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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	

**Approved by:**

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**Subject Areas** (choose all relevant)

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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

**Review date**

**Amendments**


# 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. A deferred payment agreement is an arrangement with the council that will enable people to use the value of their homes to help pay care home costs. If a service user is eligible, the council will help to pay care home bills on behalf of the service user. 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. 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 care home or supported living facility e.g. Extra Care
- b) A person who has less than £23,250 in assets excluding the value of their home or land
- 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/land is registered with the Land Registry
- c) Evidence that the property/land is suitably insured and maintained
- d) The council is able to secure the first charge against the property/land
- e) There is sufficient 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.

### **3. 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.

### **4. Amount that can be deferred**

The Council will take into account the amount of equity available in a service user's property/land, 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.

### **5. Administrative costs and interest**

The Council will charge a one off fee of £430 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.

An annual flat rate fee of £25 will be charged to cover ongoing administration of the Deferred Payment

Interest will be charged at the maximum rate payable, as specified in the Department of Health (DH) Statutory Regulations on the basis of "weighted average interest rate on conventional gilts". Interest will be compounded and added to the amount deferred on a four weekly basis.

### **6. 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 or move to a supported living facility. 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.

## **7. 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.

## **8. 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.

## **9. 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.

## **10. Service user 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 within a reasonable time.

The service user 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.

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

## **11. 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/land 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.