Bury Council
Personalisation and Support Business Team (PSBT)

Factsheet 6.
DEFERRED PAYMENTS SCHEME FACTSHEET.
A Guide to Deferred Payment Agreements (DPA) to pay for residential care if you own your own home.

As you own a property you will be responsible for paying the cost of your own residential care. If you cannot afford to pay the weekly care home fees straight away because most of your money is the value of property, you can apply to the Council for a bridging loan under the Deferred Payment Scheme. This may apply from the date you approach the Council for funding or from a date up to 12 weeks after you were admitted.

It may be that this scheme is not the best option for you, therefore we would strongly recommend that you seek independent financial and legal advice about your personal circumstances.

The following link gives more information about where you can get this advice.

https://theburydirectory.co.uk/financial-information-and-advice-for-care-and-support

What is a Deferred Payment Agreement?

The Deferred Payment Scheme is designed to help those people who have been financially assessed to pay the full cost of their residential care, but cannot afford to pay the weekly care home fees because most of their capital is the value of their property.

If you are eligible for a DPA, the Council will pay the care home the agreed weekly care home fees. You will still be expected to pay a weekly charge towards your care home fees to the Council from your income and other resources. The Council will assess how much this will be and the difference between this charge and the agreed weekly care home fee is the deferred debt that will accrue until you release the money held in your property.

You may choose to repay the debt from another source. The debt can also be repaid out of your Estate.

Some people choose to rent out their property. If you do this you will be expected to pay some or all of the rental income towards your weekly charge and reduce the amount of your weekly deferred debt.

Am I eligible for a deferred payment?

In order to apply to join the scheme you must:

- Be professionally assessed as requiring and living permanently in a registered residential or nursing care home.
- Have less than, or equal to £23,250 in savings and other assets excluding the value of your home.
- Own or part own, a property which is not benefitting from a property disregard.
- Ensure your property is registered with the Land Registry or arrange for it to be registered at your own expense.
- Have mental capacity or have a legally appointed representative to agree to enter into a DPA on your behalf.
- If you live in an Extra Care or Supported Living setting you may also be offered a DPA, however, a DPA does not apply if you are receiving care whilst living in your own home.

How does the scheme work ?

Being accepted for a DPA is subject to you meeting the criteria and the Council being able to obtain security on your property.

You will need to provide a current valuation of the property and the Council will need to ensure that there is enough equity in the property to cover the proposed bridging loan.

You would enter into a legal agreement with the Council by signing a Deferred Payment Agreement Document. The Council then places a Legal Charge on your property to safeguard the debt. This ensures the property cannot be sold without the debt being repaid to the Council. If the property is jointly owned all owners will have to agree to sign a Deferred Payment Agreement.

The person signing the legal documents must ensure that they are aware of the terms and conditions of the DPA.

You will receive four weekly invoices for the amount of the Deferred Payment debt plus interest that has accrued for that period. These will not need to be repaid until the property is sold or your Agreement ended. You will still need to pay your assessed charge from income and other resources. You will receive a separate invoice for this.

You will receive statements every six months advising you how your charge is calculated and what the accrued outstanding debt is so far.

When does the Agreement end?

- You can end the Agreement at any time by repaying the full amount of the deferred debt and making your own arrangements to pay care home fees from other resources.
- It will end automatically if you sell your property. The full amount of the deferred debt will be due immediately. Your solicitor should not distribute the proceeds of sale until the debt has been repaid.
- The Agreement ends on death and the full amount of the deferred debt becomes repayable after 90 days. If not repaid after 90 days interest will be chargeable at 8% pa on a compound basis at four weekly intervals.

Are there other requirements?

The DPA will require you to:

- Have a responsible person willing and able to ensure that necessary maintenance is carried out on the property to retain its value. You are liable for these expenses. You can apply for a disposable income allowance to help with these costs but this will increase the weekly deferred debt.
- Insure your property at your expense.
- Pay your weekly charge in a timely and regular manner. If you fail to pay the Council reserves the right to add this debt to the deferred debt outstanding.
- There can be no other beneficial interests on the property, for example an outstanding mortgage or equity release schemes, unless this is approved by the Council.
- A solicitor dealing with the sale of your property may be required to provide the Council with a letter of undertaking confirming they will ensure the Council is repaid before the proceeds of sale are distributed.

I want to live in a care home that is more expensive.

The Council pays a standard weekly rate for care home fees. The Care Home you choose may charge more and the difference in price is called a Top-Up fee. You may be able to pay the top-up fee yourself if you have a DPA, by adding the top-up to the deferred debt if the Council agrees there is enough equity in your property. This is known as a “First Party Top-up”.

Are there any costs associated with the scheme?

The rates at April 2022 are;

- Set up Administration fee £262.50
- Annual Administration fee £157.50
- Termination fee £78.75

The fee rates are reviewed annually and may be subject to change.

Interest is charged on a compound basis at four weekly intervals.

The Government review and amend the interest rate to be charged twice each year at 1st January and 1st July.

The interest rates are;

- 1st January 2016 2.15%
- 1st July 2016 1.85%
- 1st January 2017 1.35%
- 1st July 2017 1.65%
- 1st January 2018 1.45%
- 1st July 2018 1.85%
- 1st January 2019 1.65%
- 1st July 2019 1.45%
- 1st January 2020 1.45%
- 1st July 2020 1.05%
- 1st January 2021 0.45%
- 1st July 2021 0.75%
- 1st January 2022 0.95%
- 1st July 2022 1.55%

Charges will also be incurred if the Council needs to take legal action to recover the debt.

How do I join the Scheme?

As part of the initial financial assessment process you will have received the following information about the DPA.

- A copy of this Deferred Payment Scheme Factsheet 6
- A copy of the Deferred Payment Scheme Agreement
- A copy of the Deferred Payment Scheme Application Form

You will be contacted and offered a home visit or a telephone consultation with a Financial Assessment Officer to discuss and answer any questions you may have and assist with the application.

When you have considered your options and decided that you meet the criteria and want to apply to join the Scheme, you need to complete the Application Form and return it to the following address together with the documentation detailed on the Application Form.

Personalisation and Support Business Team (PSBT)
First Floor
3 Knowsley Place
Duke Street
Bury
Lancs.
BL9 0EJ

If you need further information please contact the above team on 0161 253 7438 or email to ACS.financialassessmentteam@bury.gov.uk

(April 2022 update)