

Paying for care – **deferred** payments & property ownership



- Your questions answered
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Introduction

From April 2015, the Care Act (2014), says that it is a legal requirement for deferred payment agreements to be made available across the whole country. This means that you should not have to sell your home to pay for care in your lifetime, as people have sometimes had to do in the past.



What is a deferred payment?

A deferred payment agreement is an arrangement with the council that will enable you to use the value of your home to pay for some of your care costs. If you are eligible, we will help to pay your care home bills on your behalf. You can delay repaying us until you choose to sell your home, or until after your death.

Who can request a deferred payment?

You will be offered a deferred payment as part of the financial assessment process if you meet all **three** of the following:

- you have an eligible need
- you have less than £23,250 in assets excluding the value of your home (i.e. in savings and other non-housing assets); and
- your home is not disregarded from the financial assessment

Does the council have to agree to grant you a deferred payment?

No, the council may refuse a request for a deferred payment agreement, even if you meet the criteria where:

- the council is unable to secure a first Legal charge on your property; examples of this are if you already have a secured loan or mortgage secured against your property or if the owner(s) of the property do not have the capacity to sign and no one else has legal authority to sign on their behalf
- you are seeking a top up that is unsustainable and/or
- you do not agree to the terms and conditions of the deferred payment agreement.

What happens if the council cannot offer you a deferred payment?

The value of your share in your property will still be included in the financial assessment and you will be charged for the full cost of your care and support. You will need to consider how you intend to settle the invoices as they become due for payment. You are advised to seek advice from a Solicitor in this respect.

Please note that upon receipt of each invoice you must contact client financial services and update them with progress made towards meeting criteria for a deferred payment or the sale of the property. You must also arrange to part pay invoices from income/savings until you meet the criteria for a deferred payment or are able to settle the invoices in full.

Do I have to have a deferred payment?

Deferred payment agreements will suit some people's circumstances better than others. If you are still living in your own home, you will not need a deferred payment agreement. A deferred payment agreement is only one way to pay for your care. To find out more about the options available, you can speak to a financial adviser or seek advice from an independent organisation.



If I choose a home that is more expensive than the council will pay, can this be included in the deferred payment?

This is known as a 'top up.' Yes, this can be deferred but subject to the council's rules. Where you have chosen more expensive accommodation than the council's offer of accommodation that sits within your personal budget, the council must consider including the top up in the deferred payment agreement. In doing so, the council will be guided by the following principles' to determine a maximum amount that is sustainable (or reflects their core care costs without any top up), this includes:

- the amount of equity you have in your property
- the amount you are contributing to your care costs from other sources, including income and any contribution from savings, a financial product or a third-party; and
- the total care costs you will face in your lifetime, including any top-ups you might be seeking.
- a sustainability request will be arranged by your Social Worker to determine if you meet the criteria.

How much can be deferred?

The council will complete a financial assessment to determine how much you are able to pay towards the costs of your care and support which will reduce the amount to be deferred. The share of care costs that you defer will depend on the amount you are assessed to pay from sources of income and assets as outlined in the Care and Support Statutory Guidance available at birmingham.gov.uk/help-paying-for-care

You may want to rent out the property to generate income. If this is the case, you will need to inform client financial services so the additional income can be included in the financial assessment. This is because 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 deferred payment debt. The council will permit you to retain a proportion of your income which is known as the 'disposable income allowance' up to a maximum of £144 per week. Please note this is inclusive of the statutory personal expenses allowance.

If you decide to keep a disposable income allowance, this will increase the amount deferred against the sale of the property.

Who signs the deferred payment agreement?

The council is unable to place a legal charge on the property without your consent or the consent of a registered Lasting Power of Attorney or Court Deputy. In the case of joint ownership, consent for a deferred payment must be given by all parties.

A Court Deputy will be needed if the situation arises where a person is unable to enter into a deferred payment agreement due to lack of capacity; and there is no one empowered to support them. Good practice recommendation is that their family or a representative should make an application to obtain a Deputyship order to manage finances and support their best interests being observed. Alternatively a solicitor can be instructed to apply for the Deputyship order and as a last resort the local authority may agree to do this.



Do I have to pay anything now?

Yes. We will tell you how much of the weekly charge we expect you to pay and how much we will allow you to include in the deferred payment.

What happens if I decide to sell my house?

If you do decide to sell your house, you must pay all your outstanding charges. We will also arrange a financial assessment review to confirm whether or not your weekly charge is going to change.

What will happen to my house when I move into a care home?

If you own your house and you are moving into a care home for a long time, we will normally take the value of your home into account when we work out your weekly charge.

What if I only own a share of my house?

If you are moving into a care home for a long time, we will take the value of your share of your home into account when we carry out your financial assessment.

What if someone else is still living in my house?

If the person still living in your house is your husband, wife, civil partner, an elderly (over60), registered disabled or dependent relative, we will not include the value of your property when we do your financial assessment.

Do I have to sell my house?

The value of your property is disregarded for the first 12 weeks of your stay in long term care, this will give you time to think about how you will be paying for your care and support costs. You may want

to seek independent Legal or financial advice and may want to consider renting out the property to meet some of the costs and reduce the draw on the equity. Please note that should you finalise a sale of your property within the 12 weeks, the property value disregard period will end sooner. If you are an ex self-funder and are applying for financial assistance from the Council and still own a property, the 12 week property disregard period started from the day you first moved into a residential/ nursing care home.

Is my care free during the first 12 weeks?

We will disregard only the value of your property for the first 12 weeks; however, you will still have to pay towards your care during this period. This contribution will be based on your benefits, income, savings and any other money you may get.

Where can I get more information?

If you need to request a sustainability assessment to include a top up you should request this from the Social Worker who is arranging your care and support . If you want further general advice on your circumstances email: **clientfinancialservices@birmingham.gov.uk** or telephone the Financial Assessment Team on **0121 303 2976**. If you would like an estimate of how much of your contribution is likely to be deferred and how much payable immediately please visit **birmingham.gov.uk/care-estimator**. This is anonymous.

The fastest way you can get information and advice about adult social care, how to care for yourself and meet your care needs is by visiting My Care in Birmingham **birmingham.gov.uk/helpayingforcare**

If you need to request a sustainability assessment or want further advice on your circumstances email: **clientfinancialservices@birmingham.gov.uk** or telephone the Financial Assessment Team on **0121 303 2976**.

For useful financial information visit: **birmingham.gov.uk/help payingforcare**



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Leaflets in this series:

- Rates and Charges
- Deferred Payments
- Direct Payments
- Choice of Home and Top-up Payments
- How much will you have to pay?
- Self-funders

Care Act details can be found at gov.uk (search Care Act).

If you use an organisation or individual that carries out regulated financial service activities in the UK, you are advised to check that they are authorised by the Financial Conduct Authority.

You can check this by visiting fca.org.uk/firms/systems-reporting/register

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