



Financial Assessments Deferred Payment Agreement Factsheet

This FACT sheet has been developed to help you understand how the Deferred Payment Agreement works in Doncaster. If you do not understand anything within this document, please contact us. A list of useful contact numbers are provided at the end of this FACT sheet. Please note that where amounts are quoted these are subject to change.

What is the Deferred Payments Scheme?

The Deferred Payments Scheme is designed to help you if you have been assessed as having to pay the full cost of your residential care but cannot afford to pay the full weekly charge immediately because most of your capital is tied up in your home. Signing up to a Deferred Payment Agreement enables Doncaster Council to

- defer the payment of charges due for the costs of meeting needs in a care home or supported living accommodation or
- defer the repayment of a loan paid out in instalments, to cover the costs of care and support in a care home or supported living accommodation

This means you do not have to sell your property to pay for your care during your lifetime if you do not want to.

Eligibility for the Deferred Payment Scheme

You will be able to apply for the scheme if you:

- Have capital (excluding the property) of less than the upper capital limit (as set out in the regulations)
- Have been professionally assessed as having eligible care needs that will be met through the provision of permanent residential /nursing care in a registered care home;
- Own or have part legal ownership of a property, which is taken into account in your financial assessment and for which there are no other beneficial interests registered, for example outstanding mortgages or equity release schemes, unless this is approved by Doncaster Council.
- Have your property registered with the Land Registry. (If the property is not registered, you must arrange for it to be registered at your own expense to be eligible.)
- Have mental capacity to agree to a deferred payment agreement or have a legally appointed agent willing to agree to this.

As part of a Deferred Payment 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 the property at your expense.
- Pay any regular contribution you have been assessed as able to afford from your weekly income (see below) in a timely manner. If you fail to pay this contribution on a regular basis the Council reserves the right to add this debt to the loan amount.

On-going contributions towards your care

Even if you sign up to a Deferred Payment Agreement, we will still ask you to pay a weekly contribution towards your care. This contribution will be the amount that you have been assessed as being able to pay from your income and any accessible savings. The Council pays the part of your weekly charge that you can't afford until the value of your home is realised. The part the Council pays is your 'deferred payment'. The deferred payment builds up as a debt, which is 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.

Renting out your property

You do not have to sell your home if you don't want to. You may choose to rent it out. If you decide to rent out your property, you will be asked to use some or all of the rental income to reduce the amount owed to the Council as a deferred payment. Also, your property will be occupied which you may find more reassuring, and your tenant will be paying utilities and council tax which will reduce your outgoings.

Charging Interest

The Council is allowed to charge interest on the deferred amount in the same way a normal loan would be charged on money borrowed from a bank. The maximum interest rate that can be charged is fixed by the Government. The maximum rate charged is based on the cost of government borrowing, and will change on 1st January and 1st July every year. Interest will apply from the day you enter into the Deferred Payment Scheme. You will receive regular statements advising you how your charge is being calculated and what the outstanding sum on your deferred payment account is. Doncaster Council will apply interest on a compound basis annually.

Your agreement with Doncaster Council

If you decide to use the Deferred Payments Scheme to pay for your care, you will enter into a legal agreement with the Council by signing an agreement document. The Council then places a 'legal charge' on your property to safeguard the loan. The deferred payment 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 can be allowed for in the amount that you are assessed as contributing each week from your capital and income. However, this will increase the amount that is accruing as a debt and the amount that is subject to interest.

Costs associated with the Deferred Payments scheme

As well as charging interest on the accruing debt, the Council is allowed to charge for any expenses it incurs in setting up a Deferred Payment Agreement such as the cost of placing a legal charge on a property.

There is a separate document that sets out these fees, which are subject to change.

Valuing your Property and working out the amount of the Deferred Payment

Doncaster Council will arrange for a valuation of your property to be completed by the Council's property services team. The amount that can be loaned, under the Deferred Payment scheme, will be based on the value of your share of the property, less 10%, less the current lower capital limit, less any other loan secured against the property.

For example: the amount that can be loaned under the Deferred Payment scheme, for a property valued at £80,000, with an outstanding mortgage of £2,500, would be worked out as follows:

£80,000	-	£ 8,000 (10%)	=	£72,000
	-	£14,250 (lower capital limit)	=	£57,750
	-	£ 2,500 (outstanding mortgage)	=	£55,250

Limit for deferral is set at £55,250

Statements

For as long as there is a debt owed to the Council that relates to a deferred payment, six monthly statements will be sent out advising how your charge is being calculated and what the outstanding sum on your deferred payment agreement is. You can also request a statement from Doncaster Council if required; this will be supplied within 28 days.

Ending the Deferred Payment Agreement

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.

You should consider how the debt will be repaid in this timeframe if you have a tenant living there.

Personal Expenses Allowance

Someone in residential care must be allowed to keep a minimum amount each week from their income for personal expenses such as toiletries, hairdressing, etc. This is called a Personal Expenses Allowance and the amount is set by the Government each year. This is currently £24.90 a week.

Disposable Income Allowance

The general personal expenses allowance received by every person placed in residential care (as described above) may not be enough to cover maintenance of a property. If you enter into a Deferred Payment Agreement, The Department of Health guidelines and regulations state that an amount of £144 per week can be retained by the resident towards upkeep of their property. However, retaining income, which reduces the amount of the on-going contribution, will increase the amount of the deferred payment debt. This means that you will reach your deferral limit quicker. Once you have reached your deferral limit, Doncaster Council will no longer be able to offer you a loan to pay for care charges and therefore full cost accounts will be issued that must be paid in full on an on-going basis.

A Deferred Payment Agreement is only one way to pay for care. If you do not want to sell your property, or you are trying to sell your property, and choose not to enter into the Deferred Payment Agreement, you will be issued with invoices for the full cost of your care. You will therefore have to use other means to pay your invoices on an on-going basis. Where a person, who is eligible for a Deferred Payment, has refused to enter into the agreement and is not paying their full cost charge, Doncaster Council will seek to recover the debt through the County Court.

To find out about other options available you should take independent financial and legal advice to help you decide which course of action will be financially better for you.

Useful contact numbers

If you have any questions about Financial Assessments, please contact the Financial Assessment Team directly.

Phone us: 01302 735336 (choose option 3)

Write to us: Doncaster Council
Financial Assessment Team
Civic Office
Waterdale
Doncaster
DN1 3BU

In person: Civic Office Customer Service
Centre
Waterdale
Doncaster
DN1 3BU
Opening hours: Monday to Friday
08:30am – 17:00pm

By email: Housing.benefit@doncaster.gov.uk

On line: www.doncaster.gov.uk

By Fax: 01302 735134

Independent Advice

Society of Later Life Advisers
PO Box 590
Sittingbourne
Kent
ME10 9EW
Telephone: 0845 303 2909

The following websites contain useful information, including how to find independent financial advice:

www.payingforcare.org

www.societyoflaterlifeadvisers.co.uk

Complaints and appeals

Doncaster Council

Complaints Officer, Customer Services, The Civic Building, Waterdale, Doncaster, DN1 3BU

Email: complaints@doncaster.gov.uk **Telephone:** 01302 736000