

# Paying for your care in a home

The Council's Deferred Payments Scheme



**wakefieldcouncil**  
working for you

[wakefield.gov.uk](http://wakefield.gov.uk)



## **Introduction**

Our leaflet '**A Guide to entering a care home**' explains how you can ask the Council to help with the cost of your care home fees. It also tells you about the payment that the Council will make towards the cost of your care (the Council's contribution) and explains how you are expected to contribute towards your care costs.

Our other leaflet '**Personalisation, Self Directed Support and Personal Budgets**' explains how we work out how much you should contribute towards your non-residential care (home care & personal budgets).

Your contribution depends on your weekly income and any other assets that you may have. If you have a property or land, this affects how we work out what you must pay. If you are receiving a chargeable care service we ignore the value of your property or land up to the first twelve weeks of the start of your service unless you vacated it prior to receiving care. This is known as "the twelve week property disregard". After the twelve weeks we must then take into account the value of these assets when we work out how much you will pay.

## **Funding arrangements for property owners entering permanent residential care**

Wakefield Council along with other local authorities will assess a person's ability to contribute towards the cost of their care in line with any regulations and guidance issued under section's 14 and 17 of the Care Act 2014.

The value of property or land owned or the value of any financial interest in property or land is included in the resident's assets from the 13th week after permanent admission when assessing their ability to contribute towards their care fees.

## **Funding arrangements for people who have Non-Residential services (Home Care & Personal Budgets)**

If you are in receipt of a home care service and are liable for the full cost because you own a second property you may not have enough income and capital to pay all of your care costs. This might be because all or most of your capital asset is tied up in your property. From January 2017 the Council has introduced a non-residential deferred payment scheme for Extra Care housing and a discretionary scheme for other similar scenarios.

We may be able to lend you the difference between what you can afford from your income and the full cost of your care. This loan will be secured against your property.

## **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 care – but cannot afford to pay the full weekly charge because most of your capital is tied up in your home.

Effectively the scheme offers you a loan from Wakefield 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 pays an agreed part of your weekly care bill for as long as is necessary or until you reach the maximum amount that you can borrow.

You will pay a weekly contribution towards your care that you have been assessed as being able to pay from your income and other 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.



## **Residential scheme**

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 increase the amount you pay each week, thus reducing the weekly payments made by the Council, and minimising the eventual deferred payment debt.

Please note there are two versions of the residential scheme. One; where you have chosen for the Council to arrange your care. In this scenario you are assessed at the contracted rate agreed each April between Care Providers and the Council (Older People rate £607.76 as at April 2022). The other where you have a contract with the care home on a private basis but you still wish to use the deferred payment scheme as you own a property and have 'liquid' capital below the upper limit (£23,250 as at April 2022).

The two versions may have different overall costs due to the potential variations between the Councils contracted rate agreed with providers and the care home's own private contract rate. You should seek independent advice before deciding which version works best for your own circumstances.

## **Non - Residential scheme**

In order to meet the criteria to use this scheme you must be actively selling your property. You will need to evidence that you have put the property on the market or are making steps to do so. Once your property sells you will need to repay the loan from the proceeds of the sale. You will then pay for all of your care until your assets reduce to below the upper capital limit (£23,250 as at April 2022).

## **Charging Interest**

The loan will have interest charged on it in the same way a normal loan would be charged on money borrowed 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 this rate is published on the 1st of January and 1st July each year. This interest will be compounded on a weekly basis. Please speak with a member of staff or call the number detailed at the back of this leaflet for more details.

The 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.



## **Your agreement with Wakefield 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. You will be charged for this expense.

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 can 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 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, although it can reduce or cease the amount you are able to defer under the Deferred Payments Scheme in line with the conditions of the legal agreement.

## **Advantages of using the Deferred Payments Scheme**

### **Residential Scheme**

If there is an existing agreement for a third party 'top up', where a family member or another person pays additional money towards your placement, and you decide to take advantage of the Deferred Payments Scheme; you can add the cost of the 'top up' payments to your Deferred Payments Scheme loan, if the Council agrees that there is enough equity in your home.

The government's rules say that 'top ups' for people not using the deferred payments scheme currently have to be paid for by somebody else – for example, a member of their family – so a deferred payment is currently the only way of paying the top up yourself without depending on a third party.

### **Non-Residential Scheme**

You are able to borrow the difference between what you can afford from your income and the full cost of your care. This will reduce the risk of you falling into arrears with your care costs and allow you to budget more easily.

## **Costs associated with the Deferred Payments Scheme:**

There are legal and administrative costs which you need to pay when you or your representative sign up to the scheme. We will write to you or your representative separately about these charges if you decide to take out an agreement. Please speak with a member of staff or call the number detailed at the back of this leaflet for more information.

## **Other options**

### **Residential Scheme**

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.

### **Both schemes**

There are also various equity release products which may be suitable for your personal circumstances.

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.**

## **In order to apply for the Deferred Payment Scheme you must:**

- have capital (excluding the property) of less than £23,250 (correct as at April 2022)\*.
- be professionally assessed by the Council as requiring care (both schemes) and be entering permanent residential /nursing care in a registered care home (residential scheme)
- 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). Please note any joint owner would also need to agree to sign up to the scheme.;
- have mental capacity to agree to a deferred payment agreement or have a legally appointed agent willing to agree this
- be actively selling your property (non-residential scheme)





## **Whilst in the agreement, you will also need to:**

- have a responsible person (which could be yourself) 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. This must be detailed as 'unoccupied' if no-one lives at the property.
- 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.

## **PLEASE NOTE:**

Acceptance of any application under the scheme is subject to you meeting the criteria for entering the scheme, and the local authority being able to obtain security on your property

# Frequently Asked Questions

***How do I pay for the cost of upkeep and insurance for my house whilst on the Deferred Payment scheme?***

## **Residential Scheme**

The standard weekly allowance (disregarded income) is £25.65 (as at April 2022)\*. If you need to keep more of your income to pay towards your property costs you can keep up to a maximum of £144 per week. Please note any additional allowance over and above £25.65 is added to the deferred payment and is ultimately repayable.

## **Non-Residential Scheme**

We will discuss any necessary housing related costs with you and if applicable these will be factored into your financial assessment. The contribution you pay towards your care will be based on Government set rates and allowances and you will retain sufficient income to pay for day-to-day expenses. The difference between what you can pay from your income and the full cost will be secured against your property and must be repaid from the sale of your house.

***Am I entitled to keep my Attendance Allowance, Disability Living Allowance or Personal Independence Payment when I fund my own placement?***

You can apply for / keep Attendance Allowance, the care element of Disability Living Allowance

or the Daily Living Component of Personal Independence Payment if you are fully funding your care

***What if I want to go into a care home that costs more than the Council would normally pay?***

If you go into a home that costs more than we would usually pay to meet your assessed eligible needs you can arrange for a friend or family member to pay the “top up”.

If you sign up to the Deferred Payment Scheme you can add the cost of the ‘top-up’ to the amount being deferred. You will need to repay this along with the other care fees being accrued against the value of your property.

***What if I am not interested in the Deferred Payments Scheme?***

**Residential Scheme**

If you would prefer to sell your home after going into a care home, you can still take advantage of the scheme. We will lend you the money (subject to you agreeing to the conditions of the scheme) to help you with the fees and ask you to repay this loan when you sell your home but we would still put a charge on your home in order to protect the Council’s interest.

**Non-Residential Scheme**

You will need to fund the full cost of your care from your income and capital.

\* Please note this amount normally changes each April. Please ring 01924 307317 or speak with the Advisor to confirm the current limit

**Where you can get independent advice:**

Money Advice Service – 0800 138 7777

Citizens Advice – 0800 144 8848

Age UK - 0800 678 1602

If you wish to apply for the scheme:

We will explain the scheme in more detail and answer any questions you may have. Please ring 01924 306352, visit [www.wakefield.gov.uk](http://www.wakefield.gov.uk) or write to:

Wakefield Council  
Payments and Controls  
Wakefield One  
Burton Street  
Wakefield  
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