Deferring Payments for Care Home Fees when you own your own home

What is this factsheet about?
This factsheet is for people who are about to move into a residential care home on a permanent basis and who own their own home. It is also for their carers and family. It explains the 12 Week Property Disregard and Deferred Payment Agreements, both of which are intended to assist people where the value of their home has been taken into account in assessing how much they are expected to contribute towards their care home fees.

How is my ability to pay assessed?
If you ask Social Services to help with the cost of your care home fees we will carry out a financial assessment. You can read more about this in our factsheet Paying for Care in a Residential or Nursing Home. If you own your own home, we may have to take its value into account. If you do not have sufficient income or other savings or assets to meet the full cost of the care home fees, the capital which you have tied up in your home may have to be released in order to pay the fees. This often means that you would have to sell your home.

For some people the decision about what to do with their home may be a difficult one to take at the same time as moving into a care home. Two special arrangements have been put in place to assist people in this position.

The 12 Week Property Disregard
For the first 12 weeks after you move into residential care on a permanent basis, Social Services will ignore the value of your home when we work out how much you need to contribute towards the costs of your care, provided that your capital (excluding the value of your home) does not exceed £50,000.

During these 12 weeks the contribution you will be required to make will be assessed taking into account only your income, savings and any other assets you have. The difference between your contribution and the full cost of the care will be made up by Social Services. This is not a loan or a deferred payment, and you will not be expected to repay this money at a later date. However, if you sell your home during the 12 week period, the property disregard ceases to have effect from the date of the sale.

What if I don’t sell my house within 12 weeks?
After 12 weeks the value of your home will be taken into account in working out how much you should pay towards your fees, even if the house is not sold. However we realise that it can often take more than 12 weeks to sell a house and receive payment from the buyer.

If your house is on the market, but you have not sold it by the time the 12 week property disregard comes to an end, we may be able to make an agreement with you to pay the part of your contribution that relates to your property on your behalf on a temporary basis until it is sold. When you receive payment for your house you would have to repay to Social Services the extra amount that we have paid towards your care costs from the end of the 12 weeks to the time that the sale of your house is completed.

If you do not have immediate plans to sell your house you may be able to enter into a Deferred Payment Agreement with the Council. If you wish to make such arrangements please contact the Social Care
Income and Finance Team before the end of the 12 Week Disregard period. If no arrangements are made you could be liable for the full cost of your fees.

What if I don’t want to sell my home now?
You can ask the Council for a Deferred Payment Agreement. This would mean that you can defer the part of your contribution towards the cost of residential care that results from your ownership of the property until a later date - which could be after your death – in exchange for granting the Council a legal charge over your property. During this time the Council will make a payment towards your care home fees. However you will still need to make a contribution towards care costs which will be assessed by taking into account your income and any other capital you have.

How does the scheme work?
In order to be eligible for a Deferred Payment Agreement all of the following must apply to you.

- You do not have savings or other assets worth £50,000 or more
- Your assessed weekly income is insufficient to meet the costs of your care
- You have a beneficial interest in the property which you occupy or used to occupy as your home i.e. if the property is sold you will receive some money
- There is no outstanding mortgage, or the value of the property over and above the outstanding mortgage will leave sufficient money to fund the cost of care

You must then make a request to the Council to be considered for a Deferred Payment Agreement. If we agree to your request, a formal legal document must be drawn up, giving the Council a legal charge over your property which takes priority over any other interest or charge on the property. This means that the property cannot be sold or transferred to someone else without us being able to reclaim the amount we have lent you. You also have to cover any other costs that we incur in setting up the Deferred Payment Agreement for your property, such as legal and valuation fees. We will advise you about these costs at the time we agree to a deferred payment. These do not have to be paid in advance, but will be added on to the final amount to be repaid.

You can only defer costs up to the amount of the capital value in your property. Once this level is reached no further deferment can occur.

What about interest?
Currently, no interest will be charged during the period that the payments are deferred. However this is under review and interest may be charged in the future.

We will confirm the arrangements relating to the payment of interest and, if applicable, the rate that will apply at the time we agree to a deferred payment. This information will be included in the formal legal document that is drawn up between you and the Council.

Can I rent out my property?
Yes, you can rent out the property and use the net rental income as a contribution towards your care home fees. This will reduce the amount that would need to be repaid at the end of the deferral period. However the additional income you receive may affect your entitlement to benefits, and you should take financial advice before considering this option.

How do I know how much I owe?
Every six months we will send you a written statement. This will confirm the amount of care costs deferred, any interest and administrative costs accrued to date and the total amount due. It will also provide an estimate of the equity remaining in your home which has not yet been set against your care home fees.
Both your income and the fees for your care home are likely to change each year. This usually means that the amount of your loan increases. We will notify you in writing of any changes. You must tell us about any changes to your income or capital/savings.

**Terminating the agreement and repaying the loan**

You can terminate the agreement at any time by telling us that you wish to do so and the date on which you wish the agreement to end. At that time you would have to pay the outstanding amount in full and you should contact us to ask for an up-to-date statement of how much you owe.

If you decide to sell the property, you should notify the Council. You will then have to pay the outstanding amount in full from the proceeds of the sale.

If the agreement is still in place when you die, we will send your next of kin an invoice confirming the final amount due. The executor of your estate is responsible for arranging the repayment. We expect payment to be made within 90 days of the date of your death.

Once the outstanding amount has been paid in full, we will relinquish our charge on the property and provide written confirmation that this has been done.

**What else should I consider?**

During the period that the payments are deferred we expect you to take our insurance on the structure of your property and make sure that it is maintained in a sound condition.

If the property is left empty because you are in a care home Council Tax may not be charged for the property. If the property is occupied by someone else this exemption may not apply. However you should contact the Council Tax Section (Tel: 01792 635382) to discuss the amount that has to be paid.

Anyone who intends to act as a representative on behalf of a person wishing to apply for a Deferred Payment Agreement must ensure that they have the legal authority to do so. This would be a legally recognised arrangement such as Lasting Power of Attorney / Enduring Power of Attorney / Deputyship. Further advice can be found from such agencies as the Public Guardian (see www.gov.uk/browse/births-deaths-marriages/lasting-power-attorney for contact details), Citizens Advice Bureau, local solicitor, voluntary organisations for older people etc.

**Independent advice**

We strongly advise you to take independent financial / legal advice before entering into a Deferred Payment Agreement. Individual circumstances may make the scheme less suitable financially for some people, perhaps because of the benefits they receive or because there are tax implications. It is also important that you understand fully the legal implications of the agreement you will make with the Council.

A number of national organisations provide factsheets or advice about financial arrangements for care home fees. However as arrangements in Wales and England are slightly different, make sure that any information you read applies in Wales.

Age Cymru West Glamorgan
☎ 01792 648866
www.ageuk.org.uk/cymru/home-and-care/care-homes

First Stop Care Advice
☎ 0800 377 7070
www.firststopcareadvice.org.uk

Independent Age
☎ 0800 319 6789
www.independentage.org

The Money Advice Service
www.moneyadviceservice.org.uk/en/articles/deferred-payment-agreements-for-long-term-care [also in Welsh]

Citizens Advice Bureau
Llys Glas, Pleasant Street
Swansea SA1 5DS
☎ 03444 772020

Social Services
www.swansea.gov.uk/socialcare
Who should I contact to request a Deferred Payment Agreement?

Initially you should speak to your care manager. You will have to have been through both the care assessment and the financial assessment processes before a request can be considered. If appropriate, your care manager will refer your request to the Social Care Income and Finance Team.

Other information from Social Services which you may find useful

- **Paying for Care in a Residential or Nursing Home**
- **Third Party Payments for Care Home Fees**

For copies of these factsheets please ask your care manager or phone 01792 636902 or view them online at www.swansea.gov.uk/socialcarepublications.

How to contact Social Services

For general enquiries about assessment or moving to a care home:

**Common Access Point for Health and Social Care**
Civic Centre, Swansea SA1 3SN
Tel: 01792 636519
Email: cap@swansea.gov.uk

For specific enquiries about the Deferred Payment Agreement or the 12 Week Disregard:

**Social Care Income and Finance Team**
Benefits and Revenues
Finance Department
Civic Centre, Swansea SA1 3SN
Tel: 01792 636380
Email: SCIF@swansea.gov.uk

Swansea Social Services and personal information

Swansea Council is the data controller for the personal information you provide to us. Your information will be used in the exercise of our official authority and will not be used for any other purpose. We will not share your data with third parties unless we are required or permitted to do so by law. Data protection law describes the legal basis for our processing your data as necessary for the performance of a public task (Social Services and Well-being (Wales) Act 2014).

For further information about how Swansea Council uses your personal data, including your rights as a data subject, please see our corporate privacy notice on our website www.swansea.gov.uk/privacy.

We can give you more information about how we handle personal information. Phone 01792 636902 for a factsheet.

Comments and complaints

We welcome any comments about our services – good or bad. We are interested to hear how we could do things better, and we like to know when we are doing well.

If you are unhappy with the services you receive, we encourage you to make a complaint. Full details are given in the factsheet ‘Making a comment, complaint or compliment about Social Services.’ For more advice or information about making a complaint, you can contact our Complaints Officers on 01792 637345.

This information is also available in Welsh and in alternative formats, such as large print, on audio CD, in Braille, or electronically. Please phone 01792 636902 for copies.