

Care Act 2014 – Social Care Charging and Funding Overview

Charging:

- Section 14 of the Care Act gives local authorities a general power to charge for certain types of care and support at their discretion
- This power to charge and Care and Support Statutory Guidance replaces the Department of Health's Fairer Charging policies guidance for non-residential care services and the Charging for Residential Accommodation Guide (CRAG)
- It replaces the duty to charge for residential care with a discretion to charge
- The regulations specify a number of services that must be provided free

Paying for Care:

- Section 17 of the Care Act requires a local authority to carry out a financial assessment if they have chosen to charge for a particular service
- Anyone who has over the 'upper capital limit' will be deemed to be able to afford the full cost of their care
- The capital limit is currently set at £23,250 for care in a care home although a local authority can decide whether to set a more generous capital limit. In Richmond the capital limit is £35,000 for non-residential care.
- A financial assessment for those who have below the upper capital limit will determine the amount someone needs to contribute or if they need to contribute at all
- Local authorities must ensure that they do not charge more than is permitted under the regulations set out in the Care and Statutory Guidance (issued under the Care Act 2014 by the Department of Health). The overarching principle is that people should only be required to pay what they can afford

Changes for 2015:

- People with financial assets above the upper capital limit may ask the local authority to meet their needs and LA's should take steps to make people aware of this. If it is anticipated that this need will be met by a

care home placement then the LA can choose whether to meet this need or not. The LA must meet eligible needs for other care and support

- An arrangement fee can be charged to people with assets above the upper capital limit where we meet their eligible needs. The arrangement fee can only cover the costs incurred in arranging the care but people must not be charged a fee for a financial assessment, a needs assessment or the preparation of a care and support plan
- The act places a duty on all local authorities to operate a deferred payment scheme and are required to offer deferred payment agreements to people who meet the criteria governing acceptance into the scheme
- Local authorities will be able to recoup their costs associated with deferring fees by charging interest. Interest will be charged against any amount owing on the deferred payment, including any fees. The maximum rate allowed to be charged will be set by government on a 6 monthly basis and interest will work on a cumulative basis (added to the loan so interest accrues on interest)
- Local authorities will also be able to charge an administration fee to recover the costs incurred in ongoing running costs for the deferred payment agreement. The costs will include legal fees, valuations, letters etc. Any administration fee charged can be added to the deferred payment amount or paid separately.

Debt Recovery:

- The existing powers under Section 22 of the Health and Social Services and Social Security Act (HASSASSA) 1983 will no longer apply and local authorities will be unable to place a charge against property using this legislation
- Section 69 of the Care Act provides new powers that allow equal protection to both the local authority and the person
- Section 70 of the Care Act with the power to recover from a third party where a person has transferred assets to them with the specific intention of avoiding care and support charges (known as deprivation)
- Where a debt has accrued and a deferred payment could be offered then the local authority must offer a deferred payment
- A local authority may look to the County Court to recover debt only where all other reasonable options have been exhausted

- Annex D of the Care and Support Statutory guidance

Financial Information & Advice:

- Local authorities must provide people with information to help them understand what they may have to pay, when and why and how it relates to their individual circumstances
- People must be provided with information on the different ways to pay for care that includes income and assets, a deferred payment agreement, a financial product or a combination of these
- Local authorities must help people to make informed, affordable and sustainable financial decisions about their care throughout their life
- People must have access to impartial and independent financial information and advice and the local authority must facilitate this
- When someone has a deferred payment agreement they must at a minimum be provided with six-monthly written updates of the amount deferred (including fees, interest, administrative charges and principal amount) and the equity remaining in the home. They should also be provided with a statement upon request within 28 days

From April 2016:

- The Care Act will introduce a cap on care costs. This will mean that, where a person has been assessed as having an eligible need, LA's will have to monitor and record their progress towards a care cap. The record of the progress towards the cap will be known as a Care Account
- There will be an increase in the capital threshold for people in residential care who own their own home – more people will be eligible for state funded support
- People will be able to defer their daily living costs as well as the care costs and top ups when in a care home setting against the value of their main property