small 'cushion' in case of small variations in value of the security".[58] If the DPA is secured against a property, the equity limit should be set at the value of the property minus 10%, and minus £14,250 (in line with the lower capital limit), and the amount of any encumbrances (legal claims by another party) already secured on it (for example, a mortgage).[59]

Where a person has a DPA, the local authority must allow them to keep a proportion of their income to "maintain and insure the property" that is subject to the DPA. This is called the Disposable Income Allowance (DIA) and

54 DHSC, Care and Support Statutory Guidance, March 2024, Annex B, para 42.
55 DHSC, Care and Support Statutory Guidance, March 2024, paras 9.69-9.77.
56 DHSC, Care and Support Statutory Guidance, March 2024, paras 9.7-9.8.
57 DHSC, Care and Support Statutory Guidance, March 2024, paras 9.36-9.38.
58 DHSC, Care and Support Statutory Guidance, March 2024, para 9.40.
59 DHSC, Care and Support Statutory Guidance, March 2024, para 9.42.

is currently set at £144 per week. A person may choose to keep less of their income than the DIA, but this must be entirely their decision.[60]

Further information on DPAs is available in chapter 9 of the CASS and in section 8 of the Age UK factsheet: Property and paying for residential care (PDF).[61] The detailed rules are set out in The Care and Support (Deferred Payment) Regulations 2014 (SI 2014/2671).[62]

60 DHSC, Care and Support Statutory Guidance, March 2024 paras 9.48-9.49 & Annex C, para 46; The Care and Support (Deferred Payment) Regulations 2014 (SI 2014/2671), regulation 6.

61 DHSC, Care and Support Statutory Guidance, March 2024, chapter 9; Age UK, Property and paying for residential care (PDF), August 2023, pp14-25.

62 The Care and Support (Deferred Payment) Regulations 2014 (SI 2014/2671).

4 Treatment of income

When someone is eligible for local authority social care funding support – because their capital is less than the applicable upper limit – they are still required to contribute their income towards the cost of their care, subject to any disregards. This requirement is without limit in terms of time or cost.

What is defined as income for these purposes can differ between care home residents and recipients of social care in other settings. The CASS explains:

> There are differences in how income is treated in a care home and in all other settings. Charging a person in a care home is provided for in a consistent national framework. When charging a person in all other settings, a local authority has more discretion to enable it to take account of local practices and innovations.[63]

4.1 What is and isn't classed as income

Income is usually looked at on a weekly basis and taken into account in full, unless it is identified as being fully or partially disregarded.[64] Only the income of the cared-for person is taken into account. Where this person receives income as part of a couple, the starting presumption is that they have an equal share of the income, but a local authority should consider the implications for the person's partner.[65]

A person may also be treated as having income that they do not actually have (for example, income that would be available if they applied for it). This is referred to as notional income.Where notional income is included in the financial assessment, it is treated the same way as actual income.[66]

Annex C of the Care and Support Statutory Guidance (CASS) provides information on how certain categories of income are treated. Examples of income that is fully disregarded include (but are not limited to) earnings, including from self-employment, and payments from a personal injury trust.

Examples of income that is partially disregarded include:

63 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 2.
64 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 7.
65 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 5.
66 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, paras 34-37.

- 50% per cent of a private/occupational pension if it is paid to a spouse or civil partner who does not live in the same care home.
- If a person receives, or their income is too high for, Pension Credit Savings Credit, up to a maximum of £6.95 a week or £10.40 for a couple. This is called the Savings Credit disregard.[67]

4.2 Income retained for personal expenses and household bills

While someone eligible for local authority funding support is expected to contribute their income towards the cost of their care (less any disregarded income), the CASS specifies a minimum level of income which a person must be left with after charges are deducted.

Personal Expenses Allowance

For care home residents, this is called the Personal Expenses Allowance (PEA) and is set at £30.15 per week for the 2024/25 financial year.[68] Local authorities have discretion to increase a person's PEA if they wish. The CASS provides examples of when it may be appropriate to use this discretion.[69]

Minimum Income Guarantee

For people receiving care outside of a care home, the amount of income that must be retained is called the Minimum Income Guarantee (MIG). The CASS explains the purpose of the MIG "is to promote independence and social inclusion and ensure that [a person has] sufficient funds to meet basic needs such as purchasing food, utility costs or insurance. This must be after any housing costs such as rent and council tax net of any benefits provided to support these costs – and after any disability related expenditure [see section below]."[70]

The exact rates of the MIG vary depending on the age and circumstances of the person.[71] The rates for the 2024/25 financial year can be found in a local

67 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 33; DHSC, Social care - charging for care and support: local authority circular, 9 February 2024.

68 DHSC, Social care - charging for care and support: local authority circular, 9 February 2024; The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), as amended by The Care and Support (Charging and Assessment of Resources) (Amendment) Regulations 2024 (SI 2024/325).

69 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 42-46.

70 DHSC, Care and Support Statutory Guidance, March 2024, Annex C, paras 48-50;

71 The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), as amended by The Care and Support (Charging and Assessment of Resources) (Amendment) Regulations 2024 (SI 2024/325).

authority circular published by the Department of Health and Social Care.[72] The MIG rate for a single adult who has attained Pension Credit Age, for example, is £228.70 per week. As with the PEA, local authorities have discretion to increase a person's MIG if they wish.[73]

4.3 Social security benefits and disability-related expenditure

Local authorities may take most of the benefits people receive into account as income and they must take income from certain benefits specified in the CASS into account for care home residents (for example, Universal Credit). Annex C of the CASS lists those benefits that must be fully or partially disregarded (for example, the mobility component of Disability Living Allowance and Personal Independence Payment must be fully disregarded).[74]

When including welfare benefits as income, the CASS says local authorities "need to ensure that in addition to the minimum guaranteed income or personal expenses allowance [see section above] people retain enough of their benefits to pay for things to meet those needs not being met by the local authority".[75]

In particular, the CASS says "where disability-related benefits are taken into account [as income], the local authority should make an assessment and allow the person to keep enough benefit to pay for necessary disability-related expenditure to meet any needs which are not being met by the local authority.[76] Examples of such expenditure are set out in the CASS and include (but are not limited to):

- the costs of any privately arranged care services, including respite care
- the costs of any specialist items needed to meet the person's disability needs - for example, specialist washing powders or any heating costs above the average levels for the area or housing type.

The CASS notes the list is not exhaustive and "any reasonable additional costs directly related to a person's disability should be included."[77]

[72] DHSC, Social care - charging for care and support: local authority circular, 9 February 2024
[73] DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 48.
[74] DHSC, Care and Support Statutory Guidance, March 2024, Annex C, paras 14-18.
[75] DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 14.
[76] DHSC, Care and Support Statutory Guidance, March 2024, Annex C, para 39.
[77] DHSC, Care and Support Statutory Guidance, March 2024, Annex C, paras 40-41.

5 Paying for social care in the rest of the UK

This section provides very brief information on paying for adult social care in Scotland, Wales and Northern Ireland. The intention is to highlight the main points of difference with England, rather than to give a comprehensive account of how people pay for social care in Scotland, Wales and Northern Ireland.

5.1 Scotland, Wales and Northern Ireland

The way people pay for adult social care shares some broad similarities across all four countries of the UK. For example, in all four countries:

- A means test is used to determine access to at least some social care financial support.
- Eligibility for means-tested support is determined with reference to how much capital a person has (there are capital limits).
- A person must contribute any income they have towards the cost of any means-tested support they are eligible for (subject to any disregards).

There are, however, significant differences between the four countries. For example, Scotland, Wales and Northern Ireland all offer additional, but different, support outside of the means-test.

Further information on the adult social care systems in the countries of the UK is provided in a series of articles published by the Nuffield Trust: Adult social care in the four countries of the UK.[78]

Scotland

The major difference between the system of paying for adult social care in Scotland compared to England is that personal care and nursing care are free in Scotland for any adult assessed as needing them.

Personal care includes personal hygiene, continence management, food and diet management, assistance with mobility, counselling and support, simple treatments, and personal assistance. Personal care was initially only free to

78 Nuffield Trust, Adult social care in the four countries of the UK, 2 February 2023.

the over-65s but from April 2019 it was extended to all adults with an eligible need.[79]

Residential care

For care home residents, the local authority makes a payment to the care home to cover the costs of a person's personal and nursing care. The rates for 2024/25 are:

- £248.70 per week for personal care
- £111.90 per week for nursing care.[80]

For costs of accommodation in a care home (excluding the cost of personal and nursing care) eligibility for financial support is determined with reference to the amount of capital somebody has, as in England. However, the capital limits in Scotland are different:

- Upper capital limit in 2024/25 (the amount above which a person is not eligible for financial support): £35,000
- Lower capital limit in 2024/25 (the amount that is disregarded from the financial assessment): £21,500.

As in England, people with capital between the lower and upper capital limits are charged a tariff income.[81]

Home care

Local authorities have discretion over whether to charge for home care services which are not classed as personal care or nursing care (for example, help with housework and shopping). While the Convention of Scottish Local Authorities (COSLA) provides guidance on how charges should be worked out, councils can set their own rules for some costs. Charges vary for similar services in different parts of Scotland.[82]

Further information

Further information on paying for adult social care in Scotland is available via the following sources:

- Care Information Scotland website

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79 Nuffield Trust, Offer and eligibility: Who can access state-funded adult care and what are people entitled to?, 2 February 2023.

80 Scottish Government, Circular CCD 1/2024, Revised guidance on charging for residential accommodation (PDF), 28 March 2024, p14.

81 Scottish Government, Circular CCD 1/2024, Revised guidance on charging for residential accommodation (PDF), 28 March 2024, pp6 & 43.

82 Age Scotland, Care and support at home: assessment and funding, p15; COSLA, Local authority non-residential social care.

- COSLA, Local authority non-residential social care.
- Scottish Government, Circular CCD 1/2024, Revised Guidance on Charging for Residential Accommodation (PDF), 28 March 2024.
- Age Scotland, Care Home Guide: Funding (PDF), September 2023.
- Age Scotland, Care and Support at Home: assessment and funding, June 2023.

Wales

Home care

A major difference between the systems of paying for adult social care in England and Wales is that in Wales the cost of care outside a care home is capped at a maximum of £100 per week. Local authorities also have discretion to set a lower maximum weekly charge if they wish.

Local authorities in Wales are not able to charge a person more than the maximum weekly charge regardless of which services they are receiving. However, there are some low-level, low-cost services for which local authorities are able to set a flat-rate charge, which do not count towards the maximum weekly charge. Thus, it is possible that a person could pay £100 a week and be paying for low-level, low-cost services at the same time.

When charging for non-residential services, local authorities in Wales must apply a capital limit of £24,000. Individuals with capital over this threshold may be charged the maximum amount for services. This could be the full cost of providing the service if this is less than £100, or the maximum weekly charge of £100 if the cost of providing the service is greater than this.[83]

Residential care

The system of paying for care in a care home is broadly similar in Wales and England. However, the amount of capital that a person can have before they become ineligible for financial support (the upper capital limit) is higher in Wales at £50,000.[84] In addition, there is no lower capital limit in Wales. Rather, if a person has capital below £50,000 this is disregarded from the financial assessment.[85]

Further information

Further information on paying for adult social care in Wales is available via the following sources:

83 Age Cymru, Paying for care and support at home in Wales (PDF), April 2024, pp13-21; Welsh Government, Charging for social care.
84 Welsh Government, Charging for social care.
85 Age Cymru, Paying for a permanent care home placement in Wales (PDF), April 2024, p17.

- Welsh Government, Code of practice on charging for social care services, April 2023.
- Age Cymru, Paying for care and support at home in Wales (PDF), April 2024.
- Age Cymru, Paying for a permanent care home placement in Wales (PDF), April 2024.

Northern Ireland

Home care

The major difference between the systems of paying for adult social care in England and Northern Ireland is that in Northern Ireland individuals who are assessed as requiring social care support in the home generally receive free domiciliary care. This covers most personal care and domestic services. While Health and Social Care Trusts do have the power to charge people for care and support in the home, usually they do not do so. An exception is meals on wheels, for which a charge usually applies.[86]

Residential care

The system of paying for care in a care home is broadly similar in Northern Ireland and England, with eligibility for financial support based on how much capital a person has. Northern Ireland also currently has the same capital limits as England – that is, an upper capital limit of £23,250 and a lower capital limit of £14,250.[87]

Further information

Further information on paying for adult social care in Northern Ireland is available via the following sources:

- Department of Health, Guidance on Charging for Residential Accommodation, last updated 21 March 2024.[88]
- NIDirect, Paying your residential care or nursing home fees.[89]
- Age NI, Care at home (PDF), 2018.
- Age NI, Care homes (PDF), April 2015.

86 Nuffield Trust, Offer and eligibility: Who can access state-funded adult care and what are people entitled to?, 2 February 2023.

87 Department of Health, Circular HSC (CHU) 1/2024: Charges for Residential Accommodation 2024/25, 21 March 2024.

88 Department of Health, Guidance on Charging for Residential Accommodation, last updated 21 March 2024.

89 NIDirect, Paying your residential care or nursing home fees.

- Alzheimer's Society, Paying for dementia care and support in Northern Ireland.

3 Paying for social care in Germany and Japan

Germany and Japan are sometimes highlighted as examples of countries England could learn from when considering how to reform how people pay for adult social care. An overview of how the system of paying for care works in these countries is available via the following sources:

- Nuffield Trust, What can England learn from the long-term care system in Germany?, September 2019.[90]
- Nuffield Trust, Capping the costs: what are the lessons from the German social care system?, July 2021.[91]
- Nuffield Trust, Social care funding: complex but not impossible, August 2021.[92]
- Health and Social Care and Housing, Communities and Local Government Committees, Long-term funding of adult social care, HC 768 2017-19, 27 June 2018 (see in particular the box on pages 40-1 for information on the German system).[93]
- Nuffield Trust, What can England learn from the long-term care system in Japan?, May 2018.[94]
- Health and Social Care Committee, Social care: funding and workforce, HC 206 2019-21, 22 October 2020 (see page 29 for information on the Japanese system).[95]

A broader overview of the systems of paying for adult social care in other countries aside from Germany and Japan is provided in the OECD's 2020 report, Long-Term Care and Health Care Insurance in OECD and Other Countries (PDF).[96]

90 Nuffield Trust, What can England learn from the long-term care system in Germany?, September 2019.
91 Nuffield Trust, Capping the costs: what are the lessons from the German social care system?, July 2021.
92 Nuffield Trust, Social care funding: complex but not impossible, August 2021.
93 Health and Social Care and Housing, Communities and Local Government Committees, Long-term funding of adult social care, HC 768 2017-19, 27 June 2018.
94 Nuffield Trust, What can England learn from the long-term care system in Japan?, May 2018.
95 Health and Social Care Committee, Social care: funding and workforce, HC 206 2019-21, 22 October 2020.
96 OECD, Long-Term Care and Health Care Insurance in OECD and Other Countries (PDF), 2020.