

Adult Social Care

Working together to enable people to 'live well' and independently in Telford and Wrekin

Universal Deferred Payment Agreement Advice and Information Pack

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Section 1: The Universal Deferred Payment Agreement

Providing certain conditions are met, the **Care Act 2014** (sections 34 and 35) requires local authorities to offer Deferred Payments Agreements to allow persons to defer the sale of their home rather than sell it to meet care fees. The **Care and Support (Deferred Payment) Regulations 2014** set out the legal framework and local authorities' responsibilities in greater detail which includes circumstances where a local authority is not required to offer a Universal Deferred Payment Agreement (UDPA) but can do so solely at its discretion. The new legal duties came into force on 1st April 2015.

The establishment of the Universal Deferred Payment Scheme means that people will not be forced to sell their home in their lifetime to pay for their care.

It should be stressed from the outset that the payment for care and support is deferred and not written off – the deferred costs of provision of care and support will have to be repaid by the borrower (or a third party on their behalf) at a later date.

A deferral can last until death, however many people will choose to use a Deferred Payment as a 'bridging loan' to provide flexibility and time to sell their home when they choose to do so.

Section 2: How a Universal Deferred Payment Agreement works

Effectively a Universal Deferred Payment offers you a loan from Telford & Wrekin Council using 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 apply - but 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 value of your home is realised. The part the Council 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.

You may 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 some of the rental income to increase the amount you pay each week, thus reducing the weekly payments made by the Council, and minimising the eventual Deferred Payment debt.

Section 3: Administration and interest charges

As the Council will incur legal and administration charges related to your Universal Deferred Payment (UPDA), you will be required to pay an initial setup fee of £215 and a closure fee of £119 when the Deferred Payment ends. These fees will be subject to an annual review. Following the end of the Deferred Payment, Payment Reminders and Final Reminder notices will be charged to you at a cost of £29.50 each. You will be given the option of paying the initial setup fee at the start of the UPDA or, if this is not paid within 28 days, adding it to the Deferred Payment loan.

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. The Council currently charges 2.25% annual compound interest applied every 4 weeks (equivalent to 2.275% APR).

Interest and administration charges can be paid separately or added to the accruing debt (by agreement).

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

You will receive regular 6 monthly statements advising you of what the outstanding sum on your Deferred Payment account is.

Section 4: Your Universal Deferred Payment agreement with Telford & Wrekin Council

If you decide to use a Deferred Payment Agreement, you (or someone appointed to act on your behalf) will be required to enter into a Universal Deferred Payment Agreement (UDPA) with the Council.

In signing the UDPA you will (amongst other things) be giving your informed consent to the Council, placing what it called a 'legal charge' on your property to safeguard the loan. This charge must be capable of being registered at the Land Registry as a first legal charge, i.e. there must not be any existing charges on the property. Where there are already charges on the property (for example outstanding mortgages or equity release schemes) a UDPA may still be possible but only at the Council's sole discretion. Any joint owners of the property will also be required to sign the UDPA to give their informed consent to the legal charge.

The UDPA covers both the responsibilities of the Council and your responsibilities, one of which is to make sure that your home is insured and maintained. You will be allowed to retain a disposable income allowance of up to a maximum of £144.00 per week, to enable you to meet the expenses you incur in maintaining your home. You will be required to contribute any income above the maximum disposable income allowance towards the cost of your care being funded by the Council, for which you will receive regular 4 weekly invoices.

You can end the UDPA at any time (for example if you sell your home) and the loan then becomes payable immediately. If your home is sold it will be assumed that your savings will exceed £23,250 and you will be classed as self-funding and can contract directly with the home.

Otherwise the UDPA ends on your death and the loan becomes payable 90 days later.

The Council cannot cancel the Universal Deferred Payment Agreement without your consent.

Section 5: Advantages of using a Universal Deferred Payment

You should take independent financial and legal advice to help you decide which course of action will be financially better for you.

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 a Deferred Payment you can add the cost of the 'top up' payments to your Deferred Payment 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 a Deferred Payment currently have to be paid for by somebody else – for example, a member of their family – so a Deferred Payment Agreement is currently the only way of paying the top up yourself without depending on a third party.

Section 6: In order to apply for a Universal Deferred Payment Agreement you must:

- Have capital (excluding 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).

Section 7: Whilst the Universal Deferred Payment is in place, 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 and you are liable for any such expenses.
- Insure your property at your expense.
- Pay any required client contribution in a timely and regular manner.

Section 8: Other options to a Universal Deferred Payment

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.

PLEASE NOTE:

Acceptance of any application for a Universal Deferred Payment is subject to you meeting the necessary criteria for entering into a Universal Deferred Payment Agreement, and the Council being able to obtain security against your property.

Please Note

The person signing the agreement will be required to complete a Land Registry Certificate of Identity (formal ID) and provide 2 certified photographs.

Section 9: Where you can get independent advice:

The following agencies will provide you with independent financial information and advice you may need:

- www.ageuk.org.uk
- www.societyoflaterlifeadvisors.co.uk
- www.moneyadvice.service.org.uk

Section 10: Disclaimer

“The Council’s role is that of a facilitator and the final choice of independent financial advisor will lie entirely with the person seeking that advice. The Council accepts no responsibility or liability for any direct or indirect loss, damage or inconvenience caused by any inaccurate or incomplete advice nor for the content of any websites (or the content of websites that are accessed via links to that website)”.

Section 11: If you wish to apply for a Universal Deferred Payment:

Please fully complete the enclosed application form and return it; along with all of the document evidence requested to:

**Financial Case Management
Telford & Wrekin Council
Darby House
Lawn Central
Telford
TF3 4JA**

If you anticipate any delay in providing the information requested, have any enquiries or need help to fill in the form please contact us on 01952 383820 or via e-mail FCMteam@telford.gov.uk

Universal Deferred Payment Agreement Governance

Title	Universal Deferred Payment Agreement
Purpose/scope	Universal Deferred Payments (UDPA) Sale of house to meet care needs fees Interest and administration charges Advantages of UDPs How to apply for UDPA
Subject key words	Universal Deferred Payments Agreement
Council Priority	Protect and support our vulnerable children and adults Improve the health and wellbeing of our communities and address health inequalities
Lead author & contact details	Melanie Tolhurst
Date Established	July 2015
Date Reviewed	January 2023
Date of Next Review	January 2024
Approver	Lee Higgins