

Paying for residential care: Introducing deferred payment agreements

Overview

This factsheet can help you decide if a Deferred Payment Agreement (DPA) is a choice for you. The DPA is designed for people who own their own home and require full time residential or nursing home care and do not wish to sell their home, or cannot sell immediately and cannot meet the full cost of their care home fees from other capital or income.

Introducing Deferred Payment Agreements (DPA)

- A DPA is a type of loan from Worcestershire County Council, your home is used as security against the loan.
- If the value of your share of your house, where you were living as your main or own home before you required residential or nursing home care, is more than the capital threshold for financial assistance from the local authority you will be responsible for the full cost of the care, however, payment may be deferred until the property is either sold by you or your estate. If you own your home with someone else, this will be taken into consideration.
- You will be assessed to see what you can afford to pay from your available income and savings. This will be your assessed contribution towards your care and you will need to pay this amount while you are living in the residential or nursing care home. The Council will fund the balance of the care fee and this is the amount that will be the basis of the deferred payment – i.e. the subject of the loan agreement.
- An arrangement fee will be added to the loan together with interest accruing on the debt.
- The Council will establish the maximum amount of the loan based on the equity available in your home.
- The Deferred Payment builds up as a debt against your home value. The debt is cleared when you (or your estate) sell your home, or when you have other capital available.

Will I qualify for a DPA?

I have been assessed as requiring 24 hour care in a residential or nursing home, or am already in a care home	✓
I am the owner of a property (or share in a property) that was my main or only home and I have a suitable amount of equity available, and	✓
I do not have significant other capital (savings or assets that exceed the upper threshold set annually by the Council)	✓
The equity in my property must cover at least one year's care costs	✓

What happens next?

- Your social worker will discuss with you, or someone acting legally on your behalf, the DPA procedure in greater detail.
- We will then consider if we can offer a deferred payment to you and we will write to you with the decision.
- We strongly recommend you seek independent legal and financial advice to decide if this option is suitable.
- If you are happy to proceed, you can either meet with us to complete a Deferred Payment Agreement application form or do this by post.
- You will be asked to pay an administration fee to cover administrative and legal costs.
- If you proceed the Council will place a legal charge on your home to safeguard the loan.
- You can end the agreement at any time by paying off the outstanding debt, usually by selling your home. The loan also becomes payable from your estate in the event of your death. The Council cannot cancel the agreement without your consent.

Further Reading

- [Worcestershire County Council – Deferred Payment Agreement Policy](#)

Key contacts

- Care Contribution Assessment Team
Telephone 01905 765761
Email CCAdmin@worcestershire.gov.uk