

Universal Deferred Payment Scheme April 2015

What is the deferred payment scheme?

The deferred payment scheme is designed to help a person who has been assessed to pay the full cost of their care home fees but cannot afford to pay the full amount immediately because their capital is tied up in their home. By agreeing to a deferred payment, a person can delay paying the cost of their care home fees until a later date.

Who can have a deferred payment?

The universal deferred payment rules state that if a person meets all three of the following criteria at the time of applying for a deferred payment, they must be offered a deferred payment agreement:

- 1) the person is assessed as having eligible needs which the Council decides should be met through a care home placement;
- 2) the person is assessed as having less than or equal to £23,250 in savings and other capital; and
- 3) the property would not be disregarded for charging purposes

If the person meets the above criteria **and** is able to provide adequate security for the debt, usually in the form of a land registry charge on their property, the Council must offer a deferred payment.

Permission to refuse a deferred payment agreement

The Council may refuse a deferred payment agreement despite someone meeting the eligibility criteria where:

- a) the Council is unable to secure a first legal charge on the person's property;
- b) the person is seeking a top-up and the amount of the top-up does not seem sustainable for the duration of the placement given the amount of equity in the property and/or
- c) the person does not accept the terms and conditions of the agreement

How much can be deferred?

The Council may require a contribution from a person's income, savings or other assets but must leave the person with up to £144 per week if the person wishes to retain this sum. All other costs, including top-ups and extra care costs can be deferred, subject to the level of equity in the property.

How much does a deferred payment cost?

From 1 April 2015, the Council may charge interest on any amount deferred, where local authorities charge interest, the interest must not exceed the maximum amount specified in regulations. The national maximum interest rate will change every six months on 1st January and 1st of June each year. The first rate will be set on 1st January 2015.

In addition to charging interest the Council may charge reasonable legal and administrative costs of setting up, maintaining and terminating the deferred payment. These charges must be made clear to the person prior to making an agreement or the Council registering a charge.

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