

Deferred Payment Scheme

What is the Deferred Payment Scheme?

A deferred payment is a way of deferring the costs of adult residential and nursing care¹ which must then be repaid at a later date. A deferred payment 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 because most of your capital is tied up in your home.

The Deferred Payment Scheme may be an option for you if the value of your interest in your property exceeds the 'capital limit' of £23,250 (as of April 2015).

Effectively, the scheme offers you a loan from Barking and Dagenham Council using your home as security. It does not work in exactly the same way as a conventional loan – the Council does not give you a fixed sum of money when you join the scheme, but does pay an agreed part of your weekly care and support bill for as long as is necessary.

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' which will be repaid at a later date.

When is the deferred payment paid off?

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.

However, you do not have to sell your home if you do not 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.

Will interest be charged on the deferred payment?

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

¹ This is known as 'Part III accommodation'.

based on the cost of government borrowing, and will change on 1 January and 1 July every year. This interest will be compounded on a daily basis.

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

You will receive a statement every three months advising you how your charge is being calculated and giving you the amount of money on your deferred payment account.

Do I have to sign a legal agreement with the Council?

If you decide to use the Deferred Payment Scheme, you sign a legal agreement with the Council. The Council places a 'legal charge' on your property to safeguard the loan. You will be charged for the costs of doing this.

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.

What if there is already a third party top-up arrangement?

If there is an existing agreement for a third party 'top-up', where a family member or other person puts additional money towards your placement, you can still use the Deferred Payment Scheme. You can add the cost of the 'top-up' payments to your Deferred Payment Scheme loan if the Council agrees that there is enough equity in your home.

How much does the scheme cost?

The Council will charge a fixed set-up administration fee of £500 to cover the initial costs for setting up the deferred payment agreement. The fixed set-up fee includes the costs of placing a legal charge on the property, land search, legal costs and administration costs.

The Council may charge for any additional costs incurred during or at the end of the deferred payment agreement.

The Council can provide you with a list of the charges if you decide to take out a deferred payment agreement.

What happens if I do not want to enter into the Deferred Payment Scheme?

It is your choice whether or not you wish to enter into the Deferred Payment Scheme. If you decide not to and either decline to have a financial assessment, or are assessed as owning capital over £23,250, then the Council is obliged to send you invoices for the full cost of your care.

If this happens and the debt remains unpaid, the Council would consider entering a charge on your property in accordance with section 69 of the Care Act 2014. The deferred payment agreement would not be necessary in these circumstances, and you would still receive invoices for your care costs.

What do I do next if I am interested in the Deferred Payment Scheme?

If you wish to enter into the Deferred Payment Scheme, please complete the Deferred Payment Scheme application form below.

We recommend that you seek your own independent legal and financial advice.

If you have any questions about this, or any other aspect of your care, the Council is more than happy to speak to you or your representatives and to answer any questions you may have.

You can contact the Financial Assessments Team on 020 8227 2390. Additional frequently asked questions about the Deferred Payment Scheme are published on our Care and Support Hub at:

<http://careandsupport.lbbd.gov.uk/deferredpayments>

Deferred Payment Scheme: Application Form

Section 1	Details of person applying for the Deferred Payment Scheme
Title (e.g. Mr, Mrs, Ms)	
First name(s)	
Last name	
Date of birth	
Address	
Email	
Telephone	
Section 2	Details of representative of person applying for the Deferred Payment Scheme (if relevant)
Title	
First name(s)	
Last name	
Address	
Telephone	
Email	
Relationship to person named in Section 1	
Do you have legal authority to act on behalf of the person named in Section 1? If yes, please give details and provide evidence (i.e. documents)	
Power of Attorney	<input type="checkbox"/>
Enduring or Lasting Power of Attorney	<input type="checkbox"/>
Deputy or receiver	<input type="checkbox"/>
Solicitor	<input type="checkbox"/>

Which of the following do you have the authority to deal with? (DELETE AS APPROPRIATE)			
Bank accounts	Property	Investment and banking	Pension and benefits
Yes / No	Yes / No	Yes / No	Yes / No
Section 3	Details of the residential care home		
Name of home			
Address			
Date on which you became a permanent resident			
How was your placement arranged?		<ul style="list-style-type: none"> • Self or private arrangement • By Barking and Dagenham Council • By another local authority/ Other (DELETE AS APPROPRIATE)	
Are you receiving nursing care?		YES / NO (DELETE AS APPROPRIATE)	
Is your local Clinical Commissioning Group providing assistance for this care?		YES / NO (DELETE AS APPROPRIATE)	
Is a third party top-up being paid?		YES / NO (DELETE AS APPROPRIATE). If yes, please specify the amount	
If yes, do you wish to include these payments in your deferred payment agreement?		YES / NO (DELETE AS APPROPRIATE)	
Please attach documents confirming legal arrangements			
Section 4	About the property		
Please give the full address of the property		What is the current value?	
		£	
Do you have a mortgage or other secured loan on the property?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

If Yes, what type of mortgage or loan do you have?					
Repayment	<input type="checkbox"/>	Endowment	<input type="checkbox"/>	Interest Only	<input type="checkbox"/>
If other type of loan, please give details:					
How much do you pay each month (include any endowment or insurance premium)					£
Name of mortgage lender					
Account number					
Date of mortgage agreement					
Amount of outstanding mortgage					
Please attach documents confirming mortgage details					
Does anyone else have an interest in the property with you?		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If Yes, please give their details and their interest					
Name	Address			Interest in property	
Please attach documents confirming details					
What type of property is it?					
Detached house	<input type="checkbox"/>	Semi detached house	<input type="checkbox"/>		
Terraced house	<input type="checkbox"/>	Bungalow	<input type="checkbox"/>		
Flat	<input type="checkbox"/>	Other	<input type="checkbox"/>		
If other, please give details:					
Does anyone live in the property?		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If yes, please give details:					

Section 5		About the property expenses	
Type of expense	How much	How often? (weekly, monthly, annually)	
Service charge	£		
Fuel charge	£		
Ground rent	£		
Building insurance	£		
Other charges (please specify that these are)	£		
	£		
Please attach documents confirming expenses			
Section 6		Property maintenance	
<p>You will need to maintain the property and land, including gardens and outbuildings. This means the property will need to be insured and utility bills will need to be paid. It may also include renting the property out. Please explain how you intend to maintain and upkeep the property, including whether you plan to rent it out.</p>			
Section 7		Other information	
Section 8		Checklist for documentation	
Use this checklist to make sure you have provided all the documentation requested on this application form.			
Details of legal representative	<input type="checkbox"/>		
Joint or other interests in the property	<input type="checkbox"/>		
Mortgage details	<input type="checkbox"/>		
Property expenses	<input type="checkbox"/>		

Section 9	Declaration
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I wish to make an application under the Deferred Payment Scheme.

I understand that acceptance of any application under the scheme is at the discretion of Barking and Dagenham Council, subject to meeting the eligibility criteria and the local authority being able to obtain adequate security. The deferred payments will not take effect until a formal agreement is entered into.

I confirm that I own / part-own (please delete as appropriate) the property specified in Section 4. I authorise Barking and Dagenham Council to check the legal title to the property.

When the agreement begins, I agree to a legal charge being placed on the property specified in Section 3 and agree to pay the legal costs of Barking and Dagenham Council.

I agree that I shall be responsible for payment of the weekly contribution to the cost of my care that I am assessed to make under the regulations specified in the Care Act 2014 regulations regarding charging from my income and other capital.

I confirm that I and all other persons who occupy or have an interest in the property specified in Section 3 have been told of the need to take independent legal and financial advice before I enter into an agreement under the Deferred Payment Scheme.

I confirm that the information given on this form is true and accurate to the best of my knowledge.

I have read and understood this application for the Deferred Payment Scheme and the terms of this declaration.

Barking and Dagenham Council will use the information I have provided for the following purpose of deciding on the application for a deferred payment and the financial assessment of the person's contribution. No personal information I have given you will be passed on to third parties for commercial purposes.

Note to applicants:

- The Council's policy is that all information will be shared among its officers and other agencies where the legal framework allows.

Your full name

Your signature

Date

If you are signing on behalf of the person applying to use the Deferred Payments Scheme, you must be the person named in Section 2, and have legal authority to act on their behalf.

Please return the completed application form to:

**Financial Assessments Team, Civic Centre, 2nd Floor South Wing, Dagenham
RM10 7BN.**