

Guide to Funding Residential Care



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A guide to funding residential and nursing care in the UK

Funding residential care in the UK can be complex and daunting for first timers, due to various factors, including financial considerations, eligibility criteria, and navigating the healthcare system.

Our guide to funding hopes to offer guidance and advice on the key considerations to be taken into account and provide useful links for further reading. We are also on hand to help answer any questions via email huntington@hlestate.co.uk or phone 01428 604600

What are the 4 main funding options for residential care?

A move into residential care in the UK can be a significant financial commitment, however there are various options available to help cover the costs. Whether you're arranging care for yourself or a loved one, understanding the funding options is essential for making informed decisions.

Here's a comprehensive guide to the different funding options for residential and nursing care in the UK, including self-funding, NHS Continuing Healthcare funding, and NHS Funded Nursing Care.


Self-funding is the most straightforward option if you have sufficient savings, assets, or income, to pay for your care privately. That said, before starting to arrange a move into residential care, it's essential to assess your financial situation accurately, especially if you're planning for long-term care.

It is advisable to seek independent financial advice to help manage your assets effectively and plan for future care costs, taking into consideration your savings, investments, pension, property, and any other assets you may have.

Local Authority/Council funding is a means tested option for funding some or most of the care home fees based on having capital assets between £14,250 and £23,250. There is also the option of a [deferred payment scheme](#), whereby the council pays for the care home and it is repaid later from the sale of a home or from an estate.

Anyone with savings of over £23,250 won't be [eligible for council funding](#) (rising to £100,000 in October 2025 and the lower tier to £20,000).







The council must ensure that the overall cost figure it calculates, called the 'personal budget', is high enough to meet the cost of at least one suitable care home. Based on a care needs assessment if the conclusion is care in a care home is required, a means test will work out the level of support on the costs given and what an individual needs to contribute.

NHS Continuing Healthcare (CHC) Funding is available for individuals with complex health needs who require ongoing care.

This funding covers the full cost of care, including accommodation, for those eligible. To determine eligibility for NHS CHC funding, individuals undergo a thorough assessment of their care needs by a multidisciplinary team of healthcare professionals. It is important to note that any funding is based on the individual's primary health needs rather than their financial situation.

The assessment considers the following factors to determine eligibility for NHS CHC:

- **Nature of needs:** The primary consideration is the nature and complexity of the individual's healthcare needs. This includes assessing the level of support required for tasks such as mobility, communication, nutrition, and continence.
 - **Intensity of needs:** Taking into account factors such as the frequency and duration of interventions required to manage their condition.
 - **Complexity of needs:** Including any underlying medical conditions or cognitive impairments, is considered. This may involve assessing the need for specialist medical interventions or ongoing monitoring.
 - **Unpredictability of needs:** Including the risk of acute deterioration or sudden changes in health status that require immediate intervention.
 - **Evidence-Based Decision:** Gathered from various sources, including medical records, care assessments, and input from healthcare professionals and caregivers.
 - **Decision-Making Process:** Following the assessment, a decision is made by the multidisciplinary team regarding the individual's eligibility for NHS CHC. If eligible, the NHS will fully fund the individual's care needs, including accommodation costs if they are in a care home setting.
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If you believe you or your loved one may be eligible for NHS CHC funding, you can request an assessment from your local Clinical Commissioning Group (CCG) or healthcare provider.

1.NHS Funded Nursing Care (FNC) is a contribution towards the nursing care costs for individuals who require nursing care in a care home.

The current standard rate for NHS FNC is set by the government as £209.19 per week (standard rate) and is paid directly to the care home to contribute towards the cost of nursing care provided. Eligibility for NHS FNC is assessed as part of the overall assessment for NHS Continuing Healthcare.

The criteria for NHS FNC eligibility include:

- **Need for Nursing Care:** The individual must have been assessed as needing nursing care, typically provided by a registered nurse. This may include tasks such as administering medication, wound care, and other clinical interventions.
- **Living in a Care Home:** To be eligible the individual must be living in a care home registered to provide nursing care. This ensures that the funding is used to support the costs associated with nursing care provision.
- **Assessment Process:** Eligibility is typically assessed as part of the overall assessment for NHS CHC as described above.
- **Funding Contribution:** If eligible, the NHS will make a standard contribution towards the individual's nursing care costs, which is paid directly to the care home.


If an individual is not eligible for NHS CHC but requires nursing care, they may still be eligible for NHS FNC.


What are the personal financial and legal considerations for funding residential care.

Everyone's personal financial and legal situation is different with considerations such as estate planning, power of attorney arrangements, and tax implications.

Understanding these factors, by seeking appropriate legal and financial advice is crucial for making informed decisions. These professional are also able to provide guidance on which funding option applies to your situation.

When looking for fund support, this will involve a detailed financial assessment of the individuals personal circumstances including savings, assets, income, and property ownership.





There are quite complex rules surrounding financial assessments, which is why it is good to get assistance to understand how assets will be treated in the process.

Here are five key rules surrounding financial assessments, to be aware of:


1.Treatment of Savings and Investments - The value of savings and investments above a certain threshold (known as the capital limit) may be taken into account when determining an individual's contribution to care costs. The current capital limit for England is £23,250 (as of April 2022). Individuals with savings and investments above this threshold may be required to pay for their care in full or contribute towards the cost.

2.Treatment of Property - In England, if an individual owns their own home and moves into residential care, the value of the property may be included in the assessment. However, there are certain exemptions and disregards that may apply, such as if a spouse or dependent relative continues to live in the property or if the property is deemed to be disregarded for certain reasons (e.g., it is still occupied by a carer).

3.Income Considerations - Income, including pensions, benefits, and any other regular payments, are considered. Income above a certain threshold may be used to contribute towards the cost of care. However, individuals are entitled to keep a certain amount of their income as a personal expense allowance (PEA), currently at least £28.25 per week.

4.Treatment of Trusts and Gifts - If an individual has transferred assets into a trust or given away assets within a certain timeframe before needing residential care, this may be subject to scrutiny as part of the assessment. Local authorities have the authority to investigate and potentially deem such transfers as deliberate deprivation of assets, which could affect the individual's eligibility for financial support.

5.Deprivation of Assets Rules - These rules are in place to prevent individuals from deliberately reducing their assets to avoid paying for residential care. If it's determined that an individual has deliberately deprived themselves of assets to avoid paying for care, the local authority may still take those assets into account in the financial assessment. Deliberate deprivation of assets can include actions such as transferring assets into someone else's name or giving away assets without receiving adequate compensation in return.





We recommend families receive independent advice from financial advisors and legal experts, who can provide up to date guidance on how assets are treated in the assessment process and help them understand their options for funding care.

They can also provide information on Care Fees Annuities (or Immediate Needs Annuities, as they're sometimes called), designed to cover the shortfall between your income and the cost of your care for the rest of your life. The income is tax-free and paid directly to the care provider.

Additional tips when funding a move into residential care:

It is important to research the variations in the costs by different care providers

The cost of residential care can vary significantly depending on factors such as location, the level of care needed, facilities provided, and the type of care home chosen.

There is also the differing pricing models to consider, from the full transparent all inclusive fee approach we favour, to the base cost plus paid by hour model of some of the larger chains, it is important to understand these cost variations, so not to be surprised by steep increases as an individuals care needs increase over time.


At the Huntington and Langham Estate, we are consciously not the lowest cost provider of Residential, Nursing and Dementia care in Hindhead, but we are transparent with no hidden extras from day one. This is because we are confident that our level of care exceeds that of other providers, with a higher ratio of flexibility and time provided to residents living in our care based on their needs not our schedule.

Do your homework and understand the application and assessment processes.

Applying for a place and the funding for residential care often involves navigating complex application processes, including completing forms, providing documentation, and undergoing assessments.

We often have families come to us for the first time hoping to place a relative within a couple of days, but there are strict rules from the care quality commission in place, which we need to follow to complete a care assessment before new residents can move in.





“Having never been involved in having to sort out any care home facilities before it was a very steep learning curve. I naively thought that respite care, for my weekend away, could be organised very quickly, but soon learned that it isn't the case” Husband of Langham Court Resident,

When seeking funding from a 3rd party, this can also take time and individuals and/or their families may need guidance to ensure they submit accurate and complete applications to maximize their chances of receiving funding.

Keep up to date with changes in regulations relating to care funding.

Regulations surrounding funding for residential care can change over time, impacting eligibility criteria, funding rates, and application procedures. For example the care cap of £86,000 due to come into force in October 2023 has since been delayed to 2025.

Staying informed about these changes and understanding how they may affect funding options is essential for individuals and families navigating the care system. Sources of information include: Money Helper / AgeUK and The Alzheimer's Society

Don't underestimate the emotional and practical impact.

Funding residential care often involves emotional and practical considerations for individuals and their families, such as coping with the transition to care, choosing a suitable care home, and ensuring the quality of care provided. Balancing these considerations with financial constraints and funding options can add complexity to the decision-making process.

Long-term care planning is essential for ensuring that you or your loved one receives the appropriate care without financial strain. Start planning as early as possible to explore all available options and make informed decisions.

We have lots of useful advice and information available on our website [latest news](#) pages from the team and families of residents who will have experienced the same journey.



