



FACTSHEET 5

The Care Bill – charging and financial assessments

“All councils should have transparent charging policies... service users, carers and the public should understand the purpose of local charging policies and the criteria used to determine levels of charging for particular services”

Standing Commission on Carers

This factsheet describes how the Bill will create a clear, consistent and fair way of assessing what people can afford to pay for their care and support.

What is the charging process?

Care and support is not a free service like the NHS. People have always had to pay something towards the cost of their care and support. Whilst some types of care and support are provided free (for instance, information and advice), many types will be subject to a charge. People will only be asked to pay what they can afford. Sometimes the person will pay the full cost, or sometimes the cost will be shared between the person and their local authority.

To decide what a person can afford to pay, a local authority will carry out a financial assessment. The local authority will consider the person's income, and any assets they own, like investments or a house. The local authority will then calculate how much the person can afford to pay towards their care and support costs.

Sometimes a home-owner may want to consider a deferred payment agreement

with the local authority. This is an arrangement whereby the person does not have to sell their home, during their lifetime, to afford the costs of their care. Instead, the local authority pays a larger share of the costs at first. The money that the person owes for their care is then collected from the sale of their property at a later date.

Why does the Government need to change the law?

The rules on charging for care and support have developed piecemeal since 1948. As a result, the current law is hard to follow and has a number of anomalies.

What does the Bill do?

The new law for adult care and support will set out a clearer approach to charging and financial assessment. It will work with the cap on costs (**see factsheet 6**) to make clear what people have to contribute towards their care and support costs.

First, a local authority will assess someone and decide whether the adult has eligible needs. The local authority will then work with the individual to determine how the individual's needs could be met.

Not all types of care and support involve a cost for the person. The Bill gives local authorities the power to charge for care and support. However, local authorities may not charge for those services which rules (called regulations) say must always be provided free.

Additionally, where the individual has reached the cap on costs the local authority may not charge towards the cost of meeting that individual's care and support needs.

If the local authority thinks that the person needs a service for which a charge can be made, it must decide whether or not the person can afford to pay. The rules on how this financial assessment should be carried out will be set in regulations and guidance so that people's finances are assessed in a consistent and transparent way.

This financial assessment will ensure that when an adult contributes towards their care and support they must still be left with a certain amount of money for themselves after the local authority has charged them.

After the financial assessment, the local authority will tell the person whether they

need to pay for all, some or none of their care costs.

Local authorities will also help people to understand how to get independent financial advice where this might be helpful in making decisions about funding their care.

FURTHER INFORMATION

- Statutory guidance on charging for care home placements: Charging for Residential Accommodation Guide (April 2013)
- Statutory guidance on charging for other services: Fairer charging policies for home care and non-residential services (May 2013)
- Regulations on charging: National Assistance Act (Assessment of Resources) Regulations 1992, as amended
- See also **factsheet 1** on assessments and eligibility, **factsheet 3** on how charging relates to the core entitlement to care and support, **factsheet 8** on the law for carers and **factsheet 6** on funding reform.