

Haringey Council's Deferred Payment Scheme

Introduction

The Care Act 2014 establishes a universal Deferred Payment Scheme, which means that from 1st April 2015 people may not need to sell their home in their lifetime to pay for the costs of care.

What is a Deferred Payment Agreement?

A Deferred Payment Agreement is an arrangement with the Council that will enable people to postpone payment of part of their residential and nursing care costs.

If you are eligible, we will help to pay part of your care home bills on your behalf. The part that we pay is a loan. The loan is secured against your former home by a legal charge. You can delay repaying us until for example you choose to sell your home, or until after your death.

During the lifetime of your Deferred Payment Agreement the part that is not deferred, you are expected to pay this on a regular basis. This can be paid from your income for example retirement pension, occupational pension, third party contributions and rental income. This will be discussed during the setup of your Deferred Payment Agreement.

A Deferred Payment Agreement will suit some people's circumstances better than others. It is a legally binding contract between you and the Council and you should consider obtaining independent legal and financial advice before you commit to it. We will charge interest on the amount owed to us, and there will be fees for setting up, maintaining and terminating the arrangement.

A Deferred Payment Agreement is only one way to pay for care. To find out more about the options available, you can speak to an independent financial adviser or seek advice from an independent organisation such as Age UK, Independent Age or the Citizen's Advice Bureau.

Who is eligible for a Deferred Payment Agreement?

You will be eligible for a Deferred Payment Agreement if:

- You own your own home; and
- Your needs are to be met by the provision of care in a care home or nursing home; and
- You have less than (or equal to) the prescribed amount (currently £23,250) in savings and other investments excluding the value of your home; and
- Your home is not disregarded in the financial assessment; and
- There should be no outstanding mortgage on the property; and
- You or your lawful representative consent to the agreement.
- Please note that a Deferred Payment Agreement is a legally binding contract. It must be signed by a person with capacity to understand it or by their lawful representative i.e. someone acting under a Power of Attorney or a Financial Deputy appointed by the Court of Protection; and
- If you jointly own the property with someone else, the joint owner must consent to the council registering a legal charge taking priority over their interest.

Are there any other conditions?

Yes. The property must be maintained in a reasonable standard of repair and condition. The property must be insured. You must continue to pay outgoings such as service charges, ground rent, etc. You must pay the Councils administration and legal costs. You must pay interest on the amount deferred.

To see a full copy of the Council's Policy on Deferred Payment Agreements call the Council's Income Maximisation & Personal Budget Finance Team on 0208 489 3364 or visit the Council's Web Site at: www.haringey.gov.uk

Who can live in my home if I have a Deferred Payment Agreement?

This is up to you. The property does not have to be occupied but you should check your insurance policy to verify if the house can be unoccupied for more than 21 consecutive days as there are likely to be exclusions. There are benefits to keeping your home occupied. For example it can be easier and cheaper to insure the building if someone is living there. You might choose to rent it out and use the income to reduce the amount you ask the Council to defer.

If you choose to rent your property you may need more specialist advice about your legal responsibilities as a landlord and obligations to your potential tenants. Some useful addresses appear at the end of this leaflet.

Haringey Council offers rental schemes which you may wish to consider. You can apply through the following links:

Haringey Home Finder Scheme:

<http://www.haringey.gov.uk/housing-and-planning/housing/landlords/private-sector-letting>

Private Sector Leasing:

<http://www.haringey.gov.uk/housing-and-planning/housing/landlords/private-sector-leasing>

When can I apply for a Deferred Payment Agreement?

You can apply when you have been placed in a residential or nursing home on a permanent basis by Haringey Social Services.

If you have entered residential care on a voluntary basis as a self funder, you can still apply providing you meet the eligibility criteria.

When will I have to repay the amount deferred?

You can sell your home or repay the amount deferred at any time. You could have a Deferred Payment Agreement as a temporary measure for example to give you more time to prepare your home for sale so that you get the best possible price, or because you want to keep your home for some other reason.

You can also have a Deferred Payment Agreement for the full length of your stay in a residential or nursing home and the amount deferred can be paid back out of your estate after you die.

How much can I defer?

The amount you can defer is governed by an 'equity limit'. You can defer up to 90% of the 'equity limit'. The equity limit is set at the value of the property minus 10%, minus the prescribed amount of the lower capital limit (currently £14,250 for financial year 2015/16). The limit protects you from not having enough money to pay the fees involved if you eventually have to sell the property (for example solicitors, estate agents and land registry fees).

The Council **may stop** deferring fees in certain circumstances for example:

- When your total assets fall below the upper level of the means test for charging and you qualify for public funding towards the cost of your care.
- If you no longer need to be cared for in a care home.
- If the council decides to disregard the property for any reason and you consequently qualify for public funding.

The Council **must stop** deferring fees in certain circumstances for example:

- When you reach the 'equity limit'.
- In certain circumstances if you are in breach of the agreement and we have not been able to resolve the breach.

What if my husband/wife/civil partner or other dependents live in my house?

You will not be eligible for Deferred Payment Agreement, if your spouse, civil partner, a close relative over 60 or other 'eligible' dependents still lives in your home. In these circumstances, the value of your former home will not be included in the financial assessment, when the Council calculates your contribution towards the cost of your care.

I pay for care but I still live in my own home; can I apply for a Deferred Payment Agreement?

A Deferred Payment Agreement is designed for people who are at risk of having to sell their home to pay care fees. If you are still living in your own home, the Council does not take the value of your home into account when deciding how much you have to contribute to care costs and so you should not need a Deferred Payment Agreement.

I already live in a care home. Can I apply for a Deferred Payment Agreement?

If you have savings and investments of less than £23,250 you could still be eligible for a Deferred Payment Agreement as long as you meet the eligibility criteria.

Will a Deferred Payment Agreement affect my

Benefits and income?

If your care is permanent, when the Department for Work and Pensions (DWP) calculate your entitlement to means tested benefits, for example pension credit or income support, they can ignore the value of your property for up to 26 weeks (or longer if reasonable to do so) as long as you are taking steps to sell it. If you take a Deferred Payment Agreement, you may lose your entitlement to these benefits. It is important that you inform the DWP of any change of circumstances to avoid any overpayment of benefits.

If you choose to rent out your property during the course of a Deferred Payment Agreement you may have additional income which can be used to reduce the amount deferred.

The Council will require you to contribute towards your care costs from your income, but you have a right to retain part of your income ('disposable income allowance'). The disposable income allowance is a fixed amount, currently £144 per week of your income which the Council must allow you to retain.

You will retain the responsibility for the upkeep of your property and to insure the property throughout the period of the Deferred Payment Agreement. The disposable income allowance may be used to meet these obligations. Alternatively, you may choose to keep less of your disposable income allowance. This could be to your advantage as you could then contribute more to the cost of your care from your income, and consequently reduce the amount deferred (thus accruing less debt to the Council). You could also use rent to do this if you decide to rent out the property.

How much will it cost me to set up a Deferred Payment Agreement?

The council is entitled to charge for setting up a Deferred Payment Agreement. It includes one-off set-up costs, the council's legal costs and the cost of valuing your property. During the life of the agreement there will be an annual administration charge. Finally, at the termination of the agreement there will also be legal and administration redemption costs.

A full current schedule of the Council's charges is set out below:

Charging Schedule	Cost
Agreement Set Up Costs	£242.48
Valuation of Property (including VAT) approximately	£300.00
Council's Legal Fees	£399.30
Legal Disbursements (Land Registry Fees)	£86.00
Total Set up costs	£1027.78
Annual Administration Charge	£98.21
Total Annual Administration Charge	£98.21
Agreement Redemption Costs	£98.97
Legal Redemption Costs	£242.00
Total Redemption Costs	£340.97

If the Council undertakes any additional work on your behalf, additional administration charges may apply.

You will also be responsible for your own solicitor's costs and financial adviser's fees (if any).

What is the interest rate on a Deferred Payment Agreement?

We will charge interest on the amount owed to us until the loan is paid in full. The interest rate is currently 2.65% and will be reviewed every six months in accordance with Economic and Fiscal Outlook.

Will the Council make a profit out of Deferred Payment Agreements?

No. The interest rate and administrative fees are designed to cover our costs, not to make a profit.

When does the Agreement end?

A Deferred Payment Agreement can be terminated in three ways:

- You or someone acting on your behalf can end it any time by repaying the full amount due.
- When the property is sold and the Council is repaid in full.
- When you die and the full amount due is repaid (usually out of your estate).

What happens when the Agreement ends?

If you decide to sell your home you should notify the Council. You will be required to repay the amount due from the proceeds of the sale and the Council will be required to relinquish its legal charge on the property.

If you or a third party decides to repay the amount due from another source, the Council must be notified in writing and it will relinquish the legal charge on the property on receipt of the full amount due.

The amount due must be repaid and the agreement will automatically end upon your death. The amount due must be either paid out of your estate or paid by a third party. The executor or administrator of your estate can decide how the money is to be paid, usually via the sale of your property but it could be from another source for example an insurance policy or a third party. Your executor or administrator will have 90 days to arrange payment of the money owed. After that the Council could take steps to force a sale. Interest will continue to be applied until the loan is repaid.

How long does it take to set up a Deferred Payment Agreement?

During the first twelve weeks you are in a care home, your home is ignored for the purposes of calculating what you might pay and a Deferred Payment Agreement would usually start after that period. If you are eligible, we will aim to set up a Deferred Payment Agreement within twelve weeks of you moving to a care home.

Who will value my home?

The Council will arrange to have your property independently valued. If you disagree with that valuation you can arrange your own independent valuation. If there is a substantial difference we must reach agreement before proceeding with the Deferred Payment Agreement. The Council has a Review and Appeals Procedure for resolving disputes.

Where can I find out more about Deferred Payment Agreements and how do I apply?

To apply for a Deferred Payment Agreement you should contact the **Income Maximisation & Personal Budget Finance Team on:**
Tel: 0208 489 3364

Address:

Haringey Council Adult Services,
River Park House
225 High Road
London
N22 8HQ

Email: finance.assessment.team@haringey.gov.uk

Who pays for my Care Cost?

If you meet the eligibility criteria for Deferred Payments Scheme and your application is successful then a proportion of your care costs will be deferred against the value of your property.

If you meet the eligibility criteria for Deferred Payments Scheme and decide not to apply for the scheme or your application is unsuccessful then you will be responsible for paying the full cost of your care fees. You will need to consider how you will meet the cost of your care.

Getting Independent Financial Advice that is right for you

Paying for care is a very complex area and it is essential to get reliable, comprehensive advice before making any decisions. It is important to make sure that you have considered all the financial options available to you before committing to a particular course.

Some Advantages of a Deferred Payment Agreement:

- It can prevent you having to pay part of your care costs immediately. You do not have to sell your home in your lifetime if you do not wish to.
- You only build up a debt against your home for the period you need care (or until you sell the property if earlier).
- The value of the property may increase during any deferred period helping to offset the amount charged.
- The property can be rented out, and the income could reduce the overall debt deferred.

Some Disadvantages of a Deferred Payment Agreement:

- You will still need to pay for the upkeep of your property. It must remain insured. This may mean purchasing specialist insurance as many home insurance policies will not cover an undefined period of non-occupancy.
- Any property left unoccupied may be at risk of vandalism and damp and therefore you may need to continue to pay for heating and lighting.
- House prices may fall.
- You could lose out on interest earned by putting the proceeds of the sale on deposit or into an investment.

Other options:

You may be able to pay for your care in other ways. For example:

- From your income (including pension income);
- From savings or other assets you might have access to;
- From contributions from a third party;
- From a financial product designed to pay for long-term care.

You may want to consider seeking advice from an independent financial advisor who has specialist knowledge of long term care funding and can discuss the most appropriate options for your situation. You can find an independent advisor on the following website:

<http://societyoflaterlifeadvisers.co.uk/find-an-adviser>

When choosing a financial adviser, you should make sure that they are registered and authorised with the FSA. This can be done online at: <http://www.fca.org.uk/> or by contacting the **Consumer Helpline on Tel: 0800 111 6768** (freephone) or 0300 500 8082 from 8am to 6pm, Monday to Friday (except public holidays) and 9am to 1pm, Saturday. From abroad you can call +44 20 7066 1000.

You can email the FCA at consumer.queries@fca.org.uk, but if your query is urgent you should call.

Please note that Independent Financial Advisors usually charge for their services. **The London Borough of Haringey cannot recommend a particular Independent Financial advisor. It is important that you satisfy yourself that an adviser is properly qualified before you take advice.**

There are also local voluntary organisations that may be able to offer independent and free advice including:

- [Age UK](#)
- [Haringey Citizens Advice Bureau](#)
- [Independent Age](#)

Other Useful addresses

Legal Advice

Solicitors for the Elderly

Solicitors for the Elderly are an independent, national organisation of lawyers, such as solicitors, barristers, and legal executives who provide specialist legal advice for older and vulnerable people, their families and carers. For more information please visit their website:

<http://www.solicitorsfortheelderly.com/>

Haringey Law Centre

Haringey Law Centre is independent and operates on a not-for-profit basis. They provide free legal advice and representation to the people in Haringey.

Areas of law covered:

Housing/Landlord and Tenant, Housing Disrepair, Debt, Immigration & Asylum, Welfare Benefits, Personal Injury, General Litigations

Address: Ground Floor Offices, 7 Holcombe Road, Tottenham, London N17 9AA

Telephone: 020 8808 5354

Fax: 020 8801 1516

Email: tottenhamlawcentre@tiscali.co.uk

Website: <http://www.lawcentres.org.uk/about-law-centres/law-centres-on-google-maps/alphabetically/centre:haringey-law-centre>

Debt Advice

National Debt Line

National Debt Line provides free confidential and independent debt advice. For more information please visit their website:

www.nationaldebtline.co.uk

Tel: 0808 808 4000

Money Advice Service

The Money Advice Service provides a national online service offering advice and financial health checks. For more information please visit their website: www.moneyadvice.service.org.uk/yourmoney

Tel: 0300 500 5000