

What is in this Factsheet?

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1 About Deferred payments

What does the term “Deferred Payment” mean? Deferred Payment is an agreement to pay for something later / in the future.

Kent County Council offer a Deferred Payment Scheme to comply with The Care Act 2014 (sections 34 and 35) and The Care and Support (Deferred Payment) Regulations 2014.

The Deferred Payments scheme applies to people in residential care and can help them avoid having to sell their former home to pay for their care. It enables an individual to defer or delay paying some or all the cost of their care until a later date.

If you do not wish to sell your former home to cover this cost, or if you are actively marketing it but having trouble finding a buyer, you may wish to consider the Deferred Payment option and the information contained here may help with your decision.

2 How does Deferred payment scheme work?

The Deferred Payments Scheme allows a resident with a property to defer part of the contribution they must make to the cost of their care home. The amount deferred is only recovered when the Deferred Payment Agreement is terminated as follows:

- Voluntarily by the person, or someone acting on their behalf (in writing)
- Automatically when your property is sold
- Automatically when a person dies - the debt needs to be settled by the estate or third party within 90 days

Under the Scheme, Kent County Council will temporarily pay the agreed cost of your care to the care home. You will still be required to pay a weekly contribution to Kent County Council out of your available income (e.g. pensions and benefits and any other assets), but not out of any capital tied up in your former home. The deferred amount is the difference between what Kent County Council pays directly to the care home and the contribution that you pay to Kent County Council.

For example:

- If your residential home costs £400 per week, and this is agreed by Kent County Council, we will pay £400 directly to the care home every week.
 - If, following a Financial Assessment your available income is calculated to be £100 per week; you will pay £100 to Kent County Council every week.
- In this case, the deferred amount will be £300 per week

The cost of care will cease to be deferred once the equity limit in your property limit is reached.

A legal charge like a mortgage will be secured against your property giving the council the right to reclaim the amount deferred against the eventual sale.

3 Do I qualify for Deferred Payments?

You may choose to have a Deferred Payment if you meet all these criteria:

- ✓ You own a property (if jointly owned, both/all owners must consent to the charge being placed on the property)
- ✓ Your property is registered with the Land Registry and you are listed as one of the proprietors.
- ✓ There is no outstanding mortgage or loan already secured on your property.
- ✓ We have determined that your needs can best be met in residential care and the cost is what we consider necessary to meet your needs
- ✓ You have less than £23,250 in savings and other non-housing assets (apart from the value of your former home).

In addition, the Deferred Payments Scheme may be offered at the discretion of Kent County Council to other residents who do not meet all the above criteria.

Consideration could be given to factors such as:

- You have few accessible assets to pay for your care home charges
- There is already an outstanding loan/ mortgage or charge secured on your property. Written agreement from the organisation confirming Kent County Council can register a mortgage/legal charge on the property will be required.
- You are only slightly over the £23,250 threshold.

Please note: If the resident lacks mental capacity to sign the Deferred Payments Agreement, an authorised representative with legal responsibility (Lasting Power of Attorney or Deputyship) will be required to sign it on their behalf.

4 Can I rent out my property?

If you do not wish to sell your property you have the option to rent it out.

If you rent out the property, or plan to rent out the property in the future, you must provide the following

A signed Tenancy Agreement The Tenancy Agreement MUST be an Assured Shorthold Tenancy. This is an agreement with a fixed term. The letting agent should be able to advise you on this matter.

If there is no formal rental agreement in place Provide the full name and address of tenants. The details of the tenants should be kept up to date so you will need to provide this information if/when there is a change to the occupier of the property

How will rental income be treated?

If you rent out the property, the income will have to be used towards your care home costs. However, you will be permitted to keep a percentage of the rental income should you wish to do so. If you do take advantage of this it will increase the amount you will be deferring, i.e. the amount of money owed, to be eventually repaid to Kent County Council.

See examples at the end of this factsheet

Property Maintenance:

You will be allowed to retain up to £144 per week from your income which includes the statutory personal allowance amount of £30.65 per week. This is towards the upkeep of your property should you want to. This is called the Disposable Income Allowance.

You will need to maintain the property and pay for.

- Buildings and contents insurance (which must be specific to empty properties if the property will be left empty).
- Heating bills to save the property from damp and frost.

We will need to see a copy of the building's insurance annually.

If you need to make repairs to the property that are not covered by the insurance and you do not have the financial means to pay for the repairs, you can provide us with three quotes to carry out the works required and we will consider a variation to the Deferred Payment Agreement to assist with meeting the repair costs to ensure the property is adequately maintained.

5 Do I need to pay anything?

Administrative Costs The Deferred payment agreement scheme is intended to be run on a cost-neutral basis, with local authorities able to recoup the costs associated with deferring fees by charging interest

Administration Charge Administration charges and interest can be added on to the total amount deferred as they are accrued, although a person may request to pay these separately if they choose

The agreement must make clear that all fees deferred, alongside any interest and administrative charges incurred, must be repaid by the person in full. The local authority must also notify the person in writing whenever they are liable for an administration charge.

Please note: If you decide that you would like to cancel your application for Deferred Payment before it is finalised, if for example the property is sold, you may still be liable for any administration and legal fees for the work carried out to that point.

Please refer to rates and charges on Kent County Council Website for current figures.

https://www.kent.gov.uk/_data/assets/pdf_file/0012/14313/Charges-and-rates-payable-for-Adult-Social-Care.pdf

Will I be charged Interest?

Interest will be added to the deferred amount on a daily compounded basis from the day you enter the Deferred Payment Scheme.

The rate of interest that will be charged is based on government borrowing (the weighted average interest rate on conventional gilts plus 0.15%). This will be reviewed twice every year in January and July

Compounded Interest Example Calculation

Cost of placement £500 per week
Assessed contribution £150 per week
Amount deferred £350 per week (£50 per day)

Example interest rate used 2.65%

Agreement	Opening Balance	Interest	Closing Balance
Day 1	£50.00	£0.0036	£50.0036
Day 2	£100.004	£0.0073	£100.0109
Day 3	£150.011	£0.0109	£150.0218
Day 4	£200.022	£0.0145	£200.0363
Day 365	£18,493.282	£1.3427	£18,494.6251
Total amount deferred after 1 year			£18,250.00
Total amount interest applied			£244.63
Total amount outstanding after 1 year			£18,494.63

6 Independent Advice

It is always a good idea to take independent financial advice when paying for a care home yourself so that you can make all the right decisions and don't risk running out of money. There are some excellent sources of impartial advice available, these include.

Age UK

Age UK is the new name of Age Concern and Help the Aged who have merged organisations.

Telephone: 0800 055 6112

Email: www.ageuk.org.uk

Website: <http://www.ageuk.org.uk>

Money Advice Service

Free and impartial money advice set up by the government, you can find information on choosing the right care services, paying for care, finding a financial advisor, budgeting, benefits, insurance, debt and borrowing, homes and mortgages.

Website: www.moneyadviceservice.org.uk

Independent Age

Independent Age gives advice and information to older people, their relatives and carers across the UK.

Telephone: 0800 319 6789

Website: www.independentage.org

Society of Later Life Advisors

The organisations aim is to ensure that consumers are better informed about the financial issues of later life and can find a fully accredited adviser quickly and easily.

Telephone: 0333 2020 454

Website: www.societyoflaterlifeadvisers.co.uk

These are independent charities that advise people as well as publishing factsheets on a wide range of issues facing older people.

If you are considering seeking assistance under the Deferred Payment Scheme, you are **STRONGLY** advised to seek independent legal and financial advice from the outset and that this may incur a cost. Our staff are forbidden to give financial or legal advice of this nature.

Please Note: The Deferred Payment Agreement, once signed, is legally binding.

EXAMPLES OF A DEFERRED PAYMENT IN PRACTICE

Please note that in all these examples the individual must have been assessed by KCC, it has been agreed that they meet the national minimum eligibility criteria and that residential care is a suitable way of meeting their needs. The cost of the placement must also be agreed by KCC.

Example 1: Retaining all of the optional Disposable Income

Allowance.

Lucille - a care home placement that meets her care and support needs costing £600 per week has been identified. She has income provided by her pension of £300 per week. Lucille chooses not to rent her home. In addition to this Lucille also chooses to retain the full amount of the optional Disposable Income Allowance, £144 per week. Therefore, Lucille's contribution would be calculated as £166 per week ($£300 - £144 = £166$).

As Lucille's contribution is calculated as £166 per week and the cost of her placement is £600 per week this means that the amount, she would be deferring is £434 per week ($£600 - £166 = £434$).

Example 2: Rental with part Disposable Income Allowance.

Ida - a care home placement that meets her care and support needs costing £700 per week has been identified. She has income provided by her pension of £225 per week. Ida chooses to rent her home for £200 per week. In addition to this Ida also chooses to retain £50 of the optional Disposable Income Allowance (Up to a maximum of £144 per week). Therefore, Ida's contribution would be calculated as £375 per week ($£225 + £200 - £50 = £375$).

As Ida's contribution is calculated as £375 per week and the cost of her placement is £700 per week this means that the amount she would be deferring is £325 per week ($£700 - £375 = £325$).

Example 3: Full deferral.

William identifies a care home placement that meets his care and support needs costing £650 per week. He has income provided by his pension of £144 per week. William chooses not to rent his property. In addition to this William chooses to retain the full amount of the optional Disposable Income Allowance, £144.

Therefore, William's contribution would be calculated as £0.00 per week ($£144 - £144 = £0.00$).

As William's contribution is calculated as £0.00 per week and the cost of his placement is £650 per week this means that the amount, he would be deferring is £650 per week.

Frequently Asked Questions – Deferred Payments

If you require any information in a large print or a different format, please call 03000 412800 or email FinAssessInc@kent.gov.uk

Q: How do I know what stage the application is at?

A: You will receive regular updates from us throughout the application process. If you do have any questions, please contact us on the dedicated Deferred Payments helpline - 03000 412800

Q: Why do I need to provide identification documentation?

A: These documents are required by the Land Registry as part of the legal charge process. Any photographic Identification or Lasting Power of Attorney/Deputyship order documents needs to be an **original certified copy** to be classified as a valid legal document.

Q: What do you need from my Lasting Power of Attorney/Deputyship order?

A: When sending in your Lasting Power of Attorney/Deputyship order, we require the full, complete, registered document which has been certified by a solicitor. This is a requirement of the Land Registry. We are unable to accept any photocopies or online codes.

Q: Why do I need to have building's insurance?

A: Building Insurance is a mandatory requirement as part the Deferred payment scheme to safeguard and secure our interests in the property. If you pay a service charge that covers the building insurance, you can provide your latest service charge statement.

Q: What needs to be covered by the building's insurance?

A: If the property is occupied, please provide a copy of the valid building's insurance policy document.

If the property is unoccupied, the building's insurance policy document will need to be amended to ensure that the property is covered for unoccupancy, acts of vandalism and malicious damage. Once updated, please provide a copy of the valid building's insurance policy document to reflect this.

Q: What do I need from an Estate Agent?

A: A written valuation dated within the last 3 months. Please note, we are unable to accept a marketing brochure, contract agreement or an internet property snapshot. A valuation is needed to determine the equity limit.

Q: What Admin Fees/Charges are payable?

A: Our Admin Fees/Charges are detailed within the below leaflet. To access the leaflet, copy and paste the web address below into your browser.

https://www.kent.gov.uk/__data/assets/pdf_file/0012/14313/Charges-and-rates-payable-for-Adult-Social-Care.pdf

Frequently Asked Questions – Deferred Payments

If you require any information in a large print or a different format, please call 03000 412800 or email FinAssessInc@kent.gov.uk

Q: Do I need to submit two applications if both husband and wife are entering Long Term Residential Care and are requesting funding from KCC?

A: Yes, we would need to receive two individual applications.

Q: How long can the Deferred Payment run for?

A: When entering into a Deferred Payment agreement the total amount that can be deferred against the capital asset must be agreed in advance. This amount is known as the Equity Limit and the Local Authority is not permitted under the Care Act to defer total payments over this amount. Once the equity limit has been reached, a financial reassessment will be completed. The financial reassessment will determine a contribution payment figure, which is calculated from any incomes received. The borrower would then only be required to make a contribution payment, and no further charges would be deferred. Interest will still be applied to any amount outstanding on the previous amount deferred.

What is the current Interest Rate?

The interest rate is based on Government regulations and will be reviewed by the Office for Budget Responsibility twice a year, in January and July.

What is Interest applied to?

Interest is applied to the amount being deferred. The deferred amount is the difference between the full cost of the care (this is the rate that KCC have agreed with the care home, this can differ to a private rate) and the contribution payment (the payment that the borrower will make). If you choose to defer admin and legal fees, interest will also be applied to these.

Can a Deferred Payment be backdated?

Yes, a Deferred Payment can be backdated to when the person became eligible for funding with KCC. Please note, any backdated contribution payments will need to be paid on receipt of the first Deferred Payment invoice.

If you have any other queries or concerns around Deferred Payments, please contact our Deferred Payments Helpline on 03000 412800 .



**APPLICATION FORM FOR DEFERRED PAYMENTS
TO FUND RESIDENTIAL OR NURSING CARE
2024-2025**

You are strongly advised to seek independent legal and financial advice before applying.

All sections must be completed

SECTION 1 About the resident

Client ID _____

Title Mr / Mrs / Miss / Other _____

First names _____ Surname _____

Date of birth ____/____/____

Contact details if applicable e.g. telephone _____

Will you (Resident) be signing the Deferred Payment Agreement yourself?

Yes No

If **Yes**, a mental capacity assessment may be required to ensure you have capacity to do so.

SECTION 2 Your Representative (If applicable)

Title Mr / Mrs / Miss / Other _____

First names _____ Surname _____

Relationship to the applicant _____

Address _____

_____ Postcode _____

Telephone _____ Mobile _____

Email address _____

Do you have legal authority to act on behalf of the applicant? Yes No

If **Yes**, Please tick which is applicable and attach the appropriate legal documentation.

If you do not have legal authority to act on behalf of the resident, the application cannot be processed.

Enduring/Lasting Power of Attorney Deputy/Receiver

Please ensure that your registered, certified Power of Attorney or Deputyship gives you legal authority to agree to placing a legal charge on the property.

If **No**, please tick if you are in the process of applying to the Office of Public Guardian or the Court of Protection

Solicitor (If applicable).

Name & Firm _____

Address _____

Postcode _____ Telephone _____

Email _____

SECTION 3 Residential / Nursing care home details

Name of care home _____

Address _____

_____ Postcode _____

The date you started living there on a permanent basis _____ / _____ / _____

The date you would like the Deferred Payment to start _____ / _____ / _____

If your application is successful this is the date that KCC will pay the care home from, on your behalf. This cannot be before the end of the 12-week property disregard (if applicable)

We will be unable to process the application without a confirmed start date.

SECTION 4 About your former home in which the charge will be registered against (This MUST be registered with Land Registry)

Address _____

_____ Postcode _____

Do you (resident) own the property specified above as:

A sole owner

Owned with someone else

Please give details of all other owners and where relevant, the interests that you each may hold. Details of other owners must include their full names, addresses and whether jointly owned or as tenants in common or other. Please also detail how and when these interests were created?

Please provide evidence of this and continue on a separate sheet if necessary.

Please note that name shown on the Land Registry must replicate any Power of Attorney / Deputyship Order.

Is the property held in a trust? Yes No

If **Yes**, please provide details and documentary evidence.

Does anyone live in your former home? Yes No

If **Yes**, please give details, using a separate sheet if necessary:

Name	Date of Birth	Relationship to you	Date moved in
_____	____/____/____	_____	____/____/____

Will they be remaining in the property Yes No

Current market value obtained by estate agent £ _____

Will you be selling the property? Yes No

Do you have any mortgage or loans secured against your former property?

Yes No

If **Yes**, what type of mortgage or loan do you have?

Repayment Endowment Interest Only Equity Release Other

If **other**, please give details _____

Name of Mortgage/Loan Lender _____

Account number _____

Date of Mortgage/Loan/Agreement ____/____/____

Has your Mortgage/Loan Lender been advised of your change of circumstances? Yes No

Please attach ALL documents confirming Mortgage/Loan details.

SECTION 5 Any other information

SECTION 6 Admin Fees and Legal Costs

Administration fees and Legal costs may also be deferred until the sale of the property. However, they will then incur interest charges from the start date of the agreement. Please choose one of the following options:

- I would like to **pay** all administration fees and legal costs with the initial contribution payment and, therefore not incur any interest fees on these.
- I would like to **defer** all administration costs and legal fees until the eventual sale of the property and understand that interest charges will be applied to these.

SECTION 7 Disposable Income Allowance

Under the Deferred Payment Scheme, you are permitted to retain the **minimum** statutory personal allowance rate set by the Department of Health and Social Care, which is currently £30.65 per week. However, you can retain any amount from £30.65 up to £144.00 of your income per week (where your weekly income equals or exceeds this amount).

Please note any cost relating to maintaining your former property will need to be paid from either any capital you may have or your disposable income. Therefore, please take this into consideration when requesting the amount of income you would like to retain.

Please choose one of the following options:

- I would like to **retain** £144.00 per week from my incomes.
- I would like to **retain** the **minimum** statutory personal allowance of £30.65 per week.
- I would like to **retain** another weekly amount (Please specify amount) £_____

Please be advised that the more of the disposable income allowance that you choose to retain will increase the amount you defer per week.

SECTION 8 Rental Income (If applicable)

Under the Deferred Payment Scheme you are permitted to retain up to 20% of any weekly rental income generated.

Please choose one of the following options:

- I would like to **retain** 20% of the weekly rental income
- I would like to **retain** 0% of the weekly rental income
- I would like to **retain** _____ % (not exceeding 20%)

Renting the property will reduce the amount you defer per week.

SECTION 9 REQUIRED DOCUMENTS

<u>Document / Evidence</u>	<u>Tick Enclosed</u>
<p><u>Written, dated Estate Agent's valuation of the property</u></p> <p>This should be no more than 3 months old.</p> <p>Please be aware that any offers, acceptance, sale price documents or marketing brochures cannot be accepted.</p>	<input type="checkbox"/>
<p><u>Full dated Building's Insurance Policy Document including any Schedules / Endorsement pages</u> (Copies are acceptable)</p> <p>If you have informed us that the property is unoccupied you will need to ensure that the property is covered for unoccupancy, including malicious damage and acts of vandalism. Please provide a copy of the valid building's insurance document to reflect this.</p> <p>If the property is occupied, please send your current policy schedule.</p> <p>If the building insurance is covered by a Service Charge, please send your latest Service Charge Statement.</p>	<input type="checkbox"/>
<p><u>Identification documents (ID)</u></p> <p>Client ID Documents ID documents are only required for the resident if they are signing the Deferred Payment Agreement themselves and have capacity to do so.</p> <p>Attorney/Joint Owner ID Documents If the Power of Attorney/Court Appointed Deputy is signing on the client's or joint owners' behalf, they will be required to return certified or original ID documents for themselves.</p> <p>Details of acceptable documents can be found on the Confirmation of Identity checked form (Enclosed) this form will need to be completed for each person providing ID.</p>	<input type="checkbox"/> <input type="checkbox"/>

All documentation will be returned to you.

SECTION 9 Continued REQUIRED DOCUMENTS IF RELEVANT

<u>Document / Evidence</u>	<u>Tick Enclosed</u>	<u>Not Applicable</u>
<p><u>Legal Appointee documents for Property & Finance</u></p> <p>If the Power of Attorney/Court Appointed Deputy is signing on the client's or joint owners' behalf, please supply a certified copy of the LPOA/EPOA/Deputyship Order. This is needed to meet with the requirements of the Land Registry. We are unable to accept online codes.</p> <p>Please ensure that you have the correct authority to act and ensure the document is registered.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Original/Certified copy Death Certificate for any Joint Owners</u></p> <p>If a joint owner has passed away but is still named on the title with land registry. If ownership is listed as Tenants in Common, please ensure that the Land Registry is updated to show the correct ownership.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Original/Certified Copy of Deceased Owners Will</u></p> <p>This is required if the Land Registry has not been updated to show client as sole owner</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Written Authorisation to apply a Second Charge</u></p> <p>Written authorisation must be provided by any Mortgage provider, Equity Release or Housing Association to allow Kent County Council to apply a second legal charge.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Copy of Full Tenancy Agreement</u></p> <p>This must be an Assured Shorthold Tenancy Agreement.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Details of any Informal Rental Arrangement</u></p> <p>Including the agreed weekly rent received.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Proof of Rental Income</u></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Relevant documentation for Mortgages/Loans</u></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>Relevant documentation regarding Joint Ownership/Trusts</u></p>	<input type="checkbox"/>	<input type="checkbox"/>

All documentation will be returned to you.

SECTION 10

DECLARATION

- I wish to apply for the Deferred Payments Scheme
- I understand that acceptance of any application under the scheme is at the discretion of Kent County Council, subject to you meeting the eligibility criteria and the Local Authority being able to obtain adequate security. The Deferred Payment (Kent County Council paying the home) will not take effect until a formal agreement is entered into. I understand that sending this application to the Kent County Council will not create a legally binding relationship
- I confirm that I own/part (*please delete as appropriate*) own the property specified in section 4. I authorise Kent County Council to check legal title to the property.
- I agree to pay all administration and legal costs, and this will be added to my initial Kentcare Invoice should my application be successful. I agree to pay an annual fee to cover ongoing costs associated with the Deferred Payments Scheme.
- I understand that if I request the cancellation of the application for Deferred Payments before it is finalised, I may still be liable for any administration and legal fees for the work carried out to that point.
- I agree that I shall be responsible for the payment of the weekly contribution to the cost of my care that I am assessed to make under regulations specified in the Care Act Regulations regarding charging from my income and other capital. This will be subject to subsequent reviews in case of price increases, and changes to income.
- I confirm that the information given on this form is true and accurate to the best of my knowledge.
- I have read and understood this application for the Deferred Payments Scheme and the terms of the declaration.
- I understand that the County Council will store the information given on this form on paper and on computer, and I agree that, when necessary, it may be shared with other organisations that work with the County Council. I also understand that the information will be kept confidential and secure and that I may ask to see it at any time, in accordance with the Data Protection Act 1998.
- I agree that I will provide the County Council with further documentation pertaining to the property, on an annual basis, as requested.

Signed _____

Name _____

Date ____ / ____ / ____

Signed on behalf of _____

If you are signing on behalf of the person applying to use the Deferred Payments Scheme, you must be the person named in Section 2, and have legal authority to act (or be in the process of applying for this).

If your application is successful, a Deferred Payment Agreement will be sent to you for Signature and return.

Please send the completed form to Finance Assessment Team, Kent County Council, St Peters House, Dane Valley Road, St Peters, Broadstairs, Kent CT10 3FD



CONFIRMATION OF IDENTITY CHECKED

Client Name: _____ Client ID: _____

Address of property owned by client: _____

Please state if you are: Client / Joint Owner / Power of Attorney / Court Appointed Deputy

Your Name: _____

Address: _____

Email: _____ Telephone Number: _____

Signature: _____ Date: _____

ID documents are **only required for the client if they are signing the documents themselves and have capacity to do so**, otherwise this should be completed by the Power of Attorney/Court Appointed Deputy and returned with their ID documents as listed below. Joint owners must also provide their ID.

Evidence of identity required:

ONE from Group 1 (Only a **Original or Certified Copy** accepted)

Group 1

Passport

Photo Driving Licence

AND

ONE from Group 2 (Only a **Original or Certified Copy** accepted)

Group 2

Utility bill less than three months old

Council Tax bill for the current year

Mortgage statement for the mortgage account year just ended

Credit Card / Bank statements less than 3 months' old

Return to: Financial Assessment & Income Team, St Peters House, Dane Valley Road Broadstairs CT10 3FD

KCC Officer receiving document..... Date (Official Use Only)