

LONDON BOROUGH OF EALING
ADULTS SERVICES

DEFERRED PAYMENTS SCHEME INFORMATION
LEAFLET

(For Permanent Residential Care)

INTRODUCTION

This leaflet is for those people who own their own home and have been assessed as needing **permanent residential care**.

If you own your home, its value will generally be included as part of your capital. The rules for this are set nationally. Sometimes the value of a person's home may not be taken into account, for example when a spouse or partner continues to live there or if the stay in the care home is only temporary. We will advise you of all situations where property is not included in the calculations.

Where the value of your home is taken into account, and you do not have sufficient income or other assets/savings to meet the full cost of the care home fees, you may have to sell your home in order to pay the fees. This can hit some people hard who, for whatever reason, cannot or do not wish to sell their home so soon after going into care or during their lifetime.

The Government has recognised that it may be difficult for people to make decisions about selling their homes when they are admitted into care and have therefore introduced some changes to make things easier.

You are advised to seek independent financial advice before entering in to any agreement.

THE 12-WEEK PROPERTY DISREGARD

In April 2001, the Government introduced a 12-week property disregard period for people who enter permanent residential care after April 2001. Under this scheme the Council will ignore the value of your home for up to 12 weeks. This will apply if you do not have enough weekly income to pay for the full cost of your care and/or you do not have in excess of **£23,250 (from April 2012)** in savings or assets, excluding the value of your home.

Please note: Income Support/Minimum Income Guarantee payments may not be paid during this 12-week period.

If the 12-week property disregard applies to you, then the Council will only ask you to pay a contribution based on your income and other savings/assets. The Council will pay any difference between this amount and the fee that has been agreed to be paid to the care home for your placement.

If you decide during, or at the end of the 12-week period, that you wish to cease to have Council involvement **OR** you sell your home in this time you **MUST** inform the Council immediately.

After the 12-week period, the value of your property **WILL** be taken in to account in working out how much you should contribute.

If you wish the Council to continue to be involved with your care arrangements, then the information in this leaflet will help explain the options available to you. This leaflet aims to explain the arrangements introduced by Government in October 2001 in relation to charges for residential accommodation for people who own their own property.

THE DEFERRED PAYMENTS SCHEME

The Government regulations on charging for care in a residential care or nursing home requires local Councils to assess the amount that you can afford to contribute towards the cost of your care. In some cases, this means selling a resident's home.

From 1st October 2001, the Government introduced a scheme that allows you to put off the sale of your home during your lifetime. This scheme is called the "**Deferred Payments Scheme**".

This is a national scheme that allows you to defer payment of **that** part of your assessed contribution, which relates to the value of your home. You will still be required to contribute **from your income and assets** (other than the value of your home), but the Council will pay the difference between this contribution and the amount we have agreed to pay the home for your care. In other words, you can put this part of the payment off until later.

The Council will reclaim "the difference" we have paid on your behalf at a later date. You or your estate can delay paying the balance and only need to pay us back when you sell your home, or when you leave residential/nursing care.

By "deferring" the payment you will be receiving a loan from the Council. This could allow you the option of not having to sell your home whilst you are in residential/nursing care. One of the main advantages of the "Deferred Payments Scheme" is that you are in control of the process as your agreement and co-operation is essential.

If a deferred payment is agreed, the agreement between you and the Council will be put in writing and will need to be signed by both parties. A copy of the signed agreement will be given to you.

To qualify for the Deferred Payments Scheme, you must: -

- Have entered residential care on a permanent basis on or after 9th April 2001.
- You do not have other income or savings over £23,250, other than the value of your home, to meet the cost of your care.
- Do not wish to sell your home or if you do, it may take some time and the funds will not be available quickly enough to meet the full cost of your care.
- Have the sole legal and beneficial interest in the property or it must be registered solely in your name.
- Have no outstanding mortgage, or the outstanding mortgage **must** leave sufficient money to meet the criteria for you to fund the full cost of your care.
- Agree to have a Legal Charge placed on your home.

Also, the value of your home, together with other income and capital is worth enough to meet the criteria for you to fund the full cost of your care – **From April 2012 this means over £23,250.**

If you do not meet the criteria, but still want to consider the scheme, there may be ways that the Council can help you. **Please contact the Adults Services Income Team on 020 8825 7066 for further information.**

The money that has been paid on your behalf must be repaid in the following circumstances: -

- Immediately, if the agreement is cancelled.
- Immediately, if the property is sold for any reason.
- Within 56 days of date of death. If the property is not sold and the money paid out by the Council has not been repaid, interest will be added.

NO interest will be charged until the **57th day** after the date of death.

NO interest will be payable if you pay the debt in full **before the 57th day.**

IF interest is chargeable, for example when the debt is not paid within the 56 days of death or the termination of the agreement, whichever is the earlier, the rate will be 2% per year above the base rate of the Bank of England plc for every day longer than 56 days that you are late in paying, in addition to the total amount owed.

You may also take advantage of the scheme if you want to sell your property and it will take some time to be sold. The Council will pay the costs that would have been met from the sale during this period and repayment must be made once the property is sold.

If you wish to enter a home that is more expensive than the amount that the Council has agreed to pay or it's ceiling rate, either you or a member of your family can pay the extra amount. If you agree to join the deferred payment scheme it may be possible for Ealing Council to pay the full amount including the portion that is above the Council's ceiling rate. This amount will then be added to the deferred payment to be repaid eventually from the sale of your property. The Council will only add this amount to the deferred payment agreement if it is proven that the value of your property together with your current income and other assets/savings will pay for the duration of your care.

As it is an important decision for you to take, the Council recommends that you talk to your family and seek independent legal advice before the arrangements are finalised.

These are some of the points you may want to seek advice on before considering the scheme: -

- A legal charge will be secured against your property giving the Council the right to reclaim the loan against the sale. When a legal charge is placed, the loan amount will need to be paid during the completion process of selling the property or transferring ownership.
Please note that you will be entering into a legally binding agreement when agreeing to the Council placing the legal charge on your property. The Land Registry will contact you directly to confirm that the charge has been placed.
- You will need to ensure the property is properly maintained at all times. This means amongst other costs, you will have to pay for insurance of the building and contents, pay heating bills to ensure the property is protected against damp and frost, etc
- If you lease/rent out the property, the income you receive must be used to contribute towards your care home costs. This could reduce the amount of the loan substantially.

- You will need to contact the Department of Work & Pensions (DWP) 0845 6060265 or Job Centre Plus (under 60) on 08000 8556688 and inform them of your intentions with regards to the property as this may effect your entitlement for Pension Credit or Employment Support Allowance/Income Support. If you do not intend to sell your property, you will usually not be able to claim Pension Credit or Employment Support Allowance/Income Support. This will then increase the amount of the loan you will require from the Council. However, if you choose to put the property on the market, then any Pension Credit or Employment Support Allowance/Income Support payments you receive will be paid in accordance with your other financial circumstances and will **NOT** be repayable to the Department of Work & Pensions (DWP) or Job Centre Plus upon the sale of the property. This will then reduce the loan amount repayable to the Council.
- You may be eligible to receive Attendance Allowance or Disability Living Allowance (Care Component), if Pension Credit or Employment Support Allowance/Income Support **is not paid**. Benefit entitlement can be discussed with the Ealing Council's Client Benefits Team on 020 8825 8555 or the department for Disability Benefits on 08457 123456.

If you decide not to take up the Deferred Payments Scheme

If you are not eligible for the Deferred Payments Scheme, or do not wish to take advantage of the scheme, the Council will still help you. We will pay the portion of the cost of your care that relates to your home until it has been sold, by giving you a loan. In the meantime, the Council will place a Legal Charge on your property but unlike the deferred payments scheme this will be done **with or without your consent** in order to protect the Council's interests.

The legal charge is placed so that we can recover the money that we have paid on your behalf. We cannot make you sell your home except with a court order. We would make every effort to respect your decision about whether or not you wish to sell your home. We will recover the money once the property is eventually sold.

The Council charges interest on the loans it makes. The interest rate will be 2% per year above the base rate of the Bank of England plc, at the time interest becomes payable. Interest is payable from **the day after** the date of death or the termination of the agreement, whichever is the earlier.

Note: The difference in relation to the Deferred Payments Scheme option, whereby interest is not charged for the first 56 days.

The Council has limited funds allocated to the Deferred Payments Scheme but will always try to help if you wish to use the scheme.

It is possible that the Council may turn down your request for a deferred payment. If this happens, the reasons will be explained to you in writing, and you will be advised on how to appeal against the decision.

Example of Repayment under the Deferred Payments Scheme:

You own a home worth £200,000 together with your other capital.

Weekly cost of your care **£ 300.00**

Weekly contribution you can make
(**excluding** the value of your home) **£100.00**

Amount repayable to the Council each week
(this is the amount that will be **“deferred”**) **£ 200.00**

Deferred Payment Scheme lasts for 40 weeks, total to be repaid **£8000.00**

For further information about the Deferred Payments Scheme, please contact:

Adults Services Financial Assessment Team

2nd Floor SW

14-16 Uxbridge Road

Ealing

W5 2HL

Tel: 020 8825 7066 (9am – 5pm /Monday to Friday)

E-mail: financialcontributions@ealing.gov.uk