

12 WEEK PROPERTY DISREGARD PERIOD AND THE DEFERRED PAYMENT AGREEMENT

Information Pack for our service users and their families or representatives

What is the 12-week Property Disregard Period?

If you have been in residential or nursing care and paying for your care fees without any assistance from the Council, regardless of the amount of capital you may have had during this period, you may not be entitled to all or any of the 12 week property disregard period.

However, there are certain circumstances, when this may be considered, for example there may be a sudden and unexpected change in your financial circumstances. The Council will consider each case on its own merits.

The Council will disregard the value of your property which was your former main or normal residence, for the first 12 weeks of your permanent residential or nursing care placement. If your stay was initially temporary the 12 weeks starts from the date it is decided your care is permanent. If your property is sold within this 12-week period, the Council will take into account the money you receive from the sale as capital and you will be expected to pay the full cost of your care, from the day after sale.

Although the value of your property is disregarded during this time, you will still be required to complete a 'Financial Assessment' this is to establish what you can afford to contribute towards your care costs from your income and other savings. This is a separate process and both processes will need to be completed in full to enable a Deferred Payment to be implemented.

The financial assessment is means tested and is a statutory requirement as it is expected that everyone will pay towards their care. The assessment is carried out in line with the Department of Health and Social Care Guidance 'Care and Support Statutory Guidance,' for further information please visit the government website.

In addition to completing the financial assessment the Council will also check to ensure that you are receiving all the financial benefits that you may be entitled to, and will assist you to claim any benefits not

in payment.

Before the end of this 12 week period, you will be asked to confirm if you would like to be considered for the Deferred Payment Agreement (please see below), as the initial contract with the home will cease at the end of the 12 weeks.

Choice of Accommodation & Top Ups

In some cases, a person may actively choose a setting that is more expensive than the amount identified for the provision of the accommodation as they have been assessed to meet their care and support needs. Where someone chooses a setting that costs more than this, an arrangement will need to be made as to how the difference will be met. This is known as an additional cost or 'top-up' payment and is the difference between the amount identified that would meet their care and support needs and the actual cost.

In such cases, the local authority must arrange for them to be placed there, provided a third party, or in certain circumstances the person in need of care and support, is willing and able to meet the additional cost.

First party 'top ups'

The person whose needs are to be met by the accommodation may themselves choose to make a 'top-up' payment only in the following circumstances:

- where they are subject to a 12-week property disregard (as explained above)
- where they have a deferred payment agreement in place with the local authority. Where this is the case, the terms of the agreement should reflect this arrangement.

Providing that:

The local authority must ensure that the person paying the 'top-up' is willing and can afford to meet the additional cost from their savings for the duration of the 12-week property disregard period and/or from their equity within the property the length of the Deferred Payment Agreement.

What is a Deferred Payment Agreement?

A Deferred Payment Agreement is designed for people who own their own home, but either do not wish to or cannot sell it immediately and cannot meet the full cost of their care home fees from their other income or capital. A Deferred Payment Agreement can only apply to the property which was your former main or normal residence.

Effectively, the scheme offers you a loan from Worcestershire County Council using your home as security.

It doesn't work in exactly the same way as a conventional loan - the Council doesn't give you a fixed sum of money when you join the scheme but pays an agreed part of your weekly bill up to the agreed 'Equity Loan Limit' or until the agreement is terminated.

You pay the part of your weekly charge that you are assessed as being able to afford from your income and savings, and the Council pays the part of your weekly charge that you can't afford until the value of your home is realised.

The part that the Council pays is your '**Deferred Payment**'.

The deferred payments build up as a debt - which is cleared when you have the capital available to clear the debt, this for many people will be done, when they sell their home, either immediately or later.

A Deferred Payment Agreement would be set up to start either at the beginning of the 13th week of your permanent residential or nursing care placement, or if you have self-funded your long-term care prior to coming to the Council, from the date your liquid capital is assessed in the financial assessment as being under £23,250.

Appendix 5 gives a basic overview of how this process works.

How does the Deferred Payment Process work?

If you decide to consider the Deferred Payment Agreement Scheme as an option to help with the long-term care costs, the Council will carry out preliminary checks to establish, ownership and property value, and then using this information will be able to calculate your share in the property and your '**Equity Loan Limit**' and will confirm your eligibility for the scheme. To see how we do this, please see Appendix 2.

Once your eligibility has been established you will need to decide whether to accept the Council's offer of a Deferred Payment Agreement. If so you will need to return the Application form and supporting documents we require from you in our offer letter. Once this is received and processed, you will receive the Legal document to complete. To enter into an agreement with the Council you will need to sign the legal Agreement document.

The Council then places what is called a '**legal charge**' on your property to safeguard the loan. This operates as a mortgage on the property.

The agreement document covers both the responsibilities of the Council and your responsibilities, one of which is to make sure that your home is adequately insured and maintained.

You can end the agreement at any time by paying off the outstanding debt under the Deferred Payment arrangements (for example, if you sell your home). The loan also becomes repayable from your estate in the event of your death.

We will review the Agreement on a regular basis, advising you of the accrued debt to date and asking you to confirm if there have been any changes in circumstances.

Please note that if the person in the care home setting passes away whilst receiving a chargeable care package, under a Deferred Payment Agreement, the Council's General Contract with care providers agrees that we will continue to pay for the room on the date of death but also a further 2 days (2 in total). This is to enable time for family/friends to clear the room of belonging. This cost will defer and form part of the Deferred Payment balance. If the room is cleared prior to 3 days, you will must inform us to this can be adjusted accordingly.

The Council cannot cancel the agreement without your consent.

Acceptance of any application under the scheme is at the discretion of the Council and resources to the scheme are limited.

Do I have to pay to enter in to a Deferred Payment Agreement?

You will be asked to pay an initial set up administration fee (see Appendix 1 for the current amounts) which will be payable at the time the charge is placed against the property and the Deferred Payment Agreement is entered in to.

This fee covers the Council's administration costs, legal costs and disbursements involved in drawing up the agreement, carrying out searches and placing the legal charge against your property. The amount of the administration fee will depend on whether the property is registered or not with Land Registry and if it is a single or joint application. An annual fee will then be payable for the duration of the agreement.

Compound interest will also be applied to the Deferred Payment, this is set nationally by the Department of Health and Social Care and is reviewed every six months, usually in July and January of each year.

We will inform you of changes in the interest rate. The interest rate is set by the Office of Budget and Responsibility report.

The currently interest rate can be found at Appendix 1.

In certain circumstances additional costs may also be incurred which will be added to the deferred payment debt, for example, this could be if a specialist valuation is required at any point during the life time of the agreement.

What are the advantages of using the Deferred Payment Agreement?

An advantage of entering into the Deferred Payment Agreement is that you do not have to sell your home in your life time if you do not want to.

You can claim Attendance Allowance from the 13th week of the permanent residential or nursing placement, or, if you are under pensionable age, the care component of Disability Living Allowance or the daily living component of your Personal Independence Payment.

This means that you will have extra income to contribute towards the weekly cost of your care and will reduce your eventual deferred payments debt.

You should take independent *legal and financial* advice to help you decide which course of action would be financially better for you.

If there is an agreement for a Top Up (sometimes referred to as an Above Banding Supplement) towards your placement and you choose to enter a Deferred Payment Agreement, you can add the cost of this to your overall loan, but only if the Council agrees that there is enough equity in your home.

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

To be considered for a Deferred Payment Agreement you will need to satisfy the following conditions:

- You have been assessed as requiring 24-hour care and this is to be provided in a care home setting, and
- You own a property which was your former main or only home*, and
- Excluding the value of this home, you have capital less than or equal to the upper capital threshold (see Appendix 1)
- If the Council is unable to disregard the value of your former main or only home, under either mandatory or discretionary disregards, details of when a disregard can be considered can be found in the Council's 'Deferred Payment Agreement Policy'.
- The Council can secure the loan, by placing a legal charge on your property in favour of Worcestershire County Council

**There are different ways that you may own, or part own a property, we may need you to provide additional verification. All owners will need to consent to a charge. You may be asked to make changes to the Land Registry title if the current ownership is not reflected at Land Registry. If it has been determined that a Deferred Payment Agreement can be considered, any person, living in the property not under an Assured Shorthold Tenancy, will also need to consent to a charge being placed on the property.*

Please note any changes that may be required to enable a legal charge on the property, will delay the

Council's timescale to implement an Agreement. If you are aware of any issues, please raise these as soon as possible in the 'additional information' section of the Appendix 3, including but not limited to, changes at Land Registry/Deputy order restrictions.



You can visit the [Council's website about Deferred Payment Agreements](#).

You can also access inform the Council website on your phone by using this QR code, or via your browser at:

https://www.worcestershire.gov.uk/info/20566/paying_for_care_and_support_adults/1707/deferred_payments/1

Is there a limit to how much I can borrow?

A maximum amount you can borrow will be agreed based on the available equity available in your share of the property.

For the purposes of a Deferred Payment Agreement and the charges incurred under it, the value of your property will be assessed at its current market value, less any mortgage or loan secured on it and less 10% of its value where there would be expenses involved in selling it. The 10% rule is only for calculating the value of a property before its sale (see Appendix 2 for an example of the calculation).

You will be asked to provide an estimate of its current value; the Council will compare this against current market trends within your area. Should there be any discrepancy the Council may ask you to provide a valuation form a recognised Estate Agent.

Once the property has been sold you will be treated as having the actual share of the sale proceeds you receive once any secured debts and the actual expenses of sale have been paid.

Should you decide to rent out your property whilst in a Deferred Payment Agreement, you would be expected to use the rental income to increase the amount that you contribute towards your weekly care home fees, and therefore, reducing the debt accruing with the Council. However, before entering in to any tenancy agreement, you must obtain consent from the Council and can do this by contacting the Care Contribution Assessment Team. The tenancy must only be provided under a shorthold tenancy to ensure a short notice period. The Council will disregard 25% of the gross rental income.

The Care Contribution Assessment Team will ask you to provide verification of the proposed tenancy agreement and rental income.

What if I am acting on behalf of someone else?

If the person receiving care lacks the capacity to make decisions regarding their finances, there must be

a legally appointed representative who can make decisions on their behalf.

This must be someone who holds Enduring Power of Attorney, Lasting Power of Attorney (for property and finance) or a Deputy appointed by the Court of Protection. If you are appointed to act for someone, you will be asked to provide verification of this.

Please see Worcestershire County Councils Deferred Payment Agreement Policy for more information.

Where you can get independent advice

Worcestershire County Council strongly recommends that you take independent legal and/or financial advice before you sign the Deferred Payment Agreement documents.

If you need further guidance concerning local authority charging for residential and nursing care, independent advice can be obtained from Citizens Advice Bureaux, charities for older people, solicitors and financial advisors.

Please see Appendix 4 for useful contact details

What happens next?

We would like you to confirm that you have received this information pack. Please complete the form at Appendix 3 called 'Property Information Acknowledgement'

When we receive this form, we will complete some preliminary checks to see if your property can be considered for a Deferred Payment Agreement. We will write to you to confirm either way and if it can be offered an Agreement, known as the decision pack. If not appropriate this will advise on the decision, why it was made and how it affects the financial assessment.

If appropriate for the scheme, the decision pack will include; the decision letter, a Deferred Payment Application form and checklist for documentation required.

What if I want to apply for a Deferred Payment Agreement?

Once have received our decision pack, if you would like the Council to consider you for a Deferred Payment Agreement, you will need to complete the 'Deferred Payment Application Form' and send this to:

Deferred Payment Agreements
Financial Operational Services
Worcestershire County Council
County Hall
Spetchley Road
Worcester
WR5 2NP

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***This must be completed and returned by the date requested in the decision pack**

What happens when you get my application form?

Should your property remain eligible (no changes made since the initial decision was reached) for a Deferred Payment Agreement, you will receive a '**Deferred Payment Offer Letter**' outlining your '**Equity Loan Limit**' available to you. In addition, we will also send you a legal Deferred Payment Agreement. This is the legal contract between yourself and Worcestershire County Council.

You will receive two copies of the agreement one is for you to retain for your records and the other is to be signed and returned to the Council along with any requested documentation.

It is important that you fully read the agreement including the terms and conditions before signing it.

The following documents must be returned to us within 14 days of receipt of the offer, so you may wish to begin collating the basic documents you will be asked to supply now:

Check list

1. Evidence of Identity of each property owner, co-owner, or Power of Attorney/Deputy;
By way of either ONE item from List A and TWO items from List B as follows: -
 - List A
 - current valid passport
 - current photocard driving licence (not provisional licence)
 - old style driving licence
 - List B
 - bank account statement less than 3 months old
 - Utility bill less than 3 months old (if supply 2 utility bills- must be from 2 separate providers).
 - Council tax bill for current year
 - Rent account statement or rent book showing rent paid for the last 3 months
 - Mortgage Statement for the current mortgage year (postal statement and not an internet statement)
2. Full and complete Lasting Power of Attorney/Deputyship document (original or certified only)
3. Copy of death certificate (if appropriate) should the property be owned between the present owner and a deceased partner
4. Buildings Insurance (please note insurance must reflect current circumstances and have any clauses such as unoccupied noted on the policy)

Please note; each Agreement is different, and we may require further documentation than outlined

above to support our application to the Land Registry. You will be advised in your decision pack of the exact documents required.

The Council will write to you to confirm once the legal charge has been placed on your property and the Deferred Payment Agreement has started.

Once your agreement is in place, the Council will monitor your accruing loan and will provide you with statements every six months to keep you up to date and we will review the Agreement every year.

What is the financial assessment and why do I need to complete one?

A financial assessment is a means tested assessment based on your income and savings (excluding the value of your home) to establish what your contribution will be towards your care cost fees.

Whilst we are gathering information to be able to accurately assess how much you will be asked to pay, you will be charged a provisional contribution for long term residential or nursing care and this will be payable to the home. (see Appendix 1 for current rates). We may already hold sufficient information from a previous financial assessment to complete an assessment based on the information held. If financial circumstances have changed please contact the department to arrange a telephone assessment.

If we haven't completed a financial assessment for you yet, you will be asked to complete a financial assessment form (FF1) and provide various forms of verification, such as utility bills, banks statements etc.

If your property falls to be disregarded for the first 12 weeks, your financial assessment will not take in to account the value of your home. However, from week 13 it will be included in your financial assessment and an automatic full charge assessment will be completed.

If you chose to enter in to a Deferred Payment Agreement, from the start of the 13th week of your care, you will have a second financial assessment; called the 'Deferred Payment Financial Assessment' this will establish what you weekly contribution towards your care costs will be from the start of your Deferred Payment Agreement and will be reviewed annually. This will supersede the full charge assessment once a legal charge is placed on the property.

As part of this assessment we will leave you with the 'Disposal Income Allowance' (see Appendix 1) This allowance is to cover your weekly personal expenditure and the cost of insuring and maintaining your property whilst you are in the care home.

For more information regarding the 'Disposal Income Allowance' and what you can choose to retain please refer to the Councils '**Deferred Payment Agreement Policy**'

The Council works in partnership with The Department for Work and Pensions, Pensions Service and for Property Information Pack
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us to ensure you are receiving all the benefits you are entitled to, we need your consent to share information.

You can give your permission when completing the Deferred Payment Application Form

Worcestershire County Council supports the objectives of the Data Protection Act 1998 and is registered as a data controller. Information that you provide will be governed by the requirements of the Data Protection Act 1998 and may be processed by the Council in the performance of its statutory duties or for purposes required by law.



You can visit the [Council's website about paying for care and support](#).

You can also access inform the Council website on your phone by using this QR code, or via your browser at:

https://www.worcestershire.gov.uk/info/20566/paying_for_care_and_support_adults

This document can be made available in other formats (large print, audio tape, computer disk and Braille) on request from Care Contribution Assessment Team on telephone number 01905 765761 or by emailing CCAdmin@worcestershire.gov.uk

To the best of our knowledge all information was correct at the time of printing: February 2022