

## FINANCIAL MATTERS – FACTSHEET 2

### Financial implications of moving into a residential or nursing home

This factsheet explains how charges work if you move into a residential or nursing home. If another person manages your finances on your behalf, please share this leaflet with them.

#### **Important – you may have to pay for your care home placement**

- If you have savings/capital of £23,250 or more, you will usually pay the full cost (you are a “self-funder”).
- If you do not provide information for a financial assessment, you may be charged the full cost.
- If you are not a self-funder, the Council will assess what you can afford to pay, this will be your weekly charge.

#### **Is there a charge for all care home placements?**

Some placements are not charged for, including:

- If your placement is funded under section 117 of the Mental Health Act 1983 (there may still be a “top-up” if you choose a more expensive home – see Top-up payments).
- Intermediate care beds in a care home – no charge for up to 6 weeks.
- Transitional beds in a care home – no charge for up to 28 days (there may still be a top-up – see Top-up payments).
- NHS Continuing Healthcare – no charge while NHS funding applies. If NHS funding stops or care is jointly funded, charges may apply for the social care element.

#### **Respite and short-term placements**

If you have a short-term stay (for example, to give your carer a break or while your home is adapted), and you are not a self-funder, you may be asked to pay a fixed rate charge from the start of your stay.

#### **Short-term stays – check your savings**

- If your savings were above £23,250 at the start of (or during) a short-term stay, you may be charged the full cost of that stay.

- This can be charged retrospectively.

## **Financial assessment**

If you need a long-term residential or nursing home placement and you have asked the Council to help with funding, your social care practitioner will refer you for a financial assessment. Any charge will apply from the start of your long-term placement.

A Financial Assessment Officer will:

- Work out your care charge based on your income and savings/capital, and provide a written breakdown.
- Help check you are receiving all benefits you are entitled to. Benefits you are entitled to may be included even if you are not currently claiming them.
- Explain if any benefits may change when you move into a care home.

## **If you do not have a financial assessment**

- If you do not want a financial assessment, or you do not provide the information we need, you may have to pay the full cost of the placement.
- If you are a self-funder, you will usually pay the care home directly.

## **How do my income and savings affect what I pay?**

### **Income**

- Income can include State Pension, Pension Credit, private pensions and some benefits.
- Some benefits (for example, the mobility part of DLA or PIP) are not included in the financial assessment.
- If you have an occupational/private pension, you may be able to pass 50% to a spouse/partner who remains at home. We recommend you seek independent financial advice before deciding, as this can affect benefit entitlement.

### **Savings and capital**

Capital can include:

- Savings in banks/building society/Post Office accounts

- Current accounts
- Premium Bonds, stocks and shares
- Property or land you own (see “Your former home”)

If you have joint savings, we usually treat the money as shared equally between the account holders.

### **Capital limits (2026/27)**

- Savings/capital below £14,250 - this does not affect your charge.
- Savings/capital between £14,250 and £23,250 - we add “tariff income”. We assume £1 a week income for every £250 (or part of £250) above £14,250.

Example: £15,000 savings.

$£15,000 - £14,250 = £750$ .

$£750 \div £250 = £3$

We will charge £3 tariff income per week.

### **Self-funder (capital above £23,250)**

- You will usually need to make your own agreement with the care home and pay the care home directly.
- If your capital later falls below £23,250, you can ask us to reassess you. Financial help can only start from the date you make a formal request.

To request help when your savings fall below £23,250, contact Sefton Council on 0345 140 0845.

### **Your former home (property)**

If you move into long-term residential or nursing care, the value of the home you lived in is usually ignored for the first 12 weeks. After 12 weeks, it may be included in the financial assessment unless it must be disregarded.

We will ignore the value of your former home if it is still occupied by:

- Your partner (and in some cases a former partner)
- A relative aged 60 or over
- A relative who is incapacitated
- A child under 18

There are other situations where we may decide to ignore the value of your former home (this will be a discretionary disregard).

If you have been paying your care charges from savings and approach the Council for funding once savings fall to £23,250, the 12-week property disregard will not usually apply.

### **Deferred Payment Agreement (DPA)**

If you have money that is tied up in your property and you need help paying care home fees, you may be able to apply for a Deferred Payment Agreement. This is a loan from the Council, secured against your home, and is usually repaid when the property is sold (or from your estate).

To apply for a Deferred Payment Agreement you must normally:

- Have savings/capital (excluding property) below £23,250.
- Own (or part-own) a property that is registered with the Land Registry (if it is not registered, you may need to register it at your own expense).
- Have mental capacity to agree to the arrangement, or have a legally appointed person who can agree it (for example, a Lasting Power of Attorney).
- If there is a mortgage/secured loan, the lender must agree to a further charge being secured on the property.

### **Deferred Payment Agreements involve costs and interest**

- There are set-up and administration fees (for example, legal costs and Land Registry costs).
- Interest is charged on the debt.
- You will receive full information about costs before you enter into an agreement.

### **Personal Expenses Allowance**

If the Council helps fund your care home placement, you must be left with a weekly Personal Expenses Allowance (PEA) for personal items. For 2026/27 this is £31.80 per week.

### **Top-up payments (third party contributions)**

Care homes set their own fees. The Council will pay up to its standard rate for a placement that meets your assessed needs. If you choose a care home that costs more than the Council's rate, someone else (a "third party") may agree to pay the difference. This is called a top-up.

Important points about top-ups:

- The third party must agree to pay the top-up and will be asked to sign an agreement.
- If the top-up stops and there are suitable homes available within the Council rate, a move to another home may be considered.
- The Council may take action to recover unpaid top-ups.
- The top-up is in addition to any care charge you have been financially assessed to pay.

### **You usually cannot top up your own fees**

- You cannot usually pay your own top-up, except in limited circumstances (during the first 12 weeks of a long-term placement if you own a property, or if you have a Deferred Payment Agreement, or where section 117 of the Mental Health Act 1983 applies).

### **Will my benefits change?**

Moving into a care home can affect your benefits. If the Council is funding your placement, some disability benefits usually stop after the first 4 weeks (for example Attendance Allowance, the care component of Disability Living Allowance, or Personal Independence Payment for daily living). Other benefits, such as Pension Credit or Employment and Support Allowance, may also reduce or stop. These changes may happen earlier if you were in hospital before entering the care home.

If you have a spouse still living at home, their benefits may be affected.

You should tell the Department for Work and Pensions if you are in hospital or a care home for more than 4 weeks.

### **Giving away money or property**

If you give away savings or property to avoid or reduce what you pay, we may still assess you as if you still have that money or asset. This includes transferring property ownership to someone else or making large gifts. If you are thinking about giving away savings or property you should seek independent legal advice.

### **Example – how a weekly care home charge is worked out**

This example is to help explain the calculation. Your own financial assessment will be different.

Mr D is moving into a long-term residential home. The Council's standard market rate for 2026/27 is £776.88 per week.

Mr D's weekly income is £238.00.

He must be left with the Personal Expenses Allowance of £31.80 per week.

<b>Weekly income</b>	<b>£238.00</b>
Less Personal Expenses Allowance	£31.80
<b>Maximum weekly charge</b>	<b>£206.20</b>
Council pays the difference (if eligible)	£570.68

### **If you disagree with the financial assessment**

If you disagree with your financial assessment, contact the Financial Assessment Officer first. If you still disagree, you can write to the Senior Financial Assessment Officer explaining why and providing evidence.

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