

## Deferred Payments Arrangements (V2.1 February 2019)

### 1) What is the 'Deferred Payments Scheme'?

The Deferred Payment Scheme is to help you pay care home costs if there is a delay in selling a property when you move permanently into a care home, or you don't want to sell the property immediately. If you are eligible, the Council will help to pay towards your care costs and you repay the council at a later date. The scheme can begin after you've been in a care home for 12 weeks or more. Short-term stays in care homes aren't covered by the scheme.

### 2) Eligibility

The Care Act 2014 sets the rules for Deferred Payments which all Councils must follow; you must:

- live permanently in, or plan to move permanently into, a care home AND the council MUST assess you and AGREE this is suitable for your needs
- Have mental capacity to agree to a Deferred Payment or have a legally appointed agent willing to agree this.
- Own (or have an interest in) a property which was your permanent/main home until you moved permanently into a care home which is not 'disregarded' (as defined by regulation) by the council e.g. your spouse/ partner is already living in the relevant property and needs to stay there
- Have capital (savings and investments not including your former home) of less than £23,250\*
- Not have enough income to cover your care home fees

There should:

- Not be any other 'beneficial interests' on the property, e.g. outstanding mortgage/ equity release
- Be enough value in your home to cover the (estimated) amount that will need to be repaid to the council including any charges for being in the scheme and legal costs of selling your home.

If you rent out your property the council must agree to this and you must be able to continue to meet your legal responsibilities as a landlord.

### 3) Application Process

You will need to complete an Application Form and provide the Council with relevant legal and financial documents. You must do this as soon as possible if you think you want to apply for the scheme.

- If, within the first 12 weeks after moving into the care home, you apply and we process and agree your Deferred Payment Agreement it can start from week 13 after your move.
- If the application is not processed and agreed before week 13 after your move you will need to fund your care costs yourself until we have processed it and made a decision.

The Council has the right to turn down a request but the reason will be given to you in writing and you can appeal against the decision, if you wish to do so.

### 4) Legal Agreement and Legal Charge

Before the Deferred Payment can start you must sign a legal agreement with the Council. It will include information about responsibilities and charges and how any changes to your situation should be managed. The Council will put a 'first legal charge' on your property by contacting the Land Registry, this gives it the right to have 'first call' on the proceeds of the sale of your property or to take your property if you don't pay back the money you borrowed for your care. The legal charge is removed when your outstanding debt is repaid. (Please note this will take 7 – 10 days).

### 5) Financial Assessment

The Council must consider what you can afford to contribute towards your care costs; this is decided by a Financial Assessment. You will be required to contribute from your income and if you have capital above £14,250\* a 'tariff income' from your capital will be included in your financial assessment. The council must allow you to keep a weekly:

- Statutory Personal Allowance
- Savings disregard (depending on your financial circumstances)
- Disposable Income Allowance (DIA) up to a maximum of £144\* for maintaining the property (e.g. insurance, energy bills, and repairs).

When your weekly contribution amount has been calculated any shortfall between this amount and the weekly cost of the Care Home (agreed in a contract with the Council) is the amount that the Council will need to agree to pay.

## 6) Top ups

If the weekly cost of your care home is more than the amount that the council agrees to pay for your weekly care there will need to be a 'Top up agreement' to pay the additional fee amount, this will not be included in the Deferred Payment Agreement. Please see our leaflet "**Choice of accommodation - Top-Ups**"

## 7) Deferred Payment Scheme Charges

In addition to your weekly contribution amount the council will charge you

- I. **Set Up Fees** - incurred in setting up and securing a typical agreement
- II. **Annual Fees** – chargeable through the course of the agreement
- III. **Interest** – on the amount owed, charged from the start of the agreement until the debt is settled. The interest rate is reviewed on 1 January and 1 July each year.
- IV. **Termination Fees** - chargeable at the end of the agreement

<b>Deferred Payments Scheme charges</b>		2019/20 EXC VAT	2018/19 EXC VAT
Land Registry Charges - Title Search Fee	Per application	3.00	3.00
Land Registry Charges - Charge Registration standard rate (based on registered property. This may vary depending on property value)	Per application	20.00	20.00
Legal & Administrative costs - document preparation, signing, copies of title from Land Registry (includes postage, printing, photocopying)	Per application	319.00	311.10
Valuation of property (including annual valuations)	Per application	272.00	265.20
Monthly account management, monitoring & application of interest	Per month	33.00	31.82
Statement of account (six monthly statement production)	Per 6 months	33.00	31.82
Land Registry Charge - Legal & Administration costs - Cancellation of the charge at Land Registry etc.	Per termination	67.45	66.30
Termination of the agreement - final account preparation and closure	Per termination	53.65	52.32

*\* Please note all figures in this leaflet are correct at time of printing (February 2019) but are subject to changes*

## 8) Ending the Deferred Payment Agreement

You can end the Deferred Payment Agreement at any time (by repaying your debt, if you sell your home or leave the care home). Otherwise the agreement ends on your death and payment is due 90 days after death. The Council cannot cancel the agreement without your consent.

## 9) Repaying the Deferred Payment Debt to the Council

Any money owing on the Deferred Payment Agreement must be repaid when the agreement ends. If you die, the executor/administrator of your estate is responsible for repaying the amount owing 90 days after the date of death or when the property is sold or (whichever is sooner).

This leaflet is not a full statement of the law. You are advised to get independent legal and financial advice including welfare benefits advice in order to understand how a Deferred Payment Agreement and the Council's financial assessment and charging may affect you, details for these can be found by searching for "Advice and Information Services - Financial and Legal" in our **Adult Social Care and Health Directory**.

If you would like more information please see [www.milton-keynes.gov.uk/financialassessment](http://www.milton-keynes.gov.uk/financialassessment) and our leaflets:

- "**Financial assessment and charging for care and support**"
- "**Choice of accommodation - Top-Ups**"

or you can contact: Financial Assessment Team, Milton Keynes Civic Offices, 1 Saxon Gate East, Milton Keynes MK9 3EJ

Email [financialassessments@milton-keynes.gov.uk](mailto:financialassessments@milton-keynes.gov.uk)

T 01908 253687