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Why do we get no help with care home fees?

Ask The Experts

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This article was written in response to a reader's question. If you have a financial or work/career question that has left you scratching your head [ask our panel of experts](#) who will aim to shine some light on the matter.

Question

“ In 2009, my mother had to go into a nursing home. She had to sell her house to self-fund her place and at the time she had assets of around £210,000.

After buying a care annuity plan, she was left with £60,000. Since then, she has paid her care home fees of £850 a week from the annuity income and her savings. Her savings now are less than £10,000 and she receives no financial help from Somerset County Council to assist her. Is this legal or fair? ”

DH/Somerset

Answer

“ Unfortunately, the way that events have transpired means that your mother is caught between a rock and a hard place, with no obvious source of redress.

The main reason for her current position relates to the nursing home charging self-funders a different rate to council-funded residents. This is common practice across the sector.

In Somerset, it appears that the rate at which the local authority funds individual nursing home placements is £575 a week, including the allowance of £110 a week received towards the nursing care.

This is significantly lower than the £850 per week your mother is paying. A combination of inflation and the squeeze on council-funded rates is likely to have widened this gap since your mother first became a resident of the home.

There is a national debate on whether council-funded rates are too low for care homes. Regardless of the rights or wrongs of this debate, it is privately funded individuals and their families who are caught in the middle.

Your mother did the sensible thing and bought a care annuity and topped up the fees herself through the £60,000 residual cash. Over the period of the placement, her savings have been slowly whittled away.

With the top-up money depleted, the initial issue of the differing rates comes back to the surface, potentially made worse by the changes in market rates during the period of the stay.

The income your mother most probably still receives covers the net cost of the council-funded fee rate through her pension and annuity. As far as the council is concerned, your mother, therefore, does not qualify for additional support. However, this does not deal with the current £850 a week rate of your mother's current placement.

This is quite a common problem in the care market, and likely to increase as the funding gap widens.

In these circumstances, there are normally three outcomes:

- The council picks up the case funding above the usual price as a 'one-off'. In your case, the local authority does not appear to be able to do this.
- The provider accepts that the self-funder has paid a higher rate for a number of years and accepts the lower council rate for the customer.
- The customer has to relocate to a cheaper council-funded care home.

Unfortunately, neither the council nor the provider seems prepared to meet the funding gap, which commercially, and by law, they are perfectly entitled not to do. Although there is no redress in this case, it does highlight the very important issue of negotiating with the provider before the initial placement is made. With hindsight, if the contract had a clause for the provider to accept the lower council rate when the top-up funding ran down, then this point of crisis may have been avoided.

Alternatively, fixed inflation rate provisions can be built into the contract to ensure that the increase in the fee rate is kept under control, and relatives can plan for when the funding may run out.

This is easier said than done. When an individual goes into care, normally it is the family dealing with the issue at a point of crisis. The last thing that relatives are usually concerned about is what may occur when funding may potentially run out.

Getting independent support on negotiating with the care homes is an important step for relatives to take. Having this support ensures that an independent and objective professional can use their experience to help prevent similar circumstances in the future.

Ray Hart is care fees expert and managing director at Valuing Care ”