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Title: Universal Deferred Payment Scheme

Aim / Summary: To provide a full explanation of how the scheme will be operated in Nottinghamshire, including eligibility and discretionary areas.

Document type (please choose one)

Policy	X	Guidance	
Strategy		Procedure	

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Subject Areas (choose all relevant)

About the Council		Older people	X
Births, Deaths, Marriages		Parking	
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Jobs		Staff	
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libraries			

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Please include any supporting documents

1.The Care and Support (Deferred Payment) Regulations 2014	
2. Care and Support Statutory Guidance October 2014	
3.Care Act 2014 Part 1 Sections 34-36	
4. The Care and Support (Deferred Payment) (Amendment) Regulations 2017	
Review date	Amendments
09/03/2017	Clarification statement added
21/03/2018	Supporting documents updated and explanation of Deferred Payment Types



Universal Deferred Payment Scheme

1. Introduction

The Deferred Payment Scheme is designed to prevent service users from needing to sell their home in their lifetime to pay for their care. Local authorities have been required to operate a Deferred Payment Scheme since 2001. The Care Act 2014 has reinforced this obligation and provided a broad framework for the operation of the scheme. There are discretionary areas in how to operate the scheme in the Care and Support Regulations and Guidance. This policy aims to set out clearly and transparently how the scheme will be operated at Nottinghamshire County Council.

2. Types of Deferred Payments

- The local authority pays the care home or supported living accommodation directly and defers the charges due to it from the individual (traditional type)
- The individual pays the care provider for their care and the local authority loans them the cost of care in instalments, less any contribution the individual contributes from other sources (loan type)

3. Eligibility Criteria

The Care and Support Statutory guidance specify that all of the following 3 criteria must be met to be eligible to join the Deferred Payment Scheme in the first instance:

- a) A person with eligible care needs that are being met by the provision of care in a residential or nursing home
- b) A person who has less than £23,250 in assets excluding the value of their main or only home

- c) A person whose home is not disregarded due to it being occupied by a spouse or dependent relative

Additional eligibility criteria

In order to join Nottinghamshire's scheme the following additional criteria must be satisfied:

- a) An application form completed and signed by the service user, attorney or deputy.
- b) The property is registered with the Land Registry
- c) Evidence that the property is suitably insured and maintained
- d) The council is able to secure the first charge against the property
- e) Consideration of the equity available to defer charges against. (see point 4 below for more detail)
- f) A Deferred Payment Agreement, signed by all parties that are registered on the title deed and have the legal status to sign the agreement if acting on behalf of the service user. A solicitor's undertaking will also be accepted as an interim measure pending an application for a Deputyship Order.

If a signed agreement is not received by the council during the 12 week disregard period, the service user will be given 28 days to submit the agreement or full cost charges will be applied.

4. Property valuation

An approximate valuation will be made using websites such as Zoopla and Right Move. If there is a disagreement of the value, then the service user/representative will be required to submit 2 independent estate agent valuations, and the average of the two will be used. Valuations will be reviewed in March each year.

In cases of joint ownership either through joint tenancy arrangements or tenants in common, the value will be the percentage share owned by the service user.

If the property has been purchased by a relative through the Right to Buy scheme, the value of the service user's interest will be the value of the Right to Buy discount that was received at the time the property was purchased.

5. Amount that can be deferred

The council will take into account the amount of equity available in a service user's property, the amount they will be contributing to their care costs from other sources, the total care costs that the person may face including any third party top up. If the council considers that the agreement is not sustainable or any of the other eligibility criteria are not satisfied, it will provide written notification of the decision and the reason why the service user will not be entitled to join the scheme.

6. Administrative costs and interest

The council will charge a one off fee to cover the costs of administering the scheme. This will cover legal costs of arranging a Deferred Payment (£195) and administrative costs (£235). The council will accept payment of this amount on application to join the scheme but will allow for this to be deferred if requested. These costs will be reviewed annually by the council.

Interest will be charged at the maximum rate payable, as specified in the Department of Health (DH) Guidance. The DH will review the level of interest at six monthly intervals and any change in rate will be applied by Nottinghamshire. Interest will be compound interest and added to the amount deferred on a four weekly basis and calculated on a daily basis.

7. 12 week property disregard

The value of the property will be disregarded for the first 12 weeks of a permanent admission to residential/nursing care only. If the person opts to self-fund but then subsequently approaches the council for funding at a later date, they will not be eligible for a further 12 week property disregard.

8. Third party top ups

A service user can choose accommodation that is more expensive than the council is willing to fund and therefore a third party top up may be applicable. The third party top up amount can be deferred but the social worker and Adult Care Financial Services will consider the affordability and sustainability of any such arrangement before agreeing to the Deferred Payment.

9. Personal Expenses Allowance

Service users on the Deferred Payment scheme will be able to retain up to £144 per week from their income whilst charges are accruing against the property. The service user can opt to retain a smaller proportion of their income to avoid greater interest charges. If the amount chosen is less than £144 per week, this can only be varied from April each year. The council will write out each year providing a statement of accrued charges to date and inviting service users to write in if they want to vary the amount of their Personal Expenses Allowance.

If the service user reaches their equity limit, charges will stop accruing against the property. At that point the Personal Expenses Allowance will reduce to the standard level as specified in the DH guidance.

10. The council's responsibilities

The council will provide six monthly statements showing the amount deferred, interest charges, administrative charges incurred and remaining equity in the home. A statement will be produced within 28 days of receipt of a written request.

11. The service user's responsibilities

If the service user is making a contribution to their care costs from income and/or savings they must notify the council of any changes.

They should ensure that the property is adequately insured and maintained. If the property is likely to remain empty for extended periods, then the service user must ensure that their insurance remains valid.

They must also seek written consent before allowing any person to occupy the property on either a commercial or non-commercial basis.

12. Termination of the agreement

A deferred payment agreement can be terminated in three ways:

- a) At any time by repayment by the service user or their representative of the full amount due, either during the service user's lifetime or on their death
- b) When the property is sold and the full amount due is paid
- c) When the service user dies and the amount due is paid from the estate

In all cases, interest will continue to accrue until the amount due is paid in full.