

# **Wrexham Council Finance Department**

## **Paying for Social Care Services: Deferred Payment Scheme**



# Deferred Payments Scheme for people going into permanent residential / nursing care

## Introduction

This leaflet is for people who are about to move into permanent residential accommodation as well as for their carers and family.

## What this leaflet explains

It outlines the Deferred Payments Scheme through which you 'defer' or put off a part of your payment for permanent residential accommodation in exchange for granting the Council a legal charge on your main or only residence. It explains what happens if the value of your own home is taken into account when calculating what you have to pay to the care home you are moving to.

Please note that the value of a person's home is not always taken into account; for example, when a partner continues to live there or when someone is admitted to residential accommodation on a temporary basis. The Deferred Payments Scheme cannot, in fact, apply if a partner still lives in the property or the placement is deemed to be temporary.

The advantage of "Deferred Payments" is that if some of the money you have to meet care costs is tied up in the value of your home, you may not need to sell your home immediately in order to meet this cost.

However, it is very important that you go into this in great detail. It is vital that you seek independent financial advice because there may be things specific to you and your circumstances that may mean this is not the best course of action for you.

**There are two steps that are available to reduce the pressure to sell your home:**

## **1. The 12 week property disregard**

This means that for the first 12 weeks of permanent admission to residential care, the value of your home will be ignored in working out what contribution you have to make towards your care costs. During the first 12 weeks your contributions towards your care fees will be based on your savings and other assets (excluding your home). For these 12 weeks, the Council will pay the shortfall between the care home cost and your assessed contribution. This is not a loan or a Deferred Payment and you will not have to pay anyone back at a later date.

Suppose the Wrexham care home cost is £520 per week. If your assessed contribution (after taking account of a private pension) is £96.35, the balance of £423.65 will be disregarded for 12 weeks. This sum is paid by the Social Care Department directly to the care home. You will need to make arrangements to pay your contribution with the people who manage the care home.

What can happen after the 12 weeks?

## **2. Deferred payments**

After 12 weeks, the Council may allow you to put off or “defer” the shortfall between the care home cost and your assessed contribution.

Suppose the Wrexham care home cost is £550 per week. If your assessed contribution (after taking account of your income and savings but excluding the value of your home) is £145.75, the balance of £404.25 per week may be deferred.

You, or your estate, would only pay back the “deferred” contributions when you sell your home or when you leave residential care. Hence the name for this scheme is “Deferred Payments.” What this means is that the local authority makes a major contribution to the funding of your care home fees for the time being, taking away the need for you to sell your home immediately. The local authority then recovers the money at a later stage, either from you when in residential / nursing care on the sale of your property or from your estate.

**Because you have to request Deferred Payments, on the back page of this leaflet is a tear off slip for you to use to make a request. You can also request a Deferred Payment through your Social Worker.**

You may request Deferred Payments, but you do not have the right to insist on them. The Council may refuse your request for a Deferred Payment. However, if your request is refused you will be given the reason in writing and you will be advised on how to appeal against the decision. You will not be able to defer your payments if you have sufficient income or other assets apart from the value of your home to meet the cost of residential care. In order to defer payments you do not have to be the legal owner or sole owner of the property, but you must have a beneficial interest in it (ie, you must get some money from the sale of the property).

## **Frequently Asked Questions**

### **When does a deferred payment have to be paid?**

A deferred payment agreement can be terminated in three ways:

- (a) at any time by the person by repaying the outstanding care costs (including any outstanding interest and administrative costs) due in full (this can happen during a person's lifetime or when the agreement is terminated through the agreement holder's death);
- (b) when the property is sold and the authority is repaid; or
- (c) when the person dies and the amount is repaid to the local authority from their estate.

### **What about interest?**

The Council will apply interest while payments are being deferred. Ongoing interest will also be applied until the debt is repaid at the end of the agreed period. Details regarding prevailing interest rates are supplied prior to formally entering into the scheme (currently 0.15% above the "market gilts" rate).

## **What about residents who are making or want to make “top up payments?”**

You may choose to make top up payments to live in accommodation which is more expensive than the Council would normally pay for. Residents who do not wish to sell their homes may, therefore, be able to take advantage of a Deferred Payment, and the Council would consider whether to defer top-up payments (from income or other assets) in order for you to live in more expensive accommodation. If the top up amount is very high it may not be possible to defer these payments. Any top up to be made during the 12 week property disregard period can be made by you (the resident) but only from any income or capital assets, not the property subject to a legal charge.

## **What about other charges?**

You will be asked to pay £400.00 to cover legal costs and £100 to cover the property valuation fee. You will also be asked to pay the Land Registry fees to cover registering the charge against your property and more details will be provided with the Deferred Payments Agreement. These legal expenses do not have to be paid up front and can be added to the deferred contributions.

## **Get Independent Advice**

If the Council agrees to your request for Deferred Payments, you are strongly advised to seek independent financial and legal advice before arrangements are finalised.

### **Some of the reasons for getting independent advice are:**

- To find out what other costs may be involved
- To find out how it affects the benefits you do or could receive
- To find out whether there are any tax implications
- To be clear about the legal implications of having a legal charge placed on your home
- You will need to maintain the empty property such as paying for insurance and heating bills to save the property from damp and frost

**This leaflet is available in other media formats. For more details please contact Adult Social Care Telephone: 01978 292066**

**For further information, complete this page and send to the address below.**

I would like to request Deferred Payments. Please contact me via telephone / e-mail:-

Name \_\_\_\_\_

Service User name (if different) \_\_\_\_\_

Ref/RAISe number (if known) \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone Number \_\_\_\_\_

E-mail address \_\_\_\_\_

A Financial Assessment Officer will contact you shortly to arrange for the Financial Assessment Form to be completed and will instruct the Council's Legal Department to issue the relevant Deferred Payments documentation.

Send this form to:-

**Wrexham County Borough Council  
Corporate Finance Department  
Income Maximisation Unit  
1st Floor  
Lambpit Street  
Wrexham  
LL11 1AR**