

Paying for Non-residential Care & Support

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Factsheet 2

Property

When we look at how much savings/capital you have we will not include the value of the property you are living in, but we will include the value of any other property you own.

If you own a property but you no longer class the property as your main address, then normally the property you own will be included as capital in your financial assessment. This would be the case if you move into a Very Sheltered Housing or a Supported Living scheme from a privately owned property, or if you move to live with a family member on a permanent basis.

If your property is included in your financial assessment you will be expected to pay the full cost of your care and support, but because your capital is tied up in your property you may not be expected to pay the costs in full until you have sold the property. If you have liquid capital of less than £23,250 and your assessed weekly income is less than the cost of your care and support you could be considered for a deferred payment agreement.

What is the Deferred Payments Scheme?

The Deferred Payments Scheme is available to help you if you have been assessed as having to pay the full cost of your care – but cannot afford to pay the full amount because most of your capital is tied up in your home.

The scheme offers you a loan from the Council using your home as security. It doesn't work in exactly the same way as a conventional loan – the Local Authority doesn't give you a fixed sum of money when you join the scheme, but we will pay an agreed part of your weekly care and support for as long as is necessary.

You will be asked to pay a weekly contribution towards the cost of your care from your income. The Council pays the part of your weekly charge that you can't afford until your property is sold.

The part the Council pays is your 'Deferred Payment'. The deferred payment builds up as a debt – which is to be cleared when the money tied up in your home is released. For many people this will be done by selling their home, either immediately or later on. You can also pay the debt back from another source if you want to.

You do not have to sell your home if you don't want to – you may, for example, decide to keep your home for the rest of your life and repay out of your estate, or you may want to rent it out to generate income. If you do this, you will be expected to use the rental income to reduce the weekly payments made by the Council, which will reduce the deferred payment debt.

Charging interest

The loan will have interest charged on it in the same way a normal loan would do if you borrowed money from a bank. The maximum interest rate that will be charged is fixed by the Government. Currently the maximum rate to be charged is based on the cost of government borrowing, and will change on 1st January and 1st July every year. This interest will be compounded on a monthly basis.

The interest will apply from the day you enter into the Deferred Payments Scheme.

You will be sent a statement of account each year to give you information on the deferred payment account.

Your agreement with the Council

If you decide to use the Deferred Payments Scheme, you enter into a legal agreement with the Council by signing an agreement document. The Council then places what is called a 'legal charge' on your property to safeguard the loan.

The agreement covers both the responsibilities of the Council and your responsibilities, one of which is to make sure that your home is insured and maintained. If you incur expenses in maintaining your home while you are in residential or nursing care, these will be allowed for in the amount that you are assessed as contributing each week from your capital and income.

You can end the agreement at any time (for example if you sell your home) and the loan then becomes payable immediately.

Otherwise the agreement ends on your death and the loan becomes payable 90 days later.

The Council cannot cancel the agreement without your consent.

Entering into a deferred payment

You should take independent financial and legal advice to help you decide which course of action will be financially better for you.

Normally if the cost of your care is more than your personal budget figure, a family member or other person should pay the additional money towards your placement. If you decide to take advantage of the Deferred Payments Scheme; you can ask to add the additional costs to your Deferred Payments Scheme loan, if the Council agrees that there is enough equity in your home.

Costs associated with the scheme

There will be an administration charge applied in relation to the legal costs, which are currently £396 for registered properties and £596 for unregistered properties. The local authority's legal department will write to you separately about these charges if you decide to take out an agreement.

Other options

You may choose to rent out your property, which could give you enough income to cover the full cost of your care. There are advantages to this as you will not accrue a debt, be liable for interest and administrative

charges and your property will be occupied. Your tenant will be paying utilities and council tax which will reduce your outgoings.

You may also choose to pay the full cost of your care from your available income and savings/assets; or a family member may choose to pay some or all of this for you.

You should take independent financial and legal advice to help you decide which course of action will be financially better for you.

Eligibility

To be eligible for a deferred payment you must:

- have capital (excluding the property) of less than £23,250;
- be professionally assessed as requiring care in Very Sheltered Housing or a Supported living environment;
- own or have part legal ownership of a property, which is not benefitting from a property disregard, and ensure your property is registered with the Land Registry (if the property is not, you must arrange for it to be registered at your own expense);
- have mental capacity to agree to a deferred payment agreement or have a legally appointed agent willing to agree this.

Terms of the agreement

Whilst in the agreement, you will also need to:

- have a responsible person willing and able to ensure that necessary

maintenance is carried out on the property to retain its value, you are liable for any such expenses;

- insure your property at your expense;
- pay any client contribution in a timely and regular manner; if you fail to pay the client contribution on a regular basis the Council reserves the right to add this debt to the loan amount.

There can be no other beneficial interests on the property, for example outstanding mortgages or equity release schemes, unless this is approved by the Local Authority.

Financial Advice

You may want to consider getting financial advice before entering into a deferred payment agreement to see if this is the right option for you. You can find a local financial advisor by visiting either

<https://societyoflaterlifeadvisers.co.uk>

or

<https://directory.moneyadvice.service.org.uk/en>

If you want further information or guidance from an independent source before deciding how to fund your care you can contact My Care My Home who can provide free independent advice:

Telephone: 0800 731 8470

Email: info@mycaremyhome.co.uk

<https://www.mycaremyhome.co.uk>

If you are not able to access this information on the internet you can contact the Financial Assessment Team who will be able to assist.

Example

Freddie has moved into a Very Sheltered Housing scheme having moved out of his privately owned home in the community. Freddie has savings under £23,250 but the property he owns is assessed as part of his capital and therefore Freddie is assessed as requiring to pay the full cost of his care and support in the Very Sheltered Housing scheme which is £238.40 per week.

Freddie has an income of £379.20 per week (£277.45 State Retirement Pension/Pension Credit *including* an amount for severe disability plus £101.75 Attendance Allowance). With his other outgoings Freddie is not able to afford the full weekly cost of the care and support and opts to enter into a deferred payment agreement with the Council.

Freddie has a financial assessment and the amount of disposable income he has been assessed as having to contribute towards his care and support is £152.85 per week. The remaining £85.55 that makes up the full cost of the care and support will not need to be paid until the property is sold and the equity released to cover these costs.