

# Adult Social Care Factsheet

## Explaining Deferred Payments

### What are deferred payments?

A deferred payment agreement is when an individual in need of 24-hour residential/nursing care defers part of the cost of that care against property they own. The Council will carry out a Financial Assessment to understand the value of savings, income, and assets you may have. Where those savings, income and assets are less than £23,250 but you own property, you will be expected to pay the full cost of your care but some of the cost of the care will be deferred against the property.

When a permanent 24-hour placement has been arranged by the Council and the individual owns property, we will disregard the value of that property for the first 12 weeks of your placement.

After 12 weeks the property will then be included, and the individual will become liable for the full cost of their placement. The individual will continue to pay a weekly contribution towards the cost of their placement and the Council will set up a deferred payment agreement to cover the difference.

### Eligibility for a deferred payment agreement

We will offer a Deferred payment agreement if you meet all the following criteria:

- The Council agrees that you have care needs that should be met through a care home placement.
- You have a legal or beneficial interest in a property that is your 'main or only home'.
- You have less than or equal to £23,250 in capital, excluding your share in the value of your home.
- Your home is not disregarded in the Financial Assessment.

You must be able to provide adequate security, so the Council is confident that you can repay in the future. The Council will accept a first legal charge against your home on the Land Register as adequate security. A Deferred Payment Agreement is always a choice, it cannot be forced upon you.

If you want a Deferred Payment Agreement, the Council must decide if it is viable before agreeing to it. The Council has the power to refuse a Deferred Payment Agreement once it has considered your situation. This can be, for example, if it is unable to secure a first charge on your property, or you do not agree to the terms and conditions of the agreement.

If you lack mental capacity to agree to a Deferred Payment Agreement, someone with authority to act your behalf can do so, for example a Lasting Power of Attorney for financial decisions, or a



deputy appointed by the Court of Protection. They must decide whether a Deferred Payment Agreement is in your 'best interests', in line with the Mental Capacity Act 2005.

If you self-fund your care home place, the Council has a duty to offer you a Deferred Payment Agreement, if you meet the criteria set out above. The Council must agree a care home place is a suitable option to meet your needs, even if it has not carried out a needs assessment. This does not mean it is under a duty to help you arrange and manage your contract with the care home, unless you lack capacity and have no one else who can help you with this.

## **What if someone else lives in the property?**

If you enter 24-hour care permanently, your interest in your existing 'main or only' home is usually taken into account as capital as part of the Financial Assessment. The value will be disregarded from the Financial Assessment if you no longer occupy the home, but it is still occupied, in part or whole, as their main or only home by:

- Your spouse, partner, former partner, or civil partner, except where you are estranged.
- A lone parent who is your estranged or divorced partner
- A relative of yours, or member of your family, who is aged 60 or over, is a child of yours aged under 18 or are 'incapacitated'.

They must have been occupying the property before you went into 24-hour care. The disregard lasts until the situation changes, at which time it may be included in the Financial Assessment.

The Council also has discretion to disregard the value of your property if someone living there does not qualify for a mandatory disregard and this will be considered by the Council during the Financial Assessment.

## **Is there a cost to enter into a deferred payment agreement?**

There is a standard one off set up fee of £881 to enter into a deferred payment agreement, plus ongoing interest applied to the deferred balance. The interest rate charged will not exceed the maximum amount specified in the Care Act Regulations on Deferred Payments. More information can be provided as part of a Financial Assessment.

## **Arranging a Deferred Payment**

The Deferred Payment Agreement will only take effect upon the individual or their duly appointed representative signing a Deferred Payment Agreement. The person entering into the Deferred Payment Agreement will be required to abide by the following conditions:

- The property is maintained to reasonable standard of repair and condition.
- All outgoings associated with the property (e.g. Council tax, service charges, ground rent, insurance) are paid.
- The individual receiving care and/or their representative acknowledges they have received the Council's advice that they should seek independent financial advice before committing themselves to this agreement.
- The individual and/or their representative provides any evidence required by the Council in support of the application.



- Where the property is jointly owned, the co-owners as well as the individual must agree to the Council's form of charge.
- The individual and/or their representative notifies the Council of any change in circumstances which would affect the value of the property or the sustainability of the deferred payment.
- The property is insured throughout the length of the Deferred Payment Agreement term until the debt to the Council is paid.

## Is there any support available?

An application can be made to the Department for Works and Pensions (DWP) for Attendance Allowance to either be re-instated at the higher rate (if in receipt prior to home admission) or as a new claim (if not claimed before). Attendance Allowance is included on a post 12-week assessment as a form of income and therefore your assessed contribution from this time will increase.

## Top Ups

Some placements require a top-up, this is an additional payment on top of the Council's agreed contract rate. This is payable from the onset. There are two types of top-ups:

1. A first party top-up – this is when care charges are being deferred against property, a top-up payment can also be deferred against property (an electronic record of the property must be available with the Land Registry). The liability is with the individual. If the individual is subject to Section 117 funding, they will also qualify for a first party top-up.
2. A third-party top-up – this is when a person other than the individual opts to pay the top up and therefore it is not deferred against the property. If anyone other than the individual accepts and takes responsibility to meet the shortfall, their money cannot be used to meet this additional payment.

To find out more information about Top Ups, see the factsheet on the Council's website - <https://www.warrington.gov.uk/sites/default/files/2024-05/Top%20ups%20factsheet%20-%20May%202024.pdf>

## More Information

For more information, see the Council's Deferred Payments Policy on the Council's website - <https://www.warrington.gov.uk/sites/default/files/2023-10/Deferred%20Policy%202023.pdf>

You are asked to keep the Council informed with any changes to property i.e. placing it on the market for sale, renting out the property or instructing Solicitors, etc. If anything changes with income, the Council needs to be informed.

For queries relating to the deferred payment process please email; [deferredproperties@warrington.gov.uk](mailto:deferredproperties@warrington.gov.uk).

