

Adult Social Care

A guide to the Deferred Payment Agreement Scheme



Coventry City Council

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COVENTRY

○ What is the 'Deferred Payment Agreement Scheme'?

The Deferred Payment Agreement Scheme is designed to help you if you have been assessed 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.

The scheme offers you a loan from Coventry City Council using your home as security. It does not work in the same way as a conventional loan. The Local Authority does not give you a fixed sum of money when you join the scheme but pays an agreed part of your weekly care and support bill for as long as there is sufficient equity in the property.

○ How does the deferred payment work?

The deferred payment builds up as a debt which is cleared when the money tied-up in your home is released. You can choose to sell your home whenever you want to to pay back the debt, or you can pay the debt back from another source if you are able.

○ What is expected of me if I enter in the agreement with Coventry City Council?

When you enter into the Deferred Payment Agreement Scheme, you enter into a legal agreement with the Council by signing an agreement document. The Council then places what is called a 'legal charge' on your property to safeguard the loan. You will be charged for this expense, and it will be included in the DPA reclaim invoice when the funding ends. The agreement covers both the responsibilities of the Council and your responsibilities, one of which is to make sure that your home is insured and maintained. If you incur expenses in maintaining your home while you are in residential or nursing care, these will be allowed for (up to £144.00 per week) in the amount that you are assessed as being able to contribute each week from your capital and income.

You can end the agreement at any time (for example if you sell your home) and the loan then becomes payable immediately. Otherwise the agreement ends on your death and the loan becomes payable 90 days later. The Council cannot cancel the agreement without your consent.



○ How do I know if I am eligible for a Deferred Payment?

To apply for the Deferred Payment Agreement Scheme you must have one of the following:

- Capital (excluding the property) of less than £23,250
- Be professionally assessed as requiring and be entering permanent residential / nursing care in a registered care home
- Own or have part legal ownership of a property, which is not benefitting from a property disregard, and ensure your property is registered with the Land Registry (if the property is not, you must arrange for it to be registered at your own expense)
- Have mental capacity to agree to a deferred payment agreement or have a legally appointed agent willing to agree this.

Adult Social Care can consider circumstances outside of the usual criteria and agree a Deferred Payment Scheme on a discretionary basis where it is considered appropriate.

○ How do you calculate the amount I owe under the Deferred Payment?

You will have to pay back the amount that Adult Social Care pays towards the cost of your care and support in your residential / nursing placement. If you have requested ASC funding, we will provide you with the DPA application form and leaflet.

We advise you seek Independent Legal advice before entering a DPA.

The application will need to be completed and submitted within 2 weeks from the start date of ASC funding.

If you opt not to enter a DPA you will be deemed able to pay the full cost of your care and you will need to set up an agreement between yourself and the care home as a self-funder and make payments directly to the care home for the full cost of the placement.

○ How do you calculate the amount I owe under the Deferred Payment?

You will have to pay back the amount that Adult Social Care pays towards the cost of your care and support in your residential / nursing placement.

○ Whilst in the agreement, you will also need to:

Have a responsible person willing and able to ensure that necessary maintenance is carried out on the property to retain its value you are liable for any such expenses.

Insure your property at your expense.

Pay any client contribution in a timely and regular manner; if you fail to pay the client contribution on a regular basis the council reserves the right to add this debt to the loan amount.

There can be no other beneficial interests on the property, for example outstanding mortgages or equity release schemes, unless the Local Authority approve this.

○ If I am eligible and opt not to take the Deferred Payment what action is taken?

If you opt not to sell your property and choose not to take advantage of the deferred payment agreement scheme, you will be deemed able to pay the full cost of your care and you will need to set up an agreement between yourself and the care home.

We advise you seek independent financial advice upon indicating that this is your decision.

○ Under the Deferred Payment am I still required to pay my weekly contribution to the home?

Have a responsible person willing and able to ensure that you will pay a weekly contribution towards your care that you will have been assessed as being able to pay from your income and other savings. The Council will pay the part of your weekly charge that you cannot afford until the value of your home is realised. The part the Council pays is your 'Deferred Payment.'

○ Am I expected to sell my property?

You do not have to sell your home if you do not want to as you may decide to keep your home for the rest of your life and repay out of your estate, or you may want to rent it out to generate income. If you do this, you will be expected to use the rental income to increase the amount you pay each week, thus reducing the weekly payments made by the Council, and minimising the eventual deferred payment debt.

○ How much interest is charged for the scheme?

Interest can be charged on the loan in the same way a normal loan would be on money borrowed from a bank. The maximum interest rate that can be charged is fixed by the government. Currently the maximum rate that can be charged is based on the cost of government borrowing and will change on 1st January and 1st July every year. The current rate applicable from 1st January 2024 is 4.65%. The interest will be compounded on a four-weekly basis.

The interest will apply from the day a Deferred Payment Agreement is entered in to.

Regular statements will be issued showing how the charge is being calculated and what the outstanding sum on the Deferred Payment account is.

○ Are there any additional costs attached to the Deferred Payment Agreement Scheme?

Coventry City Council will charge an administrative fee towards legal costs associated with arranging a deferred payment. The legal costs include Land Registry charges as well as the cost of Council Officers preparing the Deferred Payment Agreement. This charge will be applied to the funding reclaim invoice once the service has ended or funding has ended.

○ What are the advantages of using the Deferred Payment Agreement Scheme?

You should take independent financial and legal advice to help you decide which course of action will be financially better for you. If there is an existing agreement for a third party 'top up', where a family member or other person puts additional money towards your placement, and you decide to take advantage of the Deferred Payment Agreement Scheme; you can add the cost of the 'top up' payments to your Deferred Payment Agreement Scheme loan, if the Council agrees that there is enough equity in your home.

The government's rules say that 'top ups' for people not using the Deferred Payment Agreement Scheme currently must be paid for by somebody else, for example, a member of their family, so a deferred payment is currently the only way of paying the top up yourself without depending on a third party.

○ Are there any alternative options?

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.





○ Contact Adult Social Care Direct

Call **024 7683 3003**

or email ascdirect@coventry.gov.uk

or visit www.coventry.gov.uk/health-social-care

Speech impairment, deaf or hard of hearing?

You can call using Next Generation Text (also known as Text Relay and TypeTalk): **18001 024 7683 3003**

If you require this information in another language or format, please email ascdirect@coventry.gov.uk

Jeśli potrzebujesz zawartych informacji w innym języku lub formacie, prosimy o wiadomość e-mail na adres ascdirect@coventry.gov.uk

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਹ ਜਾਣਕਾਰੀ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਜਾਂ ਫਾਰਮੈਟ ਵਿੱਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ascdirect@coventry.gov.uk 'ਤੇ ਈਮੇਲ ਕਰੋ

اگر آپ کو یہ معلومات کسی دوسری زبان یا فارمیٹ میں درکار ہوں تو براؤن مہربانی ascdirect@coventry.gov.uk پر ای میل کریں۔

إذا اردت الحصول على هذه المعلومات بلغة أو تنسيق آخر، يرجى إرسال بريد إلكتروني إلى: ascdirect@coventry.gov.uk

Dacă aveți nevoie de aceste informații într-o altă limbă sau format, vă rugăm trimiteți email la: ascdirect@coventry.gov.uk

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○ Who do I contact for more information about residential or nursing care funding or to appeal against a decision?

FINANCIAL ASSESSMENTS TEAM
Coventry City Council, PO Box 15, Council House, Coventry CV1 5RR
Email: financialassessments@coventry.gov.uk
Call: **024 7697 5429**

○ How do I find out more about residential or nursing care funding?

There are a range of leaflets and further information about Adult Social Services on the Council website visit www.coventry.gov.uk