

Factsheet (FS3) Paying for Residential Care if you own your own Home

If you need to have permanent residential/nursing care the value of your home may be taken into account when working out how much you should pay towards your care home fees. The Deferred Payment Scheme is designed to help you if you have been assessed as having 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.

Effectively the scheme offers you a loan from Stockton-On-Tees Borough Council using your home as security. It does not work in exactly 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 is necessary.

You will pay a weekly contribution towards your care that you have been assessed as being able to pay from your income and other savings. The Council pays the part of your weekly charge that you are not able to 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 – which is cleared when the money tied up in your home is released. For many people this will be done by selling their home, either immediately or later on. You can also pay the debt back from another source if you want to.

However, you do not have to sell your home if you don't want to – you may, for example, 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.

Charging Interest

The loan will have interest charged on it in the same way as a normal loan would be charged on money borrowed from the bank. The interest will apply from the 90th day after your Deferred Payment Scheme ends on the total amount outstanding.

You will receive an annual statement advising you on how your charge is being calculated and what the outstanding sum on your deferred payment account is.

Your agreement with Stockton on Tees Borough Council

If you decide to use the Deferred Payment 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.

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 in the amount that you are assessed as contributing 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. However the Council can refuse to defer residential care costs in certain circumstances for example the amount that the Council could recover from the value of the interest in the property has been reached.

Advantages of using the Deferred Payment 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 Scheme; you can add the cost of the 'top up' payments to your Deferred Payment 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 scheme currently have to 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.

Other 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 or have to pay interest. 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.

In order to apply for the Deferred Payment Scheme you must:

- have capital (excluding the property) of less than £23,250
- be assessed as requiring permanent residential/nursing care in a registered care home;
- own or have part legal ownership of a property, which is not benefiting 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

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 this is approved by the Local Authority.

Please note: Acceptance of any application under the scheme is subject to you meeting the criteria for entering the scheme, and the local authority being able to obtain security in your property.

Where you can get further information regarding Independent Financial Advice:

www.stockton.gov.uk/care-act

or you can contact First Contact on 01642 527764 and ask for a copy of the leaflet "Independent Financial Advice"

If you wish to apply for the scheme

Please contact Adult Social Care Financial Services on 01642 524586 for further information.

Contacting Us

Adult Social Care Services:

First Contact

01642 527764

Minicom: 01642 527769

FirstContactAdults@stockton.gov.uk

Opening Hours

Monday – Thursday 8.30am - 5pm

Friday 8.30am – 4.30pm

For Adult Social Care Financial Services :

01642 524586

assessments@stockton.gov.uk

Stockton Welfare Rights Unit

Advice Line: 01642 526141

Monday to Thursday 2.00 – 5.00pm

Friday 2.00 – 4.30pm

welfarerights@stockton.gov.uk

Stockton & District Advice & Information Services

01642 633877

The Department for Work and Pensions

People over 60: The Pension Service

0845 6060265

People under 60: Job Centre Plus

0345 6043719

If you would like this information in any other language or format for example large print or audio please contact us

01642 524586