

Guidance on Deferred Payments

The aim of the deferred payment scheme is to provide greater reassurance and peace of mind for people worried that they may have to sell their home to pay for their care home fees. From July 2002, the Scottish Government has allocated funding to each local authority in Scotland in order to finance the scheme from 1 July 2002 whereby a customer has the right to apply for a deferred payment arrangement (DPA).

As a homeowner, what will this mean to me?

Instead of having to sell your home in advance to meet your accommodation costs, you will be able to enter an agreement with East Dunbartonshire Council to have part of your fees paid and the balance to be settled from your estate. A deferred payment does not mean you will keep more of your income or capital than would normally be the case.

What is a deferred payment agreement?

It is a legal agreement between a local authority and an individual that defines the portion of a person's care homes fees that are to be deferred and grants the local authority a standard security over the home to cover the deferred amount. Essentially, a deferred payment agreement is a loan provided by East Dunbartonshire Council against the future sale of your house.

How do I qualify for a deferred payment? You must:

- Have been assessed as needing a care home place;
- Own your own home in circumstances where its value would be included in a financial assessment (the value of the house would normally be disregarded where dependants are still in the house);
- Have capital at, or below, the lower capital limit (currently £22,750) excluding the value of your home;
- Be able to grant the local authority a standard security against your home in respect of the estimated amount that will be owed.

When does the agreement end?

You can end the deferred payment agreement at any time by written notice if you decide to make a full repayment. The agreement will also be reviewed when the amount of the deferred payment loan results in the value of your assets falling to the upper capital limit (currently £36,750).

Will I be charged interest on the amount owed to the local authority?

Deferred payments will be interest-free until either you end the agreement or 56 days after your death. Interest will then be charged at a standard rate until the date of settlement in full, from your estate.

Will I be charged for setting up or ending a Deferred Payment?

A fee of £250 plus £80 outlays for the Creation of the Deferred Payment along with £250 for the discharge of the Deferred Payment will be applied at the end of agreement.

How much will I have to repay to the local authority?

You will need to repay the actual costs of your care up to the time of your death less any payments you have made out of your income. East Dunbartonshire Council will send out quarterly statements to you, so you are kept informed of how much this is.

Can I rent out my house?

With written permission from East Dunbartonshire Council, you may let out your home. However, in order to avoid the situation where your home could not be sold to reimburse the deferred payment, any lets must be on a short-term basis, for example a 'short assured tenancy' agreement. Any income you receive from renting your home (if subject to a deferred payment agreement) will be taken into account in the financial assessment.

What if I currently have an outstanding mortgage?

A deferred payment may be agreed if you have an outstanding mortgage on your home but only if you can continue to make the mortgage payments while at the same time make the assessed contribution towards your accommodation costs.

What about other expenses associated with my home?

In order to protect the value of the standard security, the local authority will insist that your home is insured and maintained during the period of the deferred payment agreement. The payment and any other expenditure associated with your home continues to be your responsibility.

What if I choose to move into a care home that charges more than the local authority will pay?

If you choose a more expensive care home place than the local authority would usually expect to pay, the difference will not be paid as part of the deferred payment agreement, and you will need to be able to meet the higher level of payment yourself. **East Dunbartonshire has considered the above as this may stop someone from applying for a Deferred Payment. It is, therefore, noted that the Council does, however, have discretionary powers to defer a third-party payment as part of the deferred payment but this will have to be considered alongside demand for this request and available budget.**