

What is the 'Deferred Payments Scheme'?

The Deferred Payments 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 savings or capital is tied up in your home.

Effectively the scheme offers you a loan from Camden Council using your home as security. It doesn't work in exactly the same way as a conventional loan – Camden doesn't give you a fixed sum of money when you join the scheme, but pays an agreed part of your weekly care and support costs 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 can't afford until the value of your home is realised.

The part Camden 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 Camden and minimising the eventual deferred payment debt.

Charging Interest

The loan will have interest charged on it in the same way a normal loan would be charged on money borrowed from a bank. The maximum interest rate that will be charged is fixed by the government. This is based on the cost of government borrowing, and will change on 1st January and 1st July every year. Camden currently charges 2.65%. This interest will be compounded on a monthly basis.

The interest will apply from the day you enter into the Deferred Payment Scheme from.

You will receive regular statements every 6 months advising you how your charge is being calculated and what the outstanding sum on your deferred payment account is.

Your agreement with Camden Council

If you decide to use the Deferred Payments 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. You will be charged for this expense.

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 may 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.

Advantages of using the Deferred Payments Scheme

You should take independent financial and legal advice to help you decide which course of action will be financially better for you as there may be other options to pay for your care that could cost you less.

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 Payments Scheme; you may be able to add the cost of the 'top up' payments to your Deferred Payments Scheme loan, if Camden agrees that there is enough equity in your home.

The government's rules say that 'top ups' for people not using the deferred payments 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.

Does it cost anything to use the Deferred Payments Scheme?

There are legal and administrative costs to Camden you will be liable for in order for the agreement to be set up and administered. We will advise you of these at the time of your application.

You will also be liable for your own costs, such as solicitor fees, you incur in setting up the agreement.

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, be liable for interest and administrative charges and your property will be occupied. 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.

Can anyone join the Deferred Payments Scheme?

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

- have provided a completed financial assessment form (FA7) together with any evidence required to complete your financial assessment.
- have savings or capital (excluding the property) of less than £23,250.
- be professionally assessed as requiring and be entering permanent residential / nursing care in a registered care home;
- own or have part legal ownership of a property, which is not benefitting 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 and maintain 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 Camden.

There may be other circumstances that mean that you are not eligible. When we receive your application we will make enquiries and let you know.

If your application is successful, there will be a separate agreement document that you will need to sign. If you would like additional information please contact the Awards and Contributions Team

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 independent advice

We recommend you obtain independent legal and financial advice before entering into a Deferred Payment Agreement with Camden

Information on obtaining independent financial advice is included on the Camden Care Choices website at camdencarechoices.camden.gov.uk/.

Legal advice can be obtained from a solicitor. You can search the Law Society website at <http://solicitors.lawsociety.org.uk/>.

The London Borough of Camden cannot recommend any particular advisor or advice service and it is important that you satisfy yourself that an adviser is properly qualified to give advice. We cannot guarantee the quality of the services provided; you may wish to compare several or get a recommendation from someone you know.

If you wish to apply for the scheme

There is an application form attached below – if you want to apply for the Deferred Payments Scheme please complete the details on the following pages, detach and send it to:

Award and Contribution Team
London Borough of Camden
Revenues, Judd Street
London
WC1H 9JE

Tel: 0207 974 1607

Email: awardsandcontributions@camden.gov.uk

London Borough of Camden Deferred Payment Application form

Section 1	Details of person applying for the Deferred Payments Scheme	
Title (e.g. Mr, Mrs, Ms)		
First Name(s)		
Last Name		
Date of Birth		
Address		
Email		
Telephone number		
Are you	Single <input type="checkbox"/>	Married <input type="checkbox"/> Divorced <input type="checkbox"/>
	Separated <input type="checkbox"/>	Widowed <input type="checkbox"/> Civil partnership <input type="checkbox"/>
Section 2	Details of representative of person applying for the Deferred Payments Scheme (if relevant)	
Title		
First Name(s)		
Last Name		
Address		
Telephone		
Email		
Relationship to person named above		
Do you have legal authority to act on behalf of the person named in Section 1? If yes please give details.		
Power of Attorney		<input type="checkbox"/>
Enduring or Lasting Power of Attorney		<input type="checkbox"/>
Deputy or receiver		<input type="checkbox"/>
Solicitor		<input type="checkbox"/>
Please attach documents confirming any legal arrangements		

Section 3		About the property			
Please give the full address of the property			What is the current value?		
			£		
Do you have a mortgage or other secured loan on the property?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
If Yes: What type of mortgage or loan do you have?					
Repayment	<input type="checkbox"/>	Endowment	<input type="checkbox"/>	Interest Only	<input type="checkbox"/>
If other type of loan please give details					
How much do you pay each month (include any endowment or insurance premium)					£
Name of mortgage lender					
Account number					
Date of mortgage agreement					
Amount of outstanding mortgage					
Please attach documents confirming mortgage details					
Does anyone else have an interest in the property with you?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
If Yes: Please give their details and their interest					
Name		Address		Interest in property	
Please attach documents confirming details					

What type of property is it?			
Detached house	<input type="checkbox"/>	Semi detached house	<input type="checkbox"/>
Terraced house	<input type="checkbox"/>	Bungalow	<input type="checkbox"/>
Flat	<input type="checkbox"/>	Other	<input type="checkbox"/>
If other please give details			
Does anyone live in the property	Yes	<input type="checkbox"/>	No <input type="checkbox"/>
If yes please give details			
Section 4	About the property expenses		
Type of Expense	How Much	How often? (Weekly, Monthly, Yearly)	
Service Charge	£		
Fuel Charge	£		
Ground Rent	£		
Building Insurance	£		
Other charges	£		
	£		
	£		
	£		
	£		
Please attach documents confirming expenses			

Section 6	Property Maintenance
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You will need to maintain the property and land, including gardens and outbuildings. This means the property will need to be insured and utility bills will need to be paid. It may also include renting the property out. Please explain how do you intend to maintain and upkeep the property, including whether you plan to rent it out.

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Section 7	Other information
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Section	Checklist for Documentation
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Please check and ensure you have provided all documentation requested on this form.

Details of legal representative	<input type="checkbox"/>	Mortgage details	<input type="checkbox"/>
Joint or other interests in the property	<input type="checkbox"/>	Property expenses	<input type="checkbox"/>

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Section 6	Declaration
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I wish to make an application under the Deferred Payments Scheme.

I understand that acceptance of any application under the scheme is at the discretion of Camden Council subject to you meeting the eligibility criteria and the local authority being able to obtain adequate security. The deferred payments will not take effect until a formal agreement is entered into.

I confirm that I own /part-own (please delete as appropriate) the property specified in Section 3. I authorise Camden Council to check legal title to the property.

When the agreement begins, I agree to a legal charge being placed on the property specified in Section 3 and agree to pay the legal costs of Camden Council.

I agree that I shall be responsible for payment of the weekly contribution to the cost of my care that I am assessed to make under the regulations specified in the Care Act 2014 regarding charging from my income and other capital

I confirm that I and all other persons who occupy or have an interest in the property specified in Section 3 have been told of the need to take independent legal and financial advice before I enter into an agreement under the Deferred Payments Scheme.

I agree to immediate payment of all outstanding care charges if the Deferred Payments Arrangement is not accepted.

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 this declaration.

Camden Council will use the information you have provided for the following purpose of deciding on the application for a deferred payment and the financial assessment of the person's contribution. No personal information you have given us will be passed on to third parties for commercial purposes. *(Our policy is that all information will be shared among officers and other agencies where the legal framework allows it, if this will help to improve the service you receive and to develop other services.)*

If you do not wish certain information about you to be exchanged within the Council, you can request that this does not happen.

Your full name

Your signature

Date

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.

Return to: Awards and Contribution Team, London Borough of Camden, Revenues, Judd Street, London. WC1H 9JE