# A Guide for Home Owners moving into a Care Home

You may be thinking of moving into a care home and you may own your own home. In certain circumstances, the value of your home may mean that you would have to pay for the full cost of your care.

## When does the Council take the value of your home into account when charging for care in a care home?

The value of your home is disregarded where your stay in a care home is temporary

When your stay in a care home is a permanent arrangement, the value of the property may be ignored for the first 12 weeks of your stay when we calculate your charges. This is known as the 12-week disregard period and is designed to give you some time to decide whether you want to sell your home. Not everyone is eligible for this disregard, and we will advise you further on this at the time of your financial assessment. You will still need to contribute to the cost of your care during this period but be based on your income and any other capital.

At the end of the 12 week, the value of your home will be included when we work out how much you will need to pay towards the cost of your care.

## Are there any circumstances where the value of my home will not be taken into account when calculating the cost of my care?

The value of your home will be ignored in the following circumstances:

* If you go into a care home but your husband/ wife or partner still lives in your home
* If a relative who is aged 60 and over, or is under 60 and incapacitated, still lives in your home
* If you have a child under 16 years old still living in your home

## What if my home was bought by a relative using my ‘right to buy’?

Many people who have lived in rented council homes chose to use their ‘right to buy’ their home.

The price that is paid to buy the house is at a discount because they have paid rent for many years. As you have paid the rent to earn the discount, you are treated as if you have a beneficial ownership of the property up to the value of the discount you qualified for.

## What happens if I have given away or sold my home?

The Department will need to know if you have ever given away or sold a home.

If you have done so, the Department will need to ask you some questions about why you chose to do so. The Department may feel that you did this to avoid having to pay for care fees. If this is the case, you will be treated as though you still own your home and will have to pay the full cost of your care.

If you have chosen to do so but a relative has paid for it as an investment, the Department would treat this as though you still own a share of your home. This is because it was you who paid the rent and earned the discount. The relative who paid for the house owns the other share.

## What is the Deferred Payment Scheme?

The Deferred Payments scheme is designed to help you if you have been assessed as having to pay the full cost of your care home – but cannot afford to pay the full weekly charge because most of your money is tied up in your home.

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

Deferred Payments offers you a loan from Rotherham Councilusing 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 instead pays an agreed part of your weekly care and support bill 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 money tied up in your home becomes available. The part the Council pays is your ‘Deferred Payment’.

## When will the Deferred Payment have to be repaid?

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.

The agreement is terminated:

* When the property is sold or
* When you terminate the agreement
* If you die

The debt is payable in full 90 days after you terminate the agreement. If the loan remains unpaid 90 days after the agreement ends, then we will instigate debt recovery proceedings.

## How much does the deferred payment scheme cost?

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. Currently the maximum rate to be charged is based on the cost of government borrowing and will change on 1st January and 1st July every year. This interest will be compounded on a daily basis.

There is an initial arrangement/set up charge of **£142.90** for the provision of a Deferred Payment agreement. This includes the costs of Land Registry searches, the costs of registering the charge with the Land Registry and staffing, management and legal costs.

A property valuation fee will be chargeable (if arranged by the Council) in circumstances where a valuation is required by a suitably qualified professional. This will be **£244.20**, where only an initial assessment is required and no inspection of the property is needed, or **£610.50** where a full inspection of the property is required.

There will also be an annual administration fee of **£30.50** to cover the cost of maintaining the account and providing six monthly statements.

There will also be a final charge of **£73.30** for closure of the Deferred Payment agreement, to cover the costs of removing the charge on the property and producing the final statement.

The Council will write to you separately about these charges if you decide to take out an agreement.

## Your agreement with Rotherham Metropolitan Borough 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 agreement covers both the responsibilities of the Council and your responsibilities which are:

* 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 your property at your own expense
* pay your contributions in a timely and regular manner; if you fail to pay your contribution on a regular basis the Council reserves the right to add this debt to the loan amount

The Council cannot cancel the agreement without your consent.

## Securing the loan

As a condition of your agreement the Council will register a legal charge against your property at HM Land Registry to safeguard the loan. When the loan is eventually repaid, the Council will remove the charge.

If you co-own your property and wish to join the scheme, then all co-owners will have to formally agree to this in writing, this includes any mortgagor or Equity Release Provider.

## How do I keep track of the amount I have borrowed?

You will receive a statement twice a year advising you how your loan is being calculated and that the outstanding sum on your deferred payment account is.

## How do I pay for the cost of upkeep and insurance for my house whilst on the deferred Payment Scheme?

As a part of the calculation of how much you can afford to pay from your income and other capital, you are left with an allowance. The usual weekly allowance is **£30.15**. If you need to keep more of your income to pay towards your property costs you can keep up to a maximum of **£144.00** per week.

You will be asked how much allowance you wish to retain; however any allowance is added to the deferred payment debt and ultimately has to be repaid.

## What if I choose to go into a home that costs more than the Council would normally pay?

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 can add the cost of the ‘top up’ payments to your Deferred Payments loan, if the Council 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.

## What are my options if I decide I do not want to join the scheme?

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 the utility and Council Tax bills 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.

## Am I eligible for the Deferred Payment scheme?

To join the scheme:

* you must have capital (excluding the property) of less than £23,250
* you must be professionally assessed as requiring and be entering permanent residential / nursing care in a registered care home
* you must own, or have part legal ownership, of a property which is not benefiting from a property disregard
* you must have the mental capacity to agree to a Deferred Payment agreement or have a legally appointed agent willing to agree this

There can be no other beneficial interests on the property, for example outstanding mortgages or equity release schemes, unless this is approved by the Council.

## Important Notes

Acceptance of any application under the scheme is subject to you meeting the criteria for entering the scheme, and the Council being able to obtain security in your property.

If there are any aspects of the scheme that you do not understand or if you have any questions about the scheme, then you can talk to a Financial Assessment Officer on Rotherham 01709 822613.

If you wish to apply for the scheme, please complete the application form enclosed and return it to:

*Rotherham Borough Council*

*Revenue and Payments*

*Wing C Floor 3*

*Riverside House*

*Main Street*

*Rotherham*

*S60 1AE*

Email: financialassessments-res@rotherham.gov.uk

Website: [www.rotherham.gov.uk](http://www.rotherham.gov.uk)

## Independent financial advice

The information provided in this leaflet does not constitute legal or financial advice.

**Rotherham Metropolitan Borough Council advises you to take independent financial advice regarding your care and support costs.**

## Useful Contacts

**Society of Later Life Advisers (SOLLA)**

A ‘Not for Profit’ Consumer Facing Organisation. Financial Advice is provided by the individual accredited members who are regulated by the Financial Conduct Authority

*Society of Later Life Advisers*

*PO Box 590*

*Sittingbourne*

*Kent*

*ME10 9EW*

Tel: 0333 2020 454

Email:admin@societyoflaterlifeadvisers.co.uk

Website: [www.societyoflaterlifeadvisers.co.uk](http://www.societyoflaterlifeadvisers.co.uk)

## Age UK

Produce a range of useful fact sheets regarding care provision. On request up to five fact sheets will be sent free of charge, or they are available online.

National advice line: 0800 055 6112 (lines open 8am to 7pm, 365 days a year)

Website: [www.ageuk.org.uk](file:///C%3A%5CUsers%5Cgillian.buckley%5CDesktop%5Cwww.ageuk.org.uk)