

What is the Deferred Payments Scheme?



If you have to move to a residential care home permanently you may need to sell your house to pay towards the cost.



The Deferred Payments Scheme is there to help you if you have been assessed as having to pay the full cost of your care from the thirteenth week.



The scheme offers you a loan from Bradford Council to pay for the care. Your home is used as security.

It doesn't work in the same way as a normal loan. The Council doesn't give you a fixed sum of money.



They pay an agreed part of your weekly care and support bill for as long as it is needed.

You will pay a weekly contribution towards your care. This is the amount you have been assessed as being able to pay.



From the thirteenth week you can claim attendance allowance or have it reinstated. 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. A debt is amount of money that is owed. The debt is cleared when the money that is tied up in your home is released.



For many people this will be done by selling your home. This can be straightaway or later on. You can also pay the debt back in another way if you want to.



You do not need to sell your home if you don't want to. You may decide to keep your home for the rest of your life and repay the money from your estate.



Your estate is everything that you own when you die, for example your home, car, jewellery and other things.



You may also want to rent your house out to get some income. If you do this you will be expected to use the rental income to increase the amount you pay each week.

The council will then reduce the amount they pay and your debt will be less.



You may not be able to claim pension credit if your property is not put up for sale.

Charging Interest



Interest is the amount you are charged for borrowing money.

The loan will have interest charged in the same way a normal loan would be charged if you borrowed money from a bank.



The interest charged is fixed by the government. It is based on the cost of government borrowing. It changes on the 1st January and the 1st of July every year.



The interest will be compounded on a 4-weekly basis. It will apply from the day you start the Deferred Payment Scheme.



You will get statements every 6 months. They will tell you how your charge is being worked out and how much you owe.



If you decide to use the Deferred Payment Scheme, you are in a legal agreement with the council. You will need to sign an agreement document.



The council then puts what is called a 'legal charge' on your property to safeguard the loan. This means when the property is sold the council will get their money back.



The agreement covers the councils responsibilities and your responsibilities. One of your responsibilities is to make sure your home is insured and looked after properly.



If you have to pay money to do some repairs on your home while you are in a residential home or nursing care, this will be allowed for in the amount you need to contribute to your care.



You can end the agreement at any time, for example if you sell your home, and the loan becomes payable immediately.

Otherwise, the agreement ends when you die.

The council cannot cancel the agreement without your consent.



Please note that a person will not be able to have a Deferred Payment Scheme if they lack capacity.

Any payments made by Bradford Council to the provider will be invoiced to the person who is applying for deputyship.



A letter of undertaking to pay the care fees must be signed by the person applying for the deputyship.



Once the deputyship is in place, the debt should be paid for or resolved through a Deferred Payment Scheme.

Advantages of using the Deferred Payments Scheme



You should take independent legal and financial advice to help you decide what is best for you.

A third party top-up is where a family member or other person puts extra money towards your placement.

If you have one of these and you decide to use the Deferred Payments Scheme, you can add the cost of the 'top up' payments to your loan.



The council must agree that there is enough equity in your home.

Equity is the amount of your home you actually own. For example how much you have paid off your mortgage.



The government has rules that say that 'top-ups' for people not using the Deferred Payments Scheme have to be paid for by someone else. This means a member of your family or a friend or carer.

A deferred payment is the only way of paying the top-up yourself without depending on someone else.

What are the costs of a Deferred Payment Scheme?



There will be an administration charge of £229.

There may be other one-off costs such as a revaluation of your property.

Other options



You may choose to rent out your property. This could give you enough income to cover the full cost of your care.

This can be a good thing as you will not get into a debt or have to pay interest. Your property will have someone living in it so it won't be empty.



Your tenant will be paying the gas and electricity bills and council tax. This will cut down the amount of money you pay out every month.



There are also other loans that may be suitable for you.

You might also choose to pay the full cost of your care from the money you have like your income and savings.

Remember to get legal and financial advice first though.



To apply for the Deferred Payment Scheme you must:

- Have capital of less than £23,250. Capital is things like your savings



- Be assessed as needing and entering permanent residential/ nursing care in a registered home



- Own or part own legal ownership of a property. It must be registered with the Land Registry
- Have a years' worth of funding in the property



- Have the mental capacity to agree to a deferred payment scheme. You can also have a legally appointed agent who is willing to do this



Whilst you are in the agreement you will need to:

- Have a responsible person who will make sure your property is well looked after so it keeps its value



- Insure your property



- Pay any contributions in a timely and regular manner. If you don't pay the contributions the council can add this debt to the loan amount

There can also be no other interests in the property, for example outstanding mortgages unless it is approved by Bradford Council.