

Deferred Payments Scheme FAQs

1. What is the Deferred Payments Scheme?

The 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.

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 or lends you the part of your weekly charge that you can't afford until the value of your home is realised. The part the Council pays or loans to you 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.

2. Who is eligible?

Gloucestershire County Council must offer a deferred payment to people who meet **all three** of the following eligibility criteria:

- anyone whose needs are to be met by the provision of care in a care home. This is determined when someone is assessed as having eligible needs which Gloucestershire County Council decides should be met through a care home placement;
- anyone who has less than (or equal to) £23,250 in assets excluding the value of their home (for example, in savings and other non-housing assets);
- anyone whose home is not disregarded, for example it is not occupied by a spouse or dependent relative as defined in regulations on charging for care and support (for example, someone whose home is taken into account in Gloucestershire County Council's financial assessment and so might need to be sold).

Please note:

Acceptance of any application under the scheme is subject to you meeting the criteria for entering the scheme, and the local authority being able to obtain security in your property.

3. Is there a possibility that my application could be refused?

Yes. Gloucestershire County Council will decline any application for a deferred payment agreement when:

- You or your representative have failed to provide the information required to process the application; or
- eligibility criteria are not met; or
- adequate security cannot be provided; or
- a deferred payment has been requested for an adult assessed as lacking capacity to enter into a deferred payment agreement and the person has no representative/deputy; or
- the property is not registered at HM Land Registry.

4. What are the costs associated with the Deferred Payments Scheme?

Gloucestershire County Council will charge an administration fee to set up the deferred payment agreement. An annual administration fee will also be payable. Administration fees will be reviewed

annually and can either be paid upfront or added to the amount deferred or loaned. If added to the amount deferred or loaned, interest will be payable on these costs.

Gloucestershire County Council will charge interest on the deferred payment in the same way as a normal loan. The interest rate will be the market gilts rate plus 0.15% and will be compounded on a daily basis. The market gilts rate is variable and is as specified by the Office of Budget Responsibility normally before 1st January and 1st July each year.

5. How much can I defer?

The actual amount that can be deferred or loaned varies according to individual circumstances. An 'Equity Limit' will be calculated by Gloucestershire County Council and decisions are determined by consideration of:

- Whether there is adequate security for the deferred payment requested and
- Whether the amount deferred or loaned is sustainable given:
 - the likely duration of the deferral/loan;
 - projected costs and how care needs and costs may increase over time;
 - the equity available to recover the amount advanced. The equity limit must not be exceeded.

6. What happens if I reach my 'Equity Limit'?

No further care costs will be deferred or loaned if this will cause the equity limit to be exceeded. However interest and administrative costs will continue to be added to the deferred/loaned amount. We will review your arrangements for meeting care costs with you or your representative when the amount deferred or loaned approaches or reaches 70% of the value of your property.

7. Will Gloucestershire County Council keep me updated on the amount outstanding?

Yes. You will receive a statement every six months advising you how your charge is being calculated and what the outstanding sum on your deferred payment account is. You may also contact the Deferred Payments Team at any point to request an up to date statement.

8. When will the deferred amount need to be repaid?

The deferred payment amount will need to be repaid upon termination of the agreement. The agreement will be terminated when:

- Either you or your representative provides the County Council with written notice (as agreed in the deferred payment agreement) of your intention to terminate the agreement and repay the deferred or loaned amount in full to the County Council;
- The secured property is sold. In these circumstances you or your representative must notify the County Council in writing of the intention to sell the property as agreed in the deferred payment agreement and must repay the deferred or loaned amount in full to the County Council on conclusion of the sale; or
- In the event of your death, the deferred or loaned amount becomes due for repayment 90 days after your death (or as agreed by the County Council).

Please note:

Even if a formal agreement is not entered into (for example, if your property were to sell before an agreement could be finalised), you will still be liable to repay any deferred or loaned amount.

9. Can I rent out my property?

If you intend to let your property or allow it to be occupied by any person you must:

- first obtain the Local Authority's prior written consent; and
- pay for and maintain adequate insurance (including landlord insurance where appropriate)

The Local Authority will not unreasonably withhold or delay its consent provided that the Property will be occupied on the basis of an assured shorthold tenancy agreement which enables an order for possession to be obtained on two months' written notice after the expiry of an initial term of no more than 6 months.

Please note:

Any rental income you receive will be taken into account in your Financial Assessment.

10. Where can I find out more information about the Deferred Payments Scheme?

You can contact us via telephone on 01452 426681. Alternatively, you can email us at deferredpayments@gloucestershire.gov.uk. Gloucestershire County Council's Deferred Payments Policy is also available to view online at www.gloucestershire.gov.uk.

11. What other options are there?

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, 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.

12. Is there anywhere that can provide me with free advice?

For free independent information and advice you can contact The Care Advice Line via telephone on 01452 222200 or visit their website at www.thecareadvice.org.