



DEFERRED PAYMENT SCHEME

This policy is currently under review, in line with the Social Services & Well-Being (Wales) Act 2014

Introduction

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

What this leaflet explains

It outlines the deferred payment 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 (mortgage) on your main or only residence. Regulations allow local authorities to operate a deferred payments scheme whereby the local authority take a legal charge on the person’s main or only home (in which they have what is called a “beneficial interest”) instead of contributions towards the cost of the person’s residential accommodation. The aim is to allow people with property but without income and other assets sufficient to meet their assessed contribution in full to have a legal charge placed on their property to meet any shortfall. In this way, people are able to keep their homes on admission to residential care and for the duration of the deferred payments agreement.

Local authorities may agree to deferred payments only:

- (a) if a person entering or in permanent residential care has insufficient income and other assets, other than the value of their main or only home in which they have a beneficial interest to meet the cost of their care; and
- (b) the person, for whatever reason, does not wish to sell their home or is unable to sell their home quickly enough to pay for their care home fees.

The advantage of “deferred payments” is that, if some of the money which 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 these costs. However, it is very important that you go into this in great detail. You should seek independent financial advice because there may be things specific to you and your circumstances that mean this is not the best course of action for you.

Financial Assessment

If you are considering entering a residential or nursing home on a permanent basis and your savings are less than £50,000 (2021/22) and you own a property, you may wish to consider this scheme.

In order to obtain financial assistance from the Vale of Glamorgan Council, you will need to complete a Declaration of Financial Resources form. A Financial Assessment Officer will calculate your ability to pay for residential care in accordance with Welsh Assembly Regulations.

If you own property or partly own a property, a decision will be made within the financial assessment about whether the value of the property will be taken into account. We may ask for copies of documents and seek our own legal advice. This means we may not be able to give a decision straightaway. However, if there is a decision that the property will be taken into account within the financial assessment and you do not wish to sell your property and/or you may wish to go into a more expensive home than the Vale of Glamorgan would normally pay, you may wish to be considered for the Deferred Payment Scheme. Basically, this means that the Council can offer a loan which you or your estate will repay when you leave the care home. Financial Assessment Officers are only able to give you information. They are not able to advise you. This is a complicated subject and you are strongly advised to get independent financial and legal advice. You will have to pay for any charge that may be made for this.

How Does the Deferred Payment Scheme work?

You will need to make a request via the Financial Assessment Officer so that the Vale of Glamorgan can consider your individual circumstances. On the back page of this leaflet is a tear off slip for you to use to make a request for deferred payments, if you so wish.

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 about how to ask for the decision to be reviewed. 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 costs 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 (that is, you must be entitled to get some of the money from the sale of the property).

While the decision of the Council in relation to deferred payments will be subject to assessment in each individual case, there are additional matters to be considered in respect of properties where there is an outstanding mortgage. In these circumstances, the Council may agree a deferred payment but it will have to be satisfied that you can continue to make mortgage payments while at the same time making your assessed contribution to care costs.

That part of the contribution a resident is liable to pay but which is deferred is referred to in this leaflet as the “deferred contribution”. In agreeing to individual deferred payments, the Council will in each case take into account the size of the weekly deferred contribution and the value of the beneficial interest in the property. If the Vale of Glamorgan Council agrees to a deferred payment, a legal document will need to be signed by all parties involved, copies of which will be retained by both yourself and the Council.

You will be expected to pay a contribution based on your weekly income. This will also include any rental payments that you may receive should you choose to rent your property. The shortfall between this contribution and the full contract price (minus any contribution by the Local Health Board) will be paid by the Vale of Glamorgan Council to the care home. The shortfall will accrue as a loan until the agreement is terminated.

If your property is to remain empty, you will need to look at security, insurance and maintenance.

The twelve-week Property Disregard

For the first 12 weeks after you move into residential care on a permanent basis, the value of your home will be ignored when Social Services works out how much you need to contribute towards the cost of your care.

During these 12 weeks, the contribution you will be required to make will be assessed only on your income, savings and any other assets you have and any shortfall will be made up by Social Services. This is not a loan or deferred payment and you will not be expected to repay this money at a later date.

However, if you sell your home during the 12 week period, the disregard ceases to have effect from the date of the sale.

Deferred Payments

After 12 weeks, the Council may allow you to put off or defer the shortfall between the care home costs and your assessed contribution. You, or your estate, would only pay back the deferred contributions when you sell your home or when you leave residential care. What this means is that the Council 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 Council then recovers the money at a later stage, either from you or on the sale of your property or from your estate.

When does the deferred payment have to be repaid?

The money must be repaid either:-

- (a) when the property has been sold; or
- (b) when you terminate the agreement; or
- (c) within 56 days of your death*.

*whichever of these events happens first.

We will send an invoice to you, your next of kin or executor as appropriate, confirming the final amount.

What about interest?

No interest will be charged during the period the payments are deferred. Interest will be charged if the debt is not repaid at the end of the agreed period.

Details regarding prevailing interest rates are supplied before you formally enter this scheme.

Some examples of what factors the Vale of Glamorgan Council will consider before agreeing to a Deferred Payment Agreement.

Do you understand the legal documents that you are being asked to sign? If you do not understand what you are signing, do you have a representative with Enduring Power of Attorney or Lasting Power of Attorney who can sign the document on your behalf?

What is the value of the property? Will there be sufficient funds to pay back the loan?

Is there a mortgage on the property? Will there be sufficient funds to pay the mortgage and Deferred Payment Loan?

Will a Third Party payment or 'top up' be required'? If so, will there be sufficient funds for this?

What is Third Party payment or 'top up'?

You may want to go into a care home where the fees are higher than the Vale of Glamorgan Council would normally expect to pay. The higher fee (top up) could be due to a number of factors but may include such things as better facilities or preferable location.

If we agree with you that a deferred payment scheme can be used in your situation, you may also have the top up paid as part of the loan.

However, should you move out of the home before the end of the 12 week property disregard, you will be expected to pay the 'top up' at the end of your stay.

You cannot pay a 'top up' yourself if we are paying a contribution towards the cost of your care, unless it is part of the Deferred Payment Scheme.

How much will you owe?

Every year you will be advised of the new total cost per week. Contract prices to the home usually increase and your contribution will be reassessed in line with benefit payment increases. You will also be sent a statement of account on a six monthly basis.

What if I do not want to sign a deferred payment agreement and I want to sell my home?

We cannot force you to sell your home. However, we can place a legal charge against your property for debt that will accrue after the 12 week disregard.

This will mean that when your property is sold, your solicitor will have to pay any money owed to the Vale of Glamorgan Council before any money from the sale can be passed to you or your estate.

If a legal charge is placed on your property, you will be notified and you are advised to seek your own legal advice.

If the residential home you choose requires a third party 'top up' then you will not be able to agree to this unless another person will agree to pay this for you and sign an appropriate agreement.

Other information available from Social Services which you may find useful

Thinking about a care home? A guide to what you need to know – published by Welsh Assembly Government. www.wales.gov.uk/health

What about other charges?

You will be asked to contribute to costs of Land Registry searches and any other legal costs in taking out the legal charge on your home. These legal expenses must normally be paid up front and cannot be added to the deferred contribution unless the Vale of Glamorgan Council in its discretion is satisfied that these payments would cause hardship or it is not practical for the payments to be made. In the event of the payment for legal costs and disbursements not being made up front they will be added to the deferred payment and be recoverable as part of the deferred payment.

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

- To be clear about the legal implications of having a legal charge placed on your home.
- 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 other implications.
- You will need to maintain the empty property such as paying for insurance and heating bills to save the property from damp and frost.

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

I would like the Vale of Glamorgan Council to consider a Deferred Payment agreement in respect of

Name

Address

Please contact me via telephone/email:-

Name

Address

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Phone Number

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Email Address

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Signed:

Dated:.....

Please send this form to:-

Pat Francis

Senior Social Care Finance Officer

Social Services

Resource Management & Safeguarding

Docks Office

Subway Road

Barry

CF63 4RT

Telephone Number: 01446 704620

Email: PFrancis@valeofglamorgan.gov.uk

“This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg”