Your options when needing to pay for your own care

Helping you understand the different ways that care fees can be funded as a "self-funder" and some of the pros and cons of each

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PRODUCED IN ASSOCIATION WITH

JUST.

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Just has a compelling, clear purpose. We help people achieve a better later life, by providing competitive products, financial advice, guidance and services to those approaching, at and in-retirement.

- Just Group is a FTSE-listed financial services group.
- We're a fast-growing company with over 1,200 colleagues and more than 650,000 customers.
- We've been trusted by our customers to carefully look after £24 billion of their pension savings.
- We've helped them release more than £6.7 billion from their properties.

At Just we recognise that everyone's retirement needs are different. You may want a regular income with the security of knowing that it's guaranteed to be paid for life. Maybe you are looking for peace of mind and want to make arrangements for future care costs. Or perhaps you want to access some of the money tied up in your property to spend on home improvements or holidays. It could even be a combination of these things. Here at Just, we're proud to be one of the UK's leading providers of retirement financial solutions. And that's why we believe we can help you.

Please read this page before you read the rest of this guide

For all of us, the suitability of any particular way of paying care fees (or combination of ways of paying) will be dependent upon our individual circumstances, financial means and wishes. As a result, there is no universal 'best way' of doing so. Furthermore, this guide should not be interpreted as offering advice as to whether any individual means of paying for care is more suitable than any other, for you or anyone else.

This guide has been designed to help those who have to pay for some or all of their care fees (commonly referred to as 'self-funders') understand the process we recommend they follow to make sure that they actually DO have to pay for their own care and having done so, their options and the various ways care fees can be paid. We suggest that process should include:

1. Following the 5 steps highlighted in the guide

2. Contacting your financial adviser to discuss your options at the earliest opportunity, as suitably qualified and regulated financial advisers **are the only professionals able to discuss the suitability of all ways of paying for care** including unique care plans that guarantee the payment of care fees at a selected level for life*.

3. Together with your financial adviser
    a. assess all possible ways, and combination of ways of paying for care
    b. secure of an Immediate Needs Annuity quote to indicate the cost of guaranteeing payment of the expected level of care fees for life. In so doing, you will be better able to assess the relative merits of all means of payment and what is the best course of action for you now and in the future (which may or may not be taking out an Immediate Needs Annuity)

*see Step 4 of this guide entitled: 'Understanding the importance of taking regulated financial advice'

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This sign denotes sources of further information

This sign denotes an important point to be especially aware of

Step 1 – Establishing whether you are a 'self-funder'

Paying for long term social care can be a complex matter as well as an expensive one. Social care is the responsibility of local authorities (or Trusts in Northern Ireland) and is means tested which means those who have the ability to pay will usually be expected to do so, in part or in full. In contrast, health care is the responsibility of the NHS and is free at the point of need.

Before we look at the suitability or pros and cons of the various ways you might ultimately pay for your social care (or that part of it that you are required to fund), it is important you follow a number of key steps to establish whether your care needs really do have to be funded in part or in full by you and if so, how much you will be expected to pay.

For most people this includes addressing the following:

1. Understand the nature and full extent of your overall care needs and the likely cost of meeting them.

   The most common way of doing this is to approach your local authority (or Trust in Northern Ireland) and arrange a 'needs assessment' to establish the extent of your care needs and whether they fall within the remit of social or health care. This will also indicate in the case of social care, how much meeting those needs the local authority identify as eligible will cost (in other words those that are deemed serious enough to require local authority help). After this your local authority should then instigate a 'financial assessment' that determines to whether you or your local authority/Trust will pay some or all of the costs. Both assessments are free of charge and a legal right.

2. Understand what care services you can secure free of charge from your local authority, Trust or other third party (e.g. charities and support services) to help meet these needs.

3. If part of your needs relates to **health care**, finding out whether you qualify for free NHS Continuing Health Care funding (NHS CHC) that operates in England, Northern Ireland and Wales, or Hospital Based Complex Clinical Care in Scotland. Eligibility means your main care needs are health related and are sufficiently serious, complex and unpredictable that the NHS will pay all your care costs, although eligibility is not a straightforward matter and if awarde is subject to ongoing periodic reviews so can be taken away if your health improves.

4. If you do not qualify for NHS CHC or equivalent, establish whether you qualify for any other NHS support such as a contribution towards Registered Nursing Care that may be available if you need to into a residential care home.

5. Establish whether you have any life insurance or other protection policies that

may cover some or all of your care costs. Some policies have care related benefits written into their terms and conditions, and policyholders can sometimes be unaware of their existence.

6. Understanding your entitlement to state benefits. A local authority financial assessment will assume you are in receipt of all welfare benefits to which you are entitled, whether you are claiming them or not.

7. Understanding the impact (if any) that any proposed future care reforms and/or legislation may have on the funding of your care needs into the future. A/your financial adviser should be able to help you with this, the importance of this linked to the fact that the reform agendas of devolved governments and Westminster have a history of change and U-turns.

Step 2 – Understand how much good care might cost and how long you might need it?

Assuming after you have had a local authority based financial assessment, you are required to pay for some or all of your care fees, you should understand just how much good care can cost and how long you might need it.

How much does a care home cost?
The cost of a care home, either residential or nursing, varies considerably by region and the level of services and facilities available, as indicated in the latest data from Lottie sourced from over 4,000 care services (data for Northern Ireland not available)

The average cost of a care home for a self-funder in August 2024

Region	Residential costs per week	Nursing costs per week	Residential dementia costs per week	Nursing dementia costs per week	Residential respite costs per week
East Midlands	£1,088	£1,336	£1,131	£1,360	£1,135
East of England	£1,222	£1,470	£1,311	£1,551	£1,292
London	£1,383	£1,607	£1,469	£1,702	£1,470
Northeast England	£1,035	£1,088	£1,061	£1,099	£1,078
Northwest England	£1,107	£1,325	£1,162	£1,368	£1,198
Southeast England	£1,332	£1,570	£1,410	£1,645	£1,446
Southwest England	£1,261	£1,493	£1,322	£1,555	£1,345
West Midlands	£1,204	£1,391	£1,224	£1,407	£1,268
Yorkshire and the Humber	£1,083	£1,291	£1,128	£1,335	£1,125
England	£1,227	£1,470	£1,291	£1,540	£1,310
Scotland	£1,333	£1,472	£1,346	£1,477	£1,438
Wales	£1,198	£1,456	£1,309	£1,564	£1,342
UK	£1,232	£1,470	£1,294	£1,534	£1,317

What about fee increases?
Care Home costs have increased significantly in recent years. According to international property group Frank Knight, data from their 2021 UK Care Homes Trading Performance Review shows average weekly fees in 2021 increased by 6.7%. The region with the highest increase was the East of England, up by 11.7% on the previous year. Since 2022 we have seen a significant increase in the rate of inflation that one can expect to impact further on increasing care home fees as care homes recover from the pandemic,

Putting the pandemic to one side, the underlying reasons for fee increases are complex but include a growing influence of 'for profit' operators, rising staff costs and increasing medical needs of those entering care. On a positive note, another reason for increases in fees may be due to rising standards of care, in part due to pressure from regulators.

The Knight Frank 2021 Care Homes Trading Performance Review can be downloaded here: https://content.knightfrank.com/research/548/documents/en/care-homes-trading-performance-review-2021-8576.pdf

The cost of domiciliary (home) care services
Home care costs can also vary hugely depending upon location and as with care homes, there are significant regional variations. Costs will also depend on what sort of care you need (companionship, personal or more complex care), how many hours of care you need and what times of the day and week you need it. Also, whether or not the care provider offers a fully managed care service (where they employ, manage, train and develop their carers) or simply act as an agency will also have a bearing on costs.

An hourly figure of around £20 per hour is a good starting point, with full time care during the day starting at £30,000 per annum. However, as the expression goes, 'you get what you pay for' and there are increasing pressures on good quality home care providers to set fee rates that cover increasing costs including recruitment of higher-quality staff.

In attempting to arrive at a fair hourly rate for homecare services, the United Kingdom Homecare Association briefing 'A minimum Price for Homecare' dated December 2024 suggested that a minimum price for homecare services should be established at a rate of £32.14 per hour for England, £33.90 per hour for Wales, £32.88 per hour for Scotland and £32.84 per hour in Northern Ireland (effective from April 2025) to support a viable regulated homecare sector.

The cost of live-in care services
Live-in care services are an alternative to residential care, and provide a high level of one to one, continuous support. Depending on requirements, and contrary to popular perceptions, live-in care does not have to be dramatically more expensive than residential care for a self-funder. This is because the client will be living in their own home and paying for their own food and utility bills – so the only significant cost associated with live-in care is the salary of the live-in carer. Online research by My care Consultant suggests a starting figure of circa £800- £1000 per week.

It's also worth appreciating that where more than one person in the same residence needs care, most live-in care services will simply make a small additional charge and not look to apply a full charge for both individuals. This can make live-in care extremely competitive when compared with a care home for two people.

Quantifying an unknow need

A significant problem with paying care fees (self- funding) is that in most cases there is no way of knowing exactly how long that need will last. Length of care need (domiciliary, live-in, residential and nursing care) and survival rates continue to be under-researched.

Often quoted research that does exist was carried out in 2011 by the independent research body, the Personal and Social Services Research Unit (PSSRU)*. It was based on a large data set provided by care home provider BUPA. Key conclusions included:

- on average, people stay 2.3 years in a residential home and 1.4 years in a nursing home.
- However, the length of an individual's stay varies greatly and when you look at the top 25% in terms of length of stay, they are almost double the median length of stay in a residential home, and significantly more than double the median length of stay in nursing homes.
- The top 10% in terms of length of stay (based on combined residential and nursing home data) produced a national average of approximately 6.5 years.
- Around 27% of people lived in care homes for more than three years with the longest resident reported at over 20 years.

This research also included data that separated self-funders from those in receipt of local authority funding. In so doing, it provided some evidence that overall self-funders have a higher life expectancy and thus a higher funding need when receiving care, remaining in care for around a third longer than local authority supported individuals. This differential between the two groups is also supported by data from 'JUST' (a leading provider of Immediate Needs Care Annuities) in respect of those self-funders who take out an Immediate Needs Annuity where average length of stay in a residential home has been reported as closer to 4 years.

* Forder, J and Fernandez, J-L (2011) Length of stay in care homes, report commissioned by Bupa Care Services, PSSRU Discussion Paper 2769, Canterbury: PSSRU. See Appendix 1.

Apart from often being in a higher socio-economic group, there is some evidence to suggest that self-funders will spend more time in care as they may access it at an earlier stage in their care journey. This is likely to be increasingly the case when you consider the more stringent criteria being applied by local authorities, many of which are no longer funding care for those with mild or moderate needs.

Step 3 – Understand what can happen if you run out of money?

If you need care for many years, your ability to pay may be tested, dependent as it is upon the ongoing cost of care, the means of payment chosen, your resources and your ongoing financial position. In time this could reduce your assets below the level that makes you eligible for local authority funding which you had not previously been entitled to. At this point, the council should arrange to review your needs and carry out a financial assessment and may start to contribute towards the cost of your care.

So far, so good – but it's important you appreciate the following:

- Firstly, if this should happen, the current position is that the local authority (or Trust) will only pay their set rate, which is often below the level many care homes charge to self-funders. Where a care home has no local authority places available or is a self-funder only residence, this means either family or friends must fund the difference between the local authority rate and the fees that the care home charge (known as a 'third party top up'). In the worst-case scenario, where such a top-up is not available, you may be forced to move to another, potentially less salubrious room in the care home, or to another care home altogether which accepts the lower local authority rate.

  A report from the Competition and Markets Authority illustrated this cross subsidy** clearly. In a sample of 2000 'mixed' care homes, covering nearly a third of the industry by revenue, the average fee for a self-funder across the UK in 2016 was £846 per week. In contrast, Local Authorities paid on average £621 per week.

Nation/region	Average LA fee per week per resident £	Average LA fee per week per self-funder £	Average fee differential £[1]	Average fee differential %	Median fee differential %	Number of care homes[2]
England	610	851	245	43	41	1,690
East Midlands	586	781	195	35	34	182
East of England	584	856	274	50	49	240
Greater London	733	1,051	325	49	47	114
North East	568	669	121	23	23	136
North West	544	776	232	45	44	239
South East	710	1,063	348	52	49	245
South West	657	876	226	37	36	161
West Midlands	605	829	242	45	46	175
Yorkshire and the Humber	533	722	191	37	36	198
Scotland	640	880	240	38	35	170
Wales	602	800	199	36	34	53
UK	621	846	236	41	40	1,980

Source: *Care Homes Market Study: Final Report (Dec 2017) – Competition and Markets Authority*

**More than half of care home places in the UK are comprised of local authority-funded residents. However, due to many factors, not least the negotiating power of local authorities and the squeeze on their finances, it is thought that local authority fees are provided near to or at cost for care home providers. Therefore, in order to make this a viable financial model, some care home providers will charge self-funding clients more than their local authority equivalents, which is known as "cross-subsidisation".

More recently the Laing Buisson Report Care Homes for Older People, thirty-fourth edition (February 2024) highlighted differences in average weekly fee rates in England for the same care home provision as follows:

For residential care

- Private/self-funders paying £1,136 pw
- Council's paying £828 pw
- Private pay premium 37% in excess of council-paid fees

For nursing care

- Private/self-funders paying £1,409 pw
- Council's paying £1,146 pw
- Private pay premium 22% in excess of council-paid fees

- Secondly, and most importantly, establishing the level of your care need will determine whether a local authority will step in at all. For example, if you are in a care home as much from choice as necessity, and you run out of money, it's quite possible that you could be assessed as not having sufficient or severe enough needs to be funded by the local authority.

  In England, the Care Act 2014 introduced national criteria for eligibility – i.e. the conditions an individual will have to meet to qualify for care and support. This came into effect from April 2015. What this means in practice is if your level of need does not meet the minimum eligibility criteria at the time you turn to the local authority for help, you will have to find a way to continue to fund your own care or, as is often the case, rely on family or friends to either pay your fees or act as unpaid carers.

Step 4 -Understand the importance of taking regulated financial advice

The evidence strongly suggests that many people not lucky enough to have a trusted relationship with a regulated and suitably qualified Financial Adviser don't think of taking advice from one when they or a family member need care. They are often simply unaware of some of the key reasons why taking regulated financial advice in respect of paying for care is critical to getting good outcomes. These include:

1. Only a regulated financial adviser with specific qualifications can advise on all ways of paying for care. Many don't realise this is particularly important when it comes to advice on whether an Immediate Needs Annuity (INA) is suitable. These valuable products are deemed by the regulator, the Financial Conduct Authority (FCA) as 'Retail Investment Products' and as a result of that categorisation, can only be recommended by a regulated financial adviser. Furthermore, they will need to have passed an exam on long term care insurance recognised by the regulator. The most common exams being:
    I. CF8: Long- Term Care Insurance from the Chartered Insurance Institute
    II. CertLTCP: The certificate in Long-Term Care and later Life Planning from the London Institute of Banking & Finance

    Whilst an INA will not be the most suitable means of paying care fees for everyone, they remain the only way for most to guarantee payment of fees at a given level for life , the cost of which is something we would suggest every self-funder should at least be aware of, if only to use it to more accurately assess the relative merits of all other ways of paying for their care.

2. Linked to the above, a financial adviser will be able to advise you in respect of the most appropriate course of action to take to ensure in the event of having to pay for your own care the chances of you running out of money are reduced and a future loss of control over the nature and quality of care you receive avoided.

3. If paying for some or all of their care fees, it may be important such payments don't undermine any other financial plans or future wishes you may have. A financial adviser can help ensure that you are able to pay for care for as long as possible, whilst at the same time considering whatever property and assets remaining are available to use, invest, gift away or leave to beneficiaries in a Will.

In addition, it is always worth stressing that if you do not take regulated financial advice, you will not have the level of protection afforded by the Ombudsman or the Financial Services Compensation Scheme, and you will need to do your own thorough research to make an informed choice as to the best way to pay for your care.

Step 5- Familiarise yourself with the 9 ways 'self-funders' can pay for care

Having established what care needs you have, the total cost of meeting those needs, and determining that you will need to 'self-fund' (either partially or fully), the next step to take is to familiarise yourself with the various ways care fees can be paid, taking account of current fee levels and likely future increases.

Armed with an understanding around your options, talk to your qualified financial adviser who will be able to make a recommendation as to the most suitable option/s for you and help put anything needed such as a product or access to funds in place.

So, let's look at the various generic ways people use to pay for their care.

There are essentially nine ways an individual can pay for care. Each has innate advantages and disadvantages and the suitability of each should be measured against the specific circumstances, nature and needs that you have, as well as how much financial risk you are able and comfortable in taking (if any). The best funding solution for any given individual may involve one, or combination of, the following working in tandem:

Using the value locked within your residential property (your home)

1. A Local Authority Deferred Payment Scheme
2. Rental income from residential property
3. Equity released from residential property
4. Funds released through the sale of residential property/downsizing

Using alternatives to your residential property (your home)

5. Liquid assets/cash/income
6. Investments/portfolios
7. Pension funds
8. Long Term Care Insurance Product (LTCI)
9. Third Party Top-ups

Whatever means of funding care fees is ultimately chosen, consideration should be given to both future inflation- linked fee increases as well as the potential for an increase in fees due to the need for a higher level of care as a condition worsens (for example, in the case of residential care, the potential for nursing home care requirements in the future).

1. Using a Deferred Payment Scheme

Since April 2015 and following the introduction of part one of the Care Act 2014, local authorities in England have had to offer a loan (often referred to as a deferred payment agreement or DPA) to meet care costs, secured on the home of the individual in care, at a relatively low fixed interest rate. This is known as the "universal deferred payments system" and was introduced to ensure fewer people were forced to sell their home in their lifetime to pay for their care.

Be aware that if you consider this means of payment that the payment for care and support is deferred, not 'written off' – the costs of provision of care and support will have to be repaid by you (or a third party on their behalf) at a later date or upon your death.

Variations of this option exist in Scotland and Wales but in Northern Ireland there is no formal deferred payment system. However, your local Health and Social Care Trust in Northern Ireland may offer something similar on a discretionary basis.

If you live in Scotland you can find out about your eligibility for a DPA (or an alternative called a charging order here: https://www.careinfoscotland.scot/topics/care-homes/paying-care-home-fees/deferred-payment/

If you live in Wales, you can find out about your eligibility for a DPA within Annex D here: https://www.gov.wales/sites/default/files/publications/2023-04/parts-4-and-5-code-of-practice-april-2023.pdf

There is no formal DPA system operating within Northern Ireland but it may be worth approaching your local Trust to see if they have a similar arrangement: https://www.nidirect.gov.uk/contacts/health-and-social-care-trusts

THE FOLLOWING RELATES TO HOW THE SCHEME OPERATES IN ENGLAND

Are you eligible?

The regulations specify you are eligible for, and so must be offered the option of a deferred payment scheme if you meet all 3 of the following criteria at the point of applying:

a) Your needs are to be met by the provision of care in a care home. This is when you have been assessed as having eligible needs which the local authority decides should be met through a care home placement. This should comply with choice of accommodation regulations and care and support planning guidance, so should take reasonable account of your preferences.
b) You have less than (or equal to) £23,250 (2025/2026) in assets excluding the

value of your home (i.e. in savings and other non-housing assets).

c) Your home is not disregarded - for example it is not occupied by a spouse or dependent relative as defined in regulations on charging for care and support

Local authorities are also encouraged to offer the scheme more widely to anyone they feel would benefit who does not fully meet the criteria (see important point at the end of this section).

What happens if you are deemed eligible?

If eligible, your local authority/council will pay your care home bills on your behalf. You can delay repaying the council until you choose to sell your home, or your estate does so upon your death. You will need to sign a legal agreement with the council, saying that the money will be repaid when your home is sold.

The local authority usually ensures that the money owed in care fees will be repaid by putting a legal charge on your property. It does this by contacting the Land Registry to place the charge. The charge is removed when the outstanding debt is repaid.

Usually no more than 90% of the value of a home can be used in this way to pay for fees (minus the lower capital limit of £14250 - for the financial year 2025/2026). In practice, many local authorities will set a limit between 70% and 80%. This is to leave you the homeowner or the executor of your will with enough money to cover the sale costs and to make sure the local authority gets their money back if house prices fall.

What are the costs involved?

The charge for setting up the agreement will tend to reflect the actual costs that the council incurs. There may also be an annual administration charge on the anniversary of the agreement. The set-up charge and the annual charge can normally be paid separately, or they can be added to the loan amount, but the latter will also incur interest. These charges cover legal costs, land searches, registry, and valuation charges.

It’s important to note that local authorities are not permitted to operate a deferred payment scheme at a profit, only to cover the costs involved.

By way of example only, below are the charges that are applied by one County Council, namely Durham as of April 2024

(source: https://www.durham.gov.uk/media/30238/Deferred-Payment-Agreement-Policy-Residential-Care/pdf/DeferredPaymentAgreementPolicy-ResidentialCare2021.pd)

DPA Policy Appendix 1
Deferred Payment Scheme Costs

Fees and Charges	Frequency	Cost
Legal Fees		
Preparation and Registration of DPA and charge	per activity	£155.00
Removal of Charge	per removal	£ 50.00
Application for Voluntary First Registration**	per application	£205.00

** anyone with un-registered title deeds will be required to apply for the voluntary registration of their title deeds prior to being granted a DPA

Land Registry Fees		
Office Copy and Title Plan	per request	£6.00
Registration of Charge	Registration of Charge via Land Registry Portal	Registration of Charge by Post (Unregistered Properties)
£0-£100,000	£ 20.00	£ 45.00
£100,000-£200,000	£ 30.00	£ 70.00
£200,000-£500,000	£ 45.00	£100.00
£500,000-£1,000,000	£ 65.00	£145.00
£1,000,001 and Over	£140.00	£305.00
Discharge of Charge	per discharge	Free
Voluntary First Registration- Value of Property		
£0-£80,000	per application	£ 45.00
£80,001- £100,000	per application	£ 95.00
£100,001- £200,000	per application	£230.00
£200,001 - £500,000	per application	£330.00
£500,001 - £1,000,000	per application	£655.00
£1,000,001 and over	per application	£1105.00
Valuation Costs		
Property Valuation	per valuation	£175.00 + VAT
Administration Fees		
Initial set-up	per case	£206.00
Annual fee	per case	£ 54.00
Abortive Admin Fee*	Per case	£ 50.00

** This relates to a standard charge for admin costs where a deferred payment application/agreement is terminated before its completion (whatever the reason).*

What are the Interest payments?

- Since 1st April 2015, local authorities have been able to charge interest from the start of an agreement, subject to a maximum percentage specified in regulations. The interest rate charged by the local authority is reviewed twice a year and is applied from 1st January to 30th June and 1st July to 31st December each year.
- As of January 1st 2025 the current maximum rate the local authority can charge in England is 4.25% per annum, compounded daily.
- Interest is accrued on a compound basis on the amount deferred, even if the equity limit is reached.
- Interest applies during breaks in care and after death, until the deferred amount is repaid.

When might a local authority refuse access to a deferred payment scheme for a qualifying individual/s?

Examples include:

- Where a local authority doesn't think that enough security exists against the loan, they may be able to refuse an agreement on the basis that they risk not getting back the money they will spend on care fees.

- Where it is not possible for the local authority to secure a first charge on the property.
- Where a property is not registered with registered with the Land Registry. If it is not, then this may need to be done at the individual's own expense.
- Where a person doesn't agree to all or any of the terms and conditions of the agreement (for example, a requirement to insure and maintain the property).
- Where a person doesn't have the mental capacity to agree to the arrangement, and they don't have a legally appointed attorney or deputy willing to agree.
- Where a person is seeking to pay a top-up. In principle, people should be able to defer their full care costs, including any top-ups. But at a minimum an eligible person must be allowed to defer their 'core' care costs.
- In the case of a jointly owned property, the local authority must get signed consent from all owners to put a legal land registry charge on the property and not to object to a future sale for repaying the debt to the local authority.

To be eligible for a deferred payment scheme there should be no-one else living in the property who needs to stay there such as a spouse, partner, child, a relative aged over 60, or someone who is sick or disabled. However, the local authority does have the discretion to offer a deferred payment arrangement where a property is jointly owned. This raises the question as to whether reliance can be placed on the property discharge rules for joint owners.

There is some hearsay evidence that some local authorities are offering deferred payment arrangements on property that is both jointly owned and occupied by one of the above. Whilst a local authority must seek the consent of all owners, this can often be at a time when there is immense pressure to resolve matters. It could be that in these circumstances joint owners provide that consent, despite the fact that they are potentially agreeing to make themselves homeless if the individual in need of care dies in care, as the local authority will then require repayment of the loan plus any accrued interest.

Circumstances where a local authority may refuse to defer more charges within an existing deferred payment arrangement

Refusal to defer might happen when:

- the individual's total assets fall below the level of the means-test and they become eligible for local authority support.
- the individual no longer needs care in a care home.
- the individual breaches certain terms in their contract and the local authority cannot resolve the breach.
- the property becomes disregarded, and the individual consequently qualifies for local authority support in paying for their care.
- the 'equity limit' is reached.

Local authorities must give at least 30 days' notice if they decide not to defer any further charges for someone who has an active deferred payment arrangement in place. Repayment is still subject to the usual terms of termination and local authorities should provide the person with an indication of how their care costs will be met in future e.g. by the local authority (which may require a change of care home due to the fees the local authority is prepared to pay) or from the individual's income and assets.

Other ways a local authority may consider being repaid if a charge on the property is not possible or the property is not deemed to be suitable security

- Agreement to accept an assignation of a life policy to repay the costs on death.
- Agreement to accept a guarantor who has security against which the local authority can secure a legal charge.
- Agreement to accept a solicitor's undertaking in respect of the availability of future funds.

Please note, a local authority is not *bound* to accept any of the above 'alternative' means of security.

Advantages

- ✓ The local authority will pay for the costs of care, so you won't have to find the money straight away.
- ✓ There is a maximum rate of accrued interest that the local authority can charge.
- ✓ Debt is only built up against the value of the home for the time that you are in care. If you know you may only need to spend a short time in care, for example because a condition is terminal, this may be an option worth considering.
- ✓ The local authority may allow top up fees to be included in the agreement to pay for a more expensive room or better care home
- ✓ In a rising market, the value of the house should continue to increase in value, helping towards care costs. There is of course no guarantee that this will be the case.
- ✓ Because the house is not sold in this scenario, therefore not producing capital, you can continue to claim Attendance Allowance, Disability Living Allowance (care component), or Personal Independence Payment (daily living component), if you are entitled to any of these benefits.
- ✓ Renting out the home may be allowed, and part of the rental income can then be used to pay care home fees. In such circumstances, the Deferred Payment Scheme debt may end up less than it would otherwise be, the property will be occupied, and tenants can pay utilities and council tax.
- ✓ If the property is rented out during a deferred payments agreement, the local authority should permit retention of a percentage of rental income. The local authority may offer other incentives to encourage the rental of properties.
- ✓ Sometimes the local authority might offer to place tenants from their housing list into the empty property and pay rent to you.

Disadvantages

- × The ongoing cost of upkeep and maintenance of the house.
- × The ongoing cost for heating and lighting bills so that the house does not look unoccupied.
- × Keeping the house insured (potentially a problem if no-one is living there).
- × Ongoing mortgage payments will still need to be made if a mortgage is outstanding.
- × If the property is to be let, this will need to be managed
- × House prices could fall leaving less money to pay back the care fees.
- × Deferred Payment Schemes do not provide a "no negative equity" guarantee.
- × Interest that could have been earned on the proceeds if the house had been sold and the equity put into savings or investments, would be lost.

If your health circumstances change and you move from the residential home you are in (and/or return home) the agreement will most likely end, and in such circumstances, the loan would need to be repaid within a few months.

It is not uncommon for Local Authorities to suggest the need for Third Party Top Ups (see page 28) when a DPA would be more appropriate. Sometimes this is due to social workers not being fully aware of the availability of DPA's or the statutory requirement on Local Authorities to make them available to those eligible. At other times it is due to the perceived lack of sufficient security for the loan in question and a subsequent failure to consider other types of security such as a third-party guarantor, a solicitors undertaking or an agreement to repay the amount deferred from the proceeds of a life policy.

Whilst a local authority has full discretion in individual cases to refuse a deferred payment agreement if it is not satisfied that adequate security is in place, it should make available an explicit and publicly accessible policy of what other types of security they are willing to consider in addition to a first charge

2. Receiving rental income from residential property

If you are moving into a care home and own a property, one way for you to generate more income to put towards care fees may be to rent out your property. In some cases, this may cover the cost of care. In others it will at least contribute towards it. This can then be topped up from savings, pensions or other sources of income or realisable assets.

Advantages

- ✓ It makes the residential asset work – delivering a continuous stream of income for an infinite period – eliminating the need to worry about running out of funds needed to pay for care.
- ✓ It keeps the property in your estate.

- ✓ The property remains occupied.
- ✓ Tenants pay utilities and council tax.
- ✓ It enables you/the homeowner to benefit from increases in the value of the property.
- ✓ It can prevent the need to sell the property in a falling market.
- ✓ Letting the property and using all or part of the rental income to fund care can be advantageous if you and your family are keen to retain the property, or if a quick sale would make it difficult to realise the full value.

Disadvantages

- × There may be periods with no tenant and therefore no income.
- × The possibility of maintenance and/or tenant troubles , most likely incurring costs such as redecorating, replacements and repairs.
- × Being a landlord means responsibilities as a landlord that you may not be able to meet while in care (e.g. ensuring the property meets strict safety rules - ensuring that all furniture and furnishings supplied are compliant with the Furniture and Furnishings (Fire) (Safety) Amendment Regulations 1993, servicing all gas-related equipment and providing an annual gas safety certificate. Ensuring the electrical wiring in the property is safe and in good working order throughout etc).
- × It can be time consuming, requiring the use of a letting agent (with related costs) or a family member or friend to manage the property.
- × The net return may be insufficient to cover care fees and other costs.
- × If renting continues for more than 3 years, the eventual sale of the home could give rise to capital gains tax liability.
- × Rental income might push you over the limits for local authority help or affect other benefits.
- × Care home costs may rise faster than the rental income.

Consideration should be given to the use of a professional letting agent registered with a professional body such as ARLA (the Association of Residential Letting Agents) to provide additional consumer protection.

3. Releasing equity from residential property

When it comes to using equity release to pay for care most schemes are designed for those who want to stay in their own home in receipt of domiciliary care, or where one spouse or partner needs residential care but the other continues to live at home. The money released can be used to pay directly for care fees, or to create an investment plan to help cover care fees.

Advantages

- ✓ It can provide a guaranteed regular income or a large lump sum (subject to limits imposed), and funds can usually be accessed more quickly than waiting for a sale.
- ✓ You get to keep and stay in your own home.
- ✓ Some equity release schemes require no regular payments of interest or capital.
- ✓ Some equity release schemes allow for regular/sporadic payment of interest to

reduce the amount of outstanding debt.

- ✓ The loan need only be repaid on death or on the sale of the property.
- ✓ There's the potential to benefit from any future increases in the value of the property.
- ✓ Fixed rates prevent interest spiralling out of control.
- ✓ Many schemes guarantee that the total debt cannot exceed the value of the property (a negative equity guarantee).
- ✓ When the house is eventually sold, and the debt paid off, there may be money left over to provide some inheritance.
- ✓ The equity released on a main residence is tax free.
- ✓ Equity-release schemes can help to reduce Inheritance Tax liability.
- ✓ It keeps the property in the estate (for now).

Disadvantages

- × You will not be able to release the full value of the property (as compared to selling the property).
- × If using a home reversion plan (a type of relatively uncommon equity release plan), you lose sole ownership of your home.
- × Interest will be charged, which typically results in debt accrual.
- × interest is usually higher than standard mortgage rates.
- × Usually, the property must be sold when the debt needs to be repaid.
- × It might affect your entitlement to means-tested benefits, as any money raised through equity release is likely to affect the assessment of income and capital and may have an impact on their tax status.
- × Any inheritance passed on to beneficiaries will be substantially reduced and won't include the property itself unless the outstanding loan is repaid from other sources.
- × It can be inflexible if your circumstances change – they will usually need the provider's permission for someone else, such as a relative, carer or new partner, to move in.
- × There are costs involved – such as arrangement, valuation, legal and set-up fees.
- × If you sell up or die soon after taking out a plan, your estate could incur a loss.
- × You might not be able to transfer all the debt if you subsequently move to a smaller, lower value property.
- × There will be an ongoing requirement to have buildings insurance.
- × Lenders will expect you to keep the property in good condition, so they will need to set aside some money for on-going repairs and maintenance.
- × Unless the money released is used to purchase a long-term care plan, the money could run out meaning you will then have to find alternative ways to continue paying for your care.
- × Early repayment charges may apply, if they want to redeem the mortgage early (for example, if they no longer need to pay care fees).

What about Standard mortgages?

It is worth noting that standard mortgages for those in later life are increasingly available for those who can demonstrate affordability. Interest rates are typically lower than equity release loans as regular repayments are required.

Most equity release providers are members of the Equity Release Council (formerly known as Safe Home Income Plans or SHIP) and provide a no-negative-equity guarantee, alongside a range of other standards. My Care Consultant recommends the use of member firms to provide appropriate consumer protection.

Taking out an equity release loan or standard mortgage may undermine the subsequent availability and access to a Deferred Payment Scheme (due to the fact that the local authority may not be able to secure the required first legal charge on the property).

4. Releasing funds through the sale of residential property/downsizing

Should you need domiciliary (home care) rather than residential care, you might consider downsizing to raise a lump sum from any equity released to pay for their future care needs. This could also involve moving into a more secure and supportive setting such as dedicated 'extra care' residential developments where help is readily available when needed.

Advantages

- ✓ It makes capital available.
- ✓ It is a sensible option if fewer people are to live in the house going forward.
- ✓ It will usually be a more cost-effective option than equity release, as no interest is charged or accrued.
- ✓ It could provide the opportunity to live somewhere that might better cater for your needs now and/or in the future.
- ✓ Moving to a bungalow, a serviced apartment in a retirement village or into sheltered housing can bring other advantages you might not have considered, such as an easier to maintain home, better accessibility, and/or a possible reduction in the cost of care through modifications in the new property.

Disadvantages

- × It can be a lengthy process.
- × It can have an impact on means-tested benefits.
- × Not everyone wants to sell the family home.
- × It may not generate sufficient funds.

5. Paying fees from liquid assets, cash and/or income

Where you have sufficient liquid assets and/or income to pay for care fees for the foreseeable future, this option may be considered for some or all care fees. In many cases paying fees in this way will be in conjunction with one of the other nine ways of paying for care.

Advantages

- ✓ Low investment risk.
- ✓ Readily accessible.
- ✓ No fees or charges involved.

Disadvantages

- × Low rates of return currently available on cash deposits.
- × Possible capital depreciation where the rate of inflation exceeds the return on capital.
- × May be insufficient to pay for fees over time.

6. Paying fees from investments

This way of paying for care fees can involve either new or existing investments, which generate investment income, investment capital or both. For many this is a flexible way to pay care fees, either care at home or residential, without taking out any form of additional loans, and without relying on day-to-day income or the prospect of selling property to finance care.

Advantages

- ✓ Makes capital work harder compared with cash deposits.
- ✓ Should create more income than cash deposit.
- ✓ It may be possible to retain the capital and only use the returns it generates to pay for care, allowing the lump sum to be saved and passed on to children.
- ✓ Unlike an Immediate Needs Annuity (see section 8) the full balance of your estate may be left for beneficiaries on your death.

Disadvantages

- × Returns from investments are unpredictable, so the income produced may not cover the cost of care fees. Where investments are the primary means by which care fees are paid, any investment strategy should provide the necessary liquidity to fund on-going care fees.
- × Tax is liable on pay-outs from most investments, depending on the tax wrapper being used.
- × If you live for an extended period, there is a real possibility that there will be insufficient capital to continue generating enough income to fund care fees.
- × Poor investment performance could exacerbate your financial position.
- × This might conflict with IHT planning.
- × Some investment products can be medium to high risk and must therefore be capable of being held for a minimum period (typically five years or more). As most people in care would have a reduced life-expectancy, it is vital that any recommendations take account of the potentially reduced mortality.
- × The rate of inflation may exceed natural income from investments, so there could still be an erosion of capital in these accounts.
- × An investment portfolio will need to be kept under regular review.

7. Paying fees from pension funds

Advantages

- ✓ Availability and access (post pension freedoms).
- ✓ Using pensions as a contingency fund to pay for care post pension freedoms is now more attractive due to the scrapping of the pensions "death tax", the 55% charge that previously was a strong dis-incentive in retaining pension funds into later life.

Disadvantages

- × Withdrawals will be taxed as income at your marginal rate, so big drawdowns, such as £50,000 to pay for major adaptations to your home to make it suitable for your needs, could push you into a higher tax bracket.

× Potential conflict with retirement income needs for you/your their spouse or partner.
× How much is enough? For the few who need to pay for care over a considerable time this route can decimate their pension funds.

8. Paying fees using Long Term Care Insurance Products (LTCI)

Long Term Care insurance products broadly fall into two types – risk-based insurance products (also known as pre-funded products) and immediate needs products, usually referred to as Immediate Needs Annuities, but sometimes called immediate care needs annuities, immediate need care fees payment plans or sometimes simply care plans.

The market for pre-funded products effectively came to an end several years ago due to a lack of demand and a lack of appetite from providers in the face of higher-than-expected claims and pricing challenges. More recently we have seen several protection products launched that include some form of Long-Term Care protection, where benefit levels are restricted and may or may not be sufficient to pay for care costs over time.

PRE-FUNDED

There are broadly three types of pre-funded care products that you may come across:

1. An insurance policy designed to pay care fees direct to a registered provider
2. A combined investment with an internal long term care protection policy within (for example, The Scottish Amicable European Long Term Care Bond)
3. Hybrid protection products (often whole of life based) that contain some form of long-term care benefit payment. These require the regular payment of premiums and tend to provide life cover as well as levels of protection in case care is required (based on the policyholder's in-ability to complete a number of activities of daily living (ADLs).

1 & 2 above are no longer available due to the difficulty providers have had in accurately assessing open ended risk and likely pay-outs coupled with minimal demand. However, some policyholders may still have these plans in existence, either knowingly or otherwise.

Advantages

✓ These products can be funded by a regular premium (i.e. they don't all require a lump sum investment).
✓ Regular premiums can be cancelled at any time (subject in most cases to the policy being forfeited).

Disadvantages

× This type of protection would not provide a repayment of premiums if no claim were ever made. Nor would it generate a cash-in value at any time.
× This type of protection could prove unnecessary in hindsight, if no care fees are incurred or where the policyholder subsequently qualifies for (free) NHS Continuing Health Care.

Risk-based insurance products may contain an option to pay out all or part of the sum assured in the event of the policyholder being unable to perform several activities of daily living. Always investigate whether you have such a policy, as eligible payments could either meet or make a substantial contribution towards the costs of care.

IMMEDIATE NEEDS

An Immediate Needs Annuity is simply an insurance policy that works in the same way that an annuity in retirement does. In exchange for a set one- off premium or lump sum, the policy undertakes to pay a regular income towards your care costs for the rest of your life. The level of the premium depends on things such as your age, health and the expected level of current and future care fees.

Advantages

✓ **This is currently the only product that <u>guarantees</u> payment of care fees at a selected level <u>for life</u>.**
✓ Security and reassurance - the income is guaranteed to continue until the death of the person needing care. This can be a useful bargaining point when negotiating costs with a care provider as well as giving your family more confidence that they are unlikely to have to make up any shortfall in costs, unless increases in fees outstrip income payments at some future point.
✓ Tax-efficiency. Because the benefit is paid directly to a registered care provider (a care home or home care agency that is registered with the Care Quality Commission or its Welsh, Scottish or Northern Irish equivalent), it is completely tax free and will not affect any allowances being received.
✓ The annuity can also help to pay for care at home and retain the above tax efficiency if this is supplied by a UK-registered care provider. The benefits can be paid directly to you, the policyholder if required, for instance if you were receiving care at home provided by non-registered carers, but a percentage of the benefits would be subject to income tax.
✓ An inflation element can be included, to help offset future increases in care fees.
✓ For an additional single premium, part of the capital paid into the policy can be protected in case of early death. Any lump sum death benefit will be paid to your estate and may be subject to inheritance tax.
✓ The policy can be transferred from one care provider to another if required.
✓ If you no longer need care, or fees reduce, part or all of the annuity can be converted to pay personal income subject to marginal rate tax.
✓ The annuity is protected by the Financial Services Compensation Scheme if the policy provider is unable to meet its liabilities.

- ✓ Payment for the annuity will remove an equivalent value from the estate of the person making the payment. As such, if your estate is likely to be subject to IHT at some future point (assuming a continuation of current IHT rules) the net cost (purchase price) of the annuity could be viewed against the reduced IHT liability when assessing value for money. See above comment on capital protection.
- ✓ Where the premium for an Immediate Needs Annuity comes from a larger investment portfolio or other liquid assets, consideration can be given to the suitability of a more aggressive investment approach to be applied to the balance (given that your needs are being met by the income from the Immediate Needs Annuity).

Disadvantages

- × It requires a significant sum of money to take out (to cover the longevity risk) and there may be no cash-in value.
- × Once an Immediate Needs Annuity has been taken out, there's no going back. The plan can't be cancelled to get some of the money back if, for example, you stop needing care. In such circumstances, any ongoing payments will be subject to income tax at your marginal rate. (However, be aware that an Immediate Needs Annuity can be cancelled in the first 30 days' cool-off period).
- × There is a risk to capital in the early years if no capital protection option is selected. This may mean YOUR estate doesn't receive all the capital back.You need to weigh up the peace of mind of having a regular, secure income to pay for care vs the loss of the lump sum you have invested should you die sooner than expected or planned for.
- × The annuity may not ultimately keep pace with increasing care fees (dependent upon the basis upon which it is set up at outset). In such circumstances, where there is a shortfall between the cost of care and the income payable from the annuity, the client must make this up from other resources.
- × Income payments from the plan may affect entitlement to some means-tested state benefits.

Some insurance companies offer a "deferred" option in their plans. This option allows you to choose to defer receiving income from the plan until a later date. The longer the deferred period, the lower the cost of the plan both overall and relative to a non-deferred option.. If you are considering a plan, it would be prudent to find out if this option is offered so that you can compare the costs.

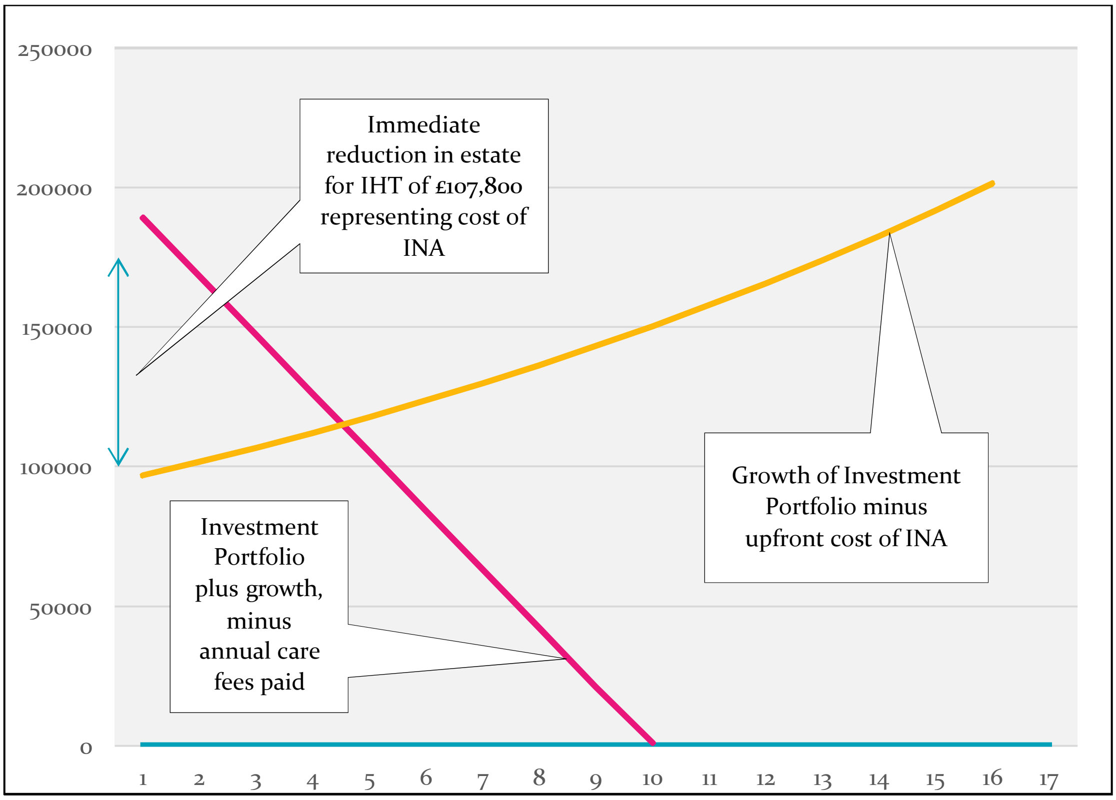
Even if an immediate or deferred care annuity is not likely to be the most suitable means of paying care fees for you, it is advisable to ask your financial adviser to secure underwritten quotes from providers who market such plans, so that you and your adviser can best assess the value of all other options. This is because the Immediate Needs Annuity is the only product that currently guarantees payment of fees for life.

Providers will often quote on an 'indicative' basis which doesn't require up front and/or detailed underwriting. Whilst this is convenient , giving a simple and speedy indication of cost, the resultant figures are often significantly different to those of the eventual underwritten quote. Indeed, some have argued that as a result, such indicative quotes are next to meaningless. A properly underwritten quote can in some circumstances change this solution from unattractive to highly competitive. Providers have been hesitant to stop providing indicative quotes in case it puts them at a competitive disadvantage.

One of the major concerns that providers of care have in respect of self-funders, is ensuring that the self-funder will be able to continue to pay their fees throughout the time that they require care. Although the providers of immediate care annuities provide a pre-agreed and predictable level of income for life (including the availability of inflation-proofing and annual increase options), they cannot guarantee that the level of that income will meet the full cost of care fees, even if, at outset, this is the case. Hence, before taking out an Immediate Needs Annuity, you need to be aware that, if care fees do rise higher than the income being paid, you (or your family) will be responsible for ensuring the difference can be paid. However, care homes may be open to negotiation, knowing an Immediate Needs Annuity means they can be assured of the income for as long as care is required. For example, they may be prepared to cap future increases in line with the annual increases established via the annuity.

The following illustrates a theoretical example which compares the impact on an investment portfolio of £200,000 when care fees of £20,000 per annum (without escalation) are required. These are shown being paid directly from the investment (where the value of the portfolio decreases due to the ongoing payments), and are compared with buying an Immediate Need Annuity (immediately reducing the estate for IHT purposes but still leaving a significant amount of the portfolio available to continue to earn a return).

Assumptions used to illustrate the concept include: a male life aged 85 attained; the cost of the INA at £107,800 (source: JUST); portfolio growth of 5% pa after tax and charges; annual care fees deducted from portfolio on day 1 of each year; care fees remaining at £20,000 pa and the client's estate valued at or above the IHT threshold (in addition to the value of the portfolio).



9. Third Party Top-ups

If your care home fees are to be part-funded by the local authority, the local authority will have assessed your ability to pay and provided details of care homes in your area which accept the amount the council is willing to pay. The amount of money offered by the council is known as your **personal budget.**

If you would prefer a more expensive care home than those offered by the council (e.g. a larger room, a better view or perhaps a location closer to family), you should still be able to move to their choice of home if someone is prepared to pay the difference. Generally, it must be a third party who pays the top-up fees. This could be a friend, a relative or a charitable organisation. You cannot pay their own top-up fees unless:
- You have entered into a 12-week property disregard period (this is a period during which the council cannot take the value of their property into account. This lasts for the first 12 weeks after a permanent move to a care home.)
or:
- You have a deferred payments agreement (DPA) with the council where the council will pay part of their care home fees as a loan and get the money back once their property has been sold at a later date or on death.

You should only need to arrange a top-up if you have chosen to move into a home that is more expensive than the amount the council is prepared to pay to meet your eligible care needs. Neither you nor friends or family should ever be pressured into paying top-up fees. Before deciding to pay top-ups fees, it's important to establish that the council is offering to pay a reasonable amount to buy the care required.

The local authority has an obligation to review the arrangement once a year, however anyone paying a top-up fee can ask for a review of the top-up arrangement at any time.

Advantages

✓ Third party top-ups might enable you to secure an available place in a care home of your choosing, if that home charges more than the local authority are prepared to pay.

Disadvantages

× The third party will be asked to sign a contract with either the care home or the council, which commits them to ongoing payments. It is always possible that the third party may not be able or may not want to continue to pay the top-up fees at some future point.

× The person making the 'top-up' payment could see an unexpected change in their financial circumstances that will impact their ability to continue to pay the 'top-up' fees.

The legislation that governs Immediate Needs Annuities (2004 Finance Act) says that the benefits from such an annuity can be paid free of tax to a local authority. This is important in respect of 3rd party top-ups.

Where an investment is made into an Immediate Needs Annuity by a 3rd party it both caps their liability and at the same time meets the need the council will have in dealing with 3rd parties, namely that they are willing and able to pay the top-up for as long as needed.

However, in such cases it is important to note that the money MUST be recognised by the local authority as coming from the 3rd Party and NOT the resident in care, as some local authorities have argued that the Immediate Needs Annuity benefit should be treated as the resident's income (which it is not), potentially undermining eligibility to local authority funding in the first place.

It is also worth pointing out that where someone requiring care has lost mental capacity, any 3rd party must have legal authority to sign for a request for medical information to be released when underwriting an Immediate Needs Annuity (i.e. they are the attorney under an LPA).

Appendix 1

The impact of political reform on paying for care

Social Care reforms are in varying states of progress across the four nations within the UK. The nature of these reforms and the timescales involved vary but fundamentally are long term in nature and thus unlikely to have an impact of paying for care in the short to medium term. The following is a summary of the current position as of the date above.

ENGLAND

Current direction of travel – towards a National Care Service that integrates health and social care services, aimed at ensuring consistency and high-quality care across the country through national standards.

- On 29th July 2024, the Labour Government abandoned a promise made by the previous Conservative Government to cap social care costs to £86,000, a key part of the Conservatives 'Build Back Better' reforms that have now been shelved.
- On 3rd January 2025, the Government took what it described as a first step towards its manifesto commitment of a National Care Service underpinned by national standards designed to deliver consistency of care across the country. This first step involved the launch an independent commission into adult social care chaired by The Baroness Casey of Blackstock DBE CB, to inform the work needed to deliver this. The commission will report in two stages with medium term plan recommendations expected in 2026 and final recommendations are not expected until 2028. There is currently much debate about these timescales being too long and if unchanged unlikely to result in any substantive reforms before the next general election.

- You can read more about the Governments plans here: https://www.gov.uk/government/news/new-reforms-and-independent-commission-to-transform-social-care

NORTHERN IRELAND

Current direction of travel - towards a sustainable social care workforce

- From 26 January – 1 July 2022, the Department of Health undertook a public consultation on the Reform of Adult Social Care in Northern Ireland. During the consultation process, views were sought on a range of reforms in respect of the organisation, funding, commissioning, planning and delivery of adult social care services across Northern Ireland
- On 10th December 2024, Health Minister Mike Nesbitt published a new three-year strategic plan for health and social care that included:
    - Implementing new models for delivery of home (domiciliary) care services
    - Regionally consistent contracts for care home placements
    - Making the independent adult social care sector a Real Living Wage sector

The three-year plan can be read here: https://www.health-ni.gov.uk/publications/health-and-social-care-ni-three-year-plan

- On the 12th December 2024 Health Minister Mike Nesbitt published a plan to develop a sustainable social care workforce over the next decade.

This plan can be read here: https://www.health-ni.gov.uk/publications/social-care-workforce-strategy-2025-2035

- We understand that a full review of current charging arrangements for social care is ongoing although the likely result and timings are currently unknown.

SCOTLAND

Current direction of travel - towards a National Care Service that provides a consistent approach to national and local management and governance arrangements

- The Scottish Government launched a national program to reform adult social care in 2019, working with a range of people and stakeholders. The program was paused in early 2020 to allow the social care sector to focus on responding to the COVID-19 pandemic. Following the Independent Review of Adult Social Care in 2021, the Scottish Governments focus is now on the creation of a National Care Service
- In June 2022, the Scottish Government introduced the National Care Service Bill, designed to make Scottish ministers responsible for social care services through a Scotland-wide body overseeing a network of local care boards. The stated intention was to deliver a National Care Service before 2026. The Bill is what is called a 'framework Bill' leaving most of the detail to secondary legislation. Unlike the NHS, the proposed Scottish National Care Service does not involve residential care being free at the point of need. It does however include some specific proposals such as the removal of charging for non-residential care and the right to breaks from unpaid caring.
- On 14th November 2024 the Minister for Social Care, Mental Wellbeing and Sport, Maree Todd published a letter to 'Care organisations and people with care service experience' that reconfirmed the Scottish Governments commitment to plans for a National Care Service but needed time to reflect on stakeholder views and address outstanding issues before progressing stage 2 considerations of the Bill.
- After concerns that the proposed National Care Service in Scotland was fast becoming a 'costly monster' and Council Leaders withdrawing their support for the Bill going through the Scottish Parliament, on 23rd January 2025 the Scottish Care Minister made a statement to the Scottish Parliament in which Part 1 of the Bill, namely proposed reform of integrated social care and community health was to be removed from the Bill which would proceed through parliamentary due process on the basis of Part 2 & 3 only. So controversial plans for a national care board have now been dropped in favour of an advisory body that it is proposed with meet for the first time in March 2025. This effectively means the end of a National Care Service as originally envisaged, although if parts Part 2 & 3 of the Bill become law, this could see the introduction of the following:
    - Anne's Law: care home providers under a duty to facilitate visits to and by residents unless there is a serious risk to the life, health, or wellbeing of people at the care home
    - New approaches to information sharing and information standards
    - Rights to breaks for unpaid carers

    - Independent advocacy
- You can read more about how the Scottish Government plan to now move forward in respect of social care reform in Scotland here (as of 23/1/2025): https://www.gov.scot/publications/national-care-service-ncs-factsheet/

WALES

Current direction of travel – towards a National Care Service, free at the point of need

- The Welsh Government has proposed the creation of a National Care Service to rival the NHS, and unlike the Scottish or English version, the proposal is that it will be free at the point of need (funded by a tax hike of between 1% and 3% , dependent upon the actual services delivered).
- The vision for this service is set out in its 2019 document, 'A Healthier Wales: our Plan for Health and Social Care'. It envisages a system that recognises the primary importance of prevention through effective public health measures, coupled with quality care provision aimed at supporting people in their own homes, over reactive, hospital-based health interventions.
- In September 2022, an 'Expert Group' brought together to advise on the ambition for a National Care Service produced its report 'Towards a National Care and Support Service for Wales'. This report identifies several changes which will need to take place in order for a National Care Service to be delivered.
- The Welsh Government have published an implementation plan for the first phase of developing a National Care Service which will run until 2025 (most likely during this term of Government - the next elections in Wales are anticipated by spring 2026). A second and third phase of implementation are envisaged, which would run from 2026-2028 and from 2029 onwards respectively. As such a National Care and Support Service free at the point of need is unlikely to see the light of day before the early 2030's assuming inevitable political hurdles can be overcome.

- You can keep up to date with the latest policy developments in respect of adult social care in Wales here: https://research.senedd.wales/research-articles/keep-up-to-date-with-the-latest-on-adult-social-care-policy-in-wales/