



# Universal Deferred Payments Scheme

## What is the Universal Deferred Payments Scheme?

The Universal Deferred Payments Scheme 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.

Effectively the scheme offers you a loan from Nottinghamshire County Council using your home as security. It doesn't 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 pays 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'.

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 don't 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.

## Charging Interest

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 based on the cost of government borrowing, and will change on 1<sup>st</sup> January and 1<sup>st</sup> July every year (these dates may be subject to change). The Council currently charges 1.05%. This interest will be compounded on a 4 weekly basis.

The interest will apply from the day you enter into the Universal Deferred Payment Scheme. You will receive regular statements advising you how your charge is being calculated and what the accrued amount on your deferred payment account is.

## Your agreement with Nottinghamshire County Council

If you decide to use the Deferred Payments Scheme, you enter into a legal agreement with the Council by signing an agreement document. The Council then places what is called a 'legal charge' on your property to safeguard the loan. You will be charged for this expense.

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.

The Council cannot cancel the agreement without your consent

## **Advantages of using the Universal Deferred Payments Scheme**

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, and you decide to take advantage of the Universal Deferred Payments Scheme; you can add the cost of the 'top up' payments to your Universal Deferred Payments Scheme loan, if the Council agrees that there is enough equity in your home.

The government's rules say that 'top ups' for people not using the deferred payments scheme currently have to be paid for by somebody else – for example, a member of their family – so a deferred payment is currently the only way of paying the top up yourself without depending on a third party.

## **Costs associated with the Universal Deferred Payments Scheme**

Eligible service users wishing to join the scheme need to pay administration fees:

Initial set up cost of £235.00  
Legal fee of £195.00 to cover the cost of the Land Registry Search and securing the Charge on the property  
An annual maintenance fee of £25.00 per year to cover the on-going administration of the deferred payment

Invoices for these amounts can be paid as a one off payment or can be added to the amount deferred. Please note they will be subject to an interest charge if you choose this option.

These costs will be reviewed annually by the Council and any changes will be communicated to those on the Scheme.

## **Other options**

You may choose to rent out your property, which could give you enough income to cover the full cost of your care. There are advantages to this as you will not accrue a debt, or be liable for interest and administrative charges and your property will be occupied. Your tenant will be paying utilities and council tax which will reduce your outgoings.

There are also various equity release products which may be suitable for your personal circumstances.

You may also choose to pay the full cost of your care from your available income and savings/assets; or a family member may choose to pay some or all of this for you.

**You should take independent financial and legal advice to help you decide which course of action will be financially better for you (see page 3 of this Fact Sheet for details).**

**In order to apply for the Universal Deferred Payment Scheme you must:**

- Have capital (excluding the property) of less than £23,250
- be professionally assessed as requiring and be entering permanent residential / nursing care in a registered care home
- own or have part legal ownership of a property, which is not benefitting from a property disregard, and ensure your property is registered with the Land Registry (if the property is not, you must arrange for it to be registered at your own expense)
- have mental capacity to agree to a deferred payment agreement or have a legally appointed agent willing to agree this

Whilst in the agreement, you will also need 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 any such expenses

- insure your property at your expense
- Pay any client contribution in a timely and regular manner; if you fail to pay the client contribution on a regular basis the council reserves the right to add this debt to the loan amount
- Seek consent from the Council before allowing any person to occupy the secured property during the duration of the deferred payment

There can be no other beneficial interests on the property, for example outstanding mortgages or equity release schemes, unless this is approved by the Local Authority.

## The disposable income allowance

The Council must allow you to keep a minimum amount of income each week if you enter into a deferred payment agreement. This is called the Disposable Income Allowance (DIA) and can be set at any amount up to £144 a week.

The allowance gives you enough money to pay for any additional costs you might have to continue paying for you home, such as insurance, energy bills and maintenance costs.

You can choose to take a lower DIA figure if you feel you do not need the full £144 a week. This may be advantageous as you would be contributing more to the costs of your care, on a weekly basis from your income, and consequently reduce the amount you are deferring (accruing less debt to the Council overall).

**Please note:** Acceptance of any application under the scheme is subject to you meeting the criteria for entering the scheme and the Council being able to obtain security in your property.

## Financial advice for people paying for their own care:

It is a good idea to get financial information and advice from an expert if you are making decisions about paying for care.

This may be, for example:

- if there are a number of options available and you would like support to choose one;
- where there is a potential conflict between your interests and ours;
- when you are about to enter a legal agreement, such as a deferred payment agreement; or
- when you want advice on specific financial products to get the most out of your assets.

Providers you might find helpful are listed on the [Nottingham Help Yourself](#) website and include:

- [Money Advice Service](#)
- [Citizen's Advice Bureau](#)
- [The Society of Later Life Advisers](#)
- [Which? Elderly Care](#)

Alternatively you can phone us on 0300 500 80 80 where our advisers can guide you through the options.

Independent financial advisers (IFAs) can give you advice on financial matters and recommend suitable financial products but you may need to pay for their advice.

**Please note** - Nottinghamshire County Council has supplied details of some financial advisers for your information only, the information is not exhaustive and there are more financial advisers available in the market. The Council has not vetted any financial advisers and does not control and is not responsible or liable for them or any advice or services they provide. The Council does not endorse or make any representations about any financial advisers, or any results or advice that may be obtained from using them. If you decide to use any financial adviser please ensure that you conduct your own prudent checks.

## If you wish to apply for the Scheme contact:

### Residential Assessments Team, Adult Care Financial Services

Phone: 0115 9775760 (Option 3)

Monday to Thursday: 8.30am to 5.00pm

Friday: 8.30am to 4.30pm

Email: [acfs.residential@nottsc.gov.uk](mailto:acfs.residential@nottsc.gov.uk)

## What if I have more questions?

If you have any questions about residential care or anything contained in this leaflet please contact:

### **Nottinghamshire County Council**

#### **Customer Service Centre:**

Phone: 0300 500 8080

Monday to Friday: 8.00am to 6.00pm

Email: [enquiries@nottsc.gov.uk](mailto:enquiries@nottsc.gov.uk)

Website: [www.nottinghamshire.gov.uk](http://www.nottinghamshire.gov.uk)

Minicom: 01623 434993

Phone: 0300 500 8080 if you need the information in a different language or format

Or

### **Residential Assessment Team, Adult Care**

#### **Financial Services:**

Phone: 0115 9775760 (Option 3)

Monday to Thursday: 8.30am to 5.00pm

Friday: 8.30am to 4.30pm

Email: [acfs.residential@nottsc.gov.uk](mailto:acfs.residential@nottsc.gov.uk)

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<http://www.nottinghamshire.gov.uk/contact-and-complaints/complaints/make-a-complaint-comment-or-compliment>

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<https://www.nottinghamshire.gov.uk/global-content/privacy>