



Adult Social Care
Deferred Payments Policy
2015

Version 2

Effective date: April 2015

Reviewed date: October 2023

Summary of the Deferred Payment Scheme

The Deferred Payment Scheme is one way in which a person may be able to avoid having to sell their home in their lifetime to pay for their care.

Under the Deferred Payment Scheme the Council pays all or part of a person's care home fees on their behalf, and the person repays the Council at a later point in time.

To ensure that the person repays the amount owed to the Council, a Land Registry charge is placed on the person's proportion of the property.

The contents of this policy apply to Deferred Payments undertaken on or after 1st April 2015.

Eligibility for the Scheme

To be entitled to join the Deferred Payments Scheme you must be in permanent residential or nursing care, own all or part of your home and have eligible needs for Local Authority assistance. In addition, the value of all your other assets (bank accounts, ISAs, shares etc.) must be less than or equal to £23,250.

Where a person's home is disregarded, for example where a spouse or dependent relative continues to live there, they will not be eligible to join the scheme.

Administration Charges

There is an administration charge payable when a person applies to join the Deferred Payment Scheme.

This is a one-off charge to cover the cost to the Council of setting a person up on the scheme. This includes, for example, the cost of registering a charge with the Land Registry.

The one-off administration charge is reviewed annually. The current charge is listed in the schedule of charges available on the Council website.

A person may choose to add this charge to the amount being deferred, and interest will be charged on this.

Interest Charges

You will be charged interest on all amounts that you defer.

This interest is payable from the first day of the agreement, until the point at which they are repaid.

The rate of interest is reviewed twice a year, which means that it may go up or down while you are on the scheme.

The current rate of interest is listed in the schedule of charges available on the council website.

Security

For an application to be successful, a person must have adequate assets to cover the amount that is being deferred.

This is to ensure that all deferred amounts are repaid in full.

The Council will accept a legal mortgage charge against a property on the Land Register as security against debt accrued under the Deferred Payment Scheme.

Any request for an alternative asset or guarantee to be used as security, will be considered on a case-by-case basis by the Council.

How much can be deferred?

The total amount that can be deferred will depend on the value of the property and your beneficial interest in it. It will also depend on whether there are any other charges placed on it (example: a mortgage).

A person may also defer top-up payments where these are considered by the Council to be sustainable and affordable, these are reviewed on a case-by-case basis and are determined by the level of equity held by the applicant.

The maximum amount that a person may defer against a charge on a property is equal to 90% of the property value.

Minus the lower capital limit (£14,250 for 2022/23), minus any other mortgages or loans on the property.

Interest will continue to accrue where a person has reached the maximum amount they can defer.

Maintaining the Property

A person is required to adequately maintain and insure the property (including both buildings and contents insurance).

Where this is not undertaken, the Council may cease making further instalments under the agreement.

Where this occurs, interest will continue to accrue on the amount owed, until such time as the debt is repaid in full.

Terminating the Agreement and Repayment of Debt

The Deferred Payment Agreement will terminate following full repayment to the Council of all amounts owed.

All amounts that are deferred must be repaid later. A legal charge will be secured against your property giving the Council the right to reclaim the loan against the proceeds of sale.

The deferred payment agreement will end either on:

- sale of the property
- When your deferred limit is reached
- or upon your death.

(Whichever is the sooner)

The total amount deferred becomes payable at this point.

You can repay the money due from either the sale of the property or from other capital.

If the balance cannot be paid straight away, then it will continue to accrue interest until it is repaid. This will be at a higher rate of interest than during the life of the Deferred Payment Agreement.