Paying for residential and nursing home care if you own property

STOCKPORT
METROPOLITAN BOROUGH COUNCIL

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If you need help understanding this leaflet, an interpreting service is available.

Please phone Stockport Interpreting Unit on 0161 477 9000

You can also email eds.admin@stockport.gov.uk

If you would like this leaflet in large print, Braille or audio format, please contact us for a copy.

- Phone: 0161 474 4614
- Email: asc.comms@stockport.gov.uk
Introduction

If you need long-term residential care, we may take account of the value of your home when we work out how much you have to pay for your care.

If you do not have enough savings, money or assets to pay the full costs of your care in a residential or nursing home, you may have to sell your home to pay the fees and there are various ways in which we can help you plan for the future.

The Care Act 2014 introduced a universal Deferred Payment Scheme. This is a flexible agreement that allows you to use the value of your home as security to pay for care home costs and to delay paying for care until a more convenient time. This leaflet deals with questions that you may have if you need long term residential or nursing care and you own, or partly own, your own home.

Councils will (in certain circumstances) also offer a deferred payment agreement to people whose care and support is provided in supported accommodation, such as extra care housing.

For more information on the Care Act, please visit www.stockport.gov.uk/careact or www.mycaremychoice.org.uk/thecareact/

This leaflet does not cover every situation or include all the detail of the schemes and we always suggest that you contact the Social Care Charging section for more advice about your own circumstances and how you will be affected. You can phone them on 0161 474 4781. We also have a Deferred Payment policy. To view this, please visit: www.mycaremychoice.org.uk/social-care-charges.aspx
A summary of the schemes

Sometimes, we have to ‘disregard’ (ignore) the value of your home if you have, for example, a husband, wife, partner or disabled relative living there. This means that you will not have to sell your home as long as that person continues to live there. For more information about the rules that mean your home will be disregarded, please see the section later in this leaflet called ‘Disregarded properties’.

To allow you time to make decisions about the costs, a 12-week Property Disregard Scheme is in place. This means that for the first 12 weeks of long-term care in a residential or nursing home, you will only need to pay a contribution towards your fees from income, savings or other assets you have. We will then pay the rest of your bill during the 12-week period. This will not include any top-ups, which should be paid by someone else. For more information, please see the section later in this leaflet called ‘12-week Property Disregard Scheme’.

Selling your home at a later stage

After the 12-week period, you may be able to put off paying part of the costs of your care until your home is sold. However, you will still have to make a contribution from savings, assets and income. This is called the Deferred Payments Scheme. You must ask us whether you can go on the scheme, as we have to pay the balance of your unpaid bill until your property is sold, or in certain circumstances we can provide you with a loan for you to pay it yourself. If we are not able to offer you a deferred payment agreement, we will write to you to tell you why.

For more information, please see the section later in this leaflet called ‘Deferred Payment Scheme’.

Paying for more expensive nursing and residential care

You may want to go into a residential or nursing home that is more expensive than the Council are able to pay. You may be able to top up the difference from your own money, which can include the value of your property. For more information, please see the section later in this leaflet called ‘Paying for more expensive accommodation’.
Disregarded properties

If you own your home or have an interest in a property, it will normally count as an asset which we will take into account when working out how much you have to pay for long-term nursing or residential care. We cannot take account of your property to cover any nursing or residential costs if all or part of it is lived in by any of the people listed below. This normally only applies if the property has been continuously lived in since before you went into a care home.

• Your partner, former partner or civil partner, unless you are estranged.
• A single parent who is your estranged or divorced partner.
• Your relative or a member of your family who is:
  • aged 60 or over;
  • a child under age 18; or
  • receiving Incapacity Benefit, Severe Disablement Benefit, Disability Living Allowance or Personal Independence Payment (PIP), Attendance Allowance, Constant Attendance Allowance or any other eligible benefit.

The above is not a full list and you should contact the Social Care Charging Team if somebody else lives in your property.

You must let us know if your husband, wife, partner or other relative stops living in your home, as we will then use it as an asset to pay for your residential or nursing costs.

You may think that there are other reasons why we should not take account of the value of your property. The Social Care Charging section can discuss this with you when they take the full details of your situation.
The 12-week Property Disregard Scheme

The 12-week Property Disregard Scheme is to give you time to make decisions about your future care. While you are on the scheme, we suggest that you get independent legal and financial advice to help you plan for the future. Please see the useful contacts at the back of this leaflet.

The scheme means that for the first 12 weeks of long-term care we will only expect you to pay a contribution towards your care fees. During this period we will also ignore the fact that you own your own property. We will then decide how much contribution you have to pay, which will depend on the amount of income and savings that you have. We will pay the rest of your fees during the 12-week period.

The 12-week property disregard scheme is open to anyone who does not have enough savings, income or assets (apart from their home) to pay for the full cost of their care.

However, if you have savings or income above the limit of £23,250, you will have to use them to pay for your fees as soon as you enter residential or nursing care. Also, you will not be entitled to go on the 12-week Property Disregard Scheme.

You need to be aware of the following.

- You are only allowed to be on the Property Disregard Scheme for 12 weeks in any 12-month period. So if you stay in long-term residential or nursing care for eight weeks and then leave and return to care within a year, you can only go back on the scheme for the other four weeks.

- You cannot go on the Property Disregard Scheme until you have had a social care assessment. To arrange a social care assessment, phone the Adult Social Care team, based at the Stockport Direct Contact Centre, on 0161 217 6029.

- If you sell your home during the 12 weeks of the disregard period and end up with more than £23,250 (including any other savings or money), you will have to pay for the full cost of care straight away.
• If you sell your home, either before or during the 12-week disregard period, and you end up with more than £23,250, we will cancel the contract we have with you and the care home. This means you will have to arrange a private place in the home. Care homes may charge private residents more than council residents so you should check with the care home to see what they charge private residents. We will only cancel the contract if you can manage your own affairs, or you have someone who can help you.

• If you cannot manage your financial affairs and do not have anyone to help you, we will leave the contract in place and you will pay the care home for the full cost of the place in the home. We may also take steps to appoint a power of attorney or court-appointed deputy.

Deferred Payment Scheme

As soon as the 12-week property disregard period is over, we can take account of your home when working out how much you have to pay for your care. If the equity in your home (that is, the value of your home less any mortgage still owed on it) is likely to be more than £23,250, you will have to pay for the full cost of your care. Under the Deferred Payment Scheme, you can put off paying what you owe until your home is actually sold, or it is sold as part of your estate after you die. However, we will still expect you to make some contribution towards your care from any income, savings or other assets you have.

People who are eligible for the Deferred Payment Scheme

You can go on the Deferred Payment Scheme as long as:

• you are in long-term residential or nursing care;
• you own your own home but do not have enough income or savings to pay for the full cost of your care;
• you do not want to sell your home for whatever reason, or cannot sell it quickly enough to pay the full cost of your care;
• there is no mortgage left to pay on the home or the value left after paying off the mortgage would still leave you with enough money to pay for your care fees.

• the property is registered with the land registry.

**How the scheme will work**

We will take account of, or assess, the value of your property when we work out how much you have to pay for your care. We will also assess the value of your other assets (including savings and income) and tell you what contribution you will have to make towards your care costs. The difference between what you pay for your care and the full cost of the care will mount up as a debt in your lifetime.

We will place a legal charge over your home so that your care debts will be paid to us from the proceeds of the sale. You must sign a legal agreement to say that you accept the conditions of the scheme. If you are not able to sign the agreement, someone who is dealing with your financial affairs (such as someone who has power of attorney or is your receiver or deputy appointed by the Court of Protection) must sign it.

If you live in a care home and do not have the mental capacity to arrange your finances and do not have a power of attorney or deputy appointed by the Court of Protection, we will tell your family members about the different ways of managing your financial affairs. We will also tell them where they can get the appropriate legal and financial advice. A representative for someone living in a care home can only sign a Deferred Payment Agreement if they have power of attorney or are a court-appointed deputy.

We will temporarily fund your care in the meantime. We can do this by paying the care home the difference between what you pay and the full cost of the care, or in certain circumstances we can loan you the money to pay the home. However, if there are no family members who are willing to take on the responsibility of power of attorney or deputy, we will ask a solicitor to make the necessary application. You will then have to pay the legal fees.
We cannot break the agreement once it is in place but you may break the agreement at any time. However, if you do, you will have to pay the debt which has built up straight away.

If the estimated value of your home and other assets or savings (less any mortgage you owe on them) reaches the ‘equity limit’ then the debt will not increase. See example one below.

**Example one – How much equity is in my property?**

Your home is valued at £120,000.
The amount of equity available will be the value of the property minus 10%, minus a further £14,250 (the lower capital limit).

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\text{£120,000} - \text{£12,000} - \text{£14,250} = \text{£93,750}.
\]

As a result, your ‘equity limit’ for the total amount of fees you can defer is £93,750, which would leave £26,250 in your home.

If you decide to rent out your property, you must use any income you receive to pay the cost of your care. This will also reduce the rate at which the debt builds up. However, we will allow 10% of any rental income to be disregarded when working out the charges. The disregarded income will help with property maintenance and other landlord related costs.

This 10% disregard is optional and if taken will increase the amount of the debt you are deferring.

If you decide not to sell your home straight away, you need to think about how you will keep it secure, as well as paying for insurance and maintenance costs. We cannot pay these expenses so you will need to be sure that you are able to pay the household costs (including your mortgage) as well as the bill for your care costs.

If you do not take steps to sell your home, you will not be able to claim Income Support or Pension Credit to help towards the cost of your care. You may still be able to claim Attendance Allowance or Disability Living Allowance/Personal Independence Payment (PIP) if you qualify.
and your property is worth enough to cover the full cost of your care. The Social Care Charging section will tell you about your options.

If you (or your representative) refuse the option of a Deferred Payment Agreement or you do not meet the eligibility criteria, we will issue invoices for the full cost of the care and if they are not paid, we can apply to the County Court to get payment.

If we cannot offer you a deferred payment agreement, we will write to you to tell you why. We can refuse a deferred payment agreement if:

- you are not the only owner of the property, unless everyone else involved agrees;
- you are using the scheme instead of using your own savings or income;
- we cannot get a legal charge (mortgage) on the property;
- there is not enough equity in your property to pay for the third party top-up (see ‘paying for more expensive accommodation’);
- you or a representative does not agree to the terms and conditions of the agreement, for example a requirement to insure and maintain the property; or
- you lack mental capacity and you have an appointed person with power of attorney or a deputy to make these decisions.
- you are unable to pay the full cost of your care from the equity in your property for a minimum of 12 months.

**Paying for more expensive accommodation**

You may want to move into a care home that is more expensive than we are prepared to fund (for example, a home that has better facilities or is closer to friends or relatives). You may be able to make up the difference between what we pay and the cost of the home by making a ‘top-up’ from your own money or getting a friend, relative or voluntary organisation to pay the top-up.

We have a leaflet called “Choice of Accommodation and Top-ups” which contains information about choosing more expensive accommodation and top-ups. You can find it online at: [www.mycaremychoice.org.uk/social-care-charges.aspx](http://www.mycaremychoice.org.uk/social-care-charges.aspx)
You should be aware of the following.
You may be able to top up your care costs during the 12-week property disregard period and after that by going on the Deferred Payment Scheme. However, you can only use your money or savings to top up your care costs during this period. You cannot use the equity in your home during this period.

After the 12-week property disregard period, if you have agreed to a Deferred Payment Agreement, you may be able to use money from your property to top up your care costs.

If we agree, we will pay the full cost of your accommodation or provide you with a loan to pay that cost, but we will claim back any top-up we paid when your home is sold. We will also pay the debt that will build up under the deferred payment agreement.

We must be certain that you have enough money or equity in your home to top-up your care for as long as you need it. We advise you to talk to your social worker before you agree to pay for more expensive care. If you do not keep making the top-up payments, you may have to move to another home. You will then have to pay any outstanding bill for your top-up payments once your own home is sold.

Disposable Income Allowance

You will need to pay a contribution towards your care costs from your income and any tariff income if you have savings. However, you have a right to keep a percentage of your income. This is called the ‘disposable income allowance’ and is fixed at £144 a week. We will need you to contribute the rest of your income (see examples two and three) but you can keep as much of your disposable income allowance as you want to.

You may choose to keep less of your income than the disposable allowance. It is likely that this will be more advantageous to you as it will reduce the weekly amount that you are deferring against the value of your house.
Example two – How long can I defer my costs for?

Deciding how much of your disposable income allowance to keep will also have an effect of how long you can defer your care costs for.

We are using the same property valuation as in example one and a weekly cost of £700 for the bed in a care home. Your weekly income (pension and so on) is £170 per week and you decide to keep £144 per week of your disposable income allowance.

Your weekly contribution to care costs would be £170 – £144 = £26. So your weekly deferral would be £700 – £26 = £674. In other words, the amount you owe would increase by £674 per week.

As your ‘equity limit’ is £93,750 you could fund your care for about 2 years and 8 months. Equity available will be the value of the property minus 10%, minus a further £14,250 (the lower capital limit).

Example three – How long can I defer my costs for?

We are using the same property valuation as in example one and the same care costs as in example two but this time you decide just to keep the statutory allowance of £24.90 a week.

Your weekly contribution to care costs would be £170 – £24.90 = £145.10. As a result, your weekly deferral would be £700 – £145.10 = £554.90. In other words, the amount you owe would be £554.90 per week.

As your ‘equity limit’ is £93,750 you could now fund your care for about 3 years 3 months.
Interest rate and administration charge

The Care Act allows us to charge an administrative fee for arranging the deferred payment. There will also be an ongoing administrative fee which will be due during the course of the Deferred Payment Agreement. You can pay this fee upfront or you can defer it. If you do defer it, you will also have to pay interest on it. Administrative fees are the actual costs of providing a deferred payment, including:

- registering a legal charge with the Land Registry against the title of the property, including Land Registry search charges;
- the cost of valuation and revaluation of the property;
- the costs for removing legal charges against the property; and
- staffing and legal costs.

From 1 April 2018 our administration fees are a £309 set-up fee plus an ongoing charge of £103 a year.

The Care Act also allows us to charge interest on the deferred payment amount. The interest rate reflects the cost of government borrowing and is to make sure that the scheme does not cost us any money to run.

The interest charged and added to the deferred amount will be compounded (interest earned on interest) and the interest rate will change every six months on 1 January and 1 July to track the rate of government borrowing. We will add 0.15% to whatever the cost of government borrowing is.

For example, if the current rate of government borrowing (the gilt rate) is 3.1%, the interest added to the deferred amount will be 3.25%.

All charges and fees will be clearly set out within the Deferred Payment Agreement. We will set the fees and charges at a level to make sure they only cover the actual cost of providing a deferred payment scheme. A schedule of deferred payment fees and charges will be available on our website or by contacting the Social Care Charging Team.
Free nursing care

The NHS may pay towards the cost of your care if you are in a registered nursing home. It will be paid to us and we will then use it to reduce your bill for nursing care, although you will still have to pay for other accommodation costs. The free nursing care will reduce the rate at which the debt against your property increases.

An NHS nurse will assess you to see what your nursing needs are. For details on how much the NHS will pay, phone NHS Stockport Clinical Commissioning Group on 0161 426 9900.

NHS continuing healthcare

NHS continuing healthcare is a package of continuing care arranged and paid for by the NHS not the council. It is sometimes called fully funded NHS care. It is only available for people who need ongoing health care who meet certain eligibility criteria as assessed by NHS nurses. Your social worker can give you more information.

If you would like independent advice, phone Age UK on 0800 009 966 and ask for factsheet 20 - 'NHS Continuing Healthcare and NHS Funded Nursing Care'.
Useful contacts

If you want to know more about residential or nursing care, and the financial schemes in place to help you pay for them, please phone the Social Care Charging section on 0161 474 4781 between 9am and 4pm, Monday to Friday.

You can also write to us at the following address:
Social Care Charging Section, Corporate and Support Services, Stockport Council, Second Floor, Stopford House, Piccadilly, Stockport SK1 3XE

You can also email us at: socialcare.charging@stockport.gov.uk

Our Deferred Payment Policy, based on the Department of Health’s ‘Care and Support Statutory Guidance’ issued under the Care Act 2014, is available on our website. Please contact us if you would like a copy.

If you would like independent advice, phone Age UK on 0800 009 966 and ask for factsheet 10 ‘Paying for permanent residential care’, factsheet 38 ‘Treatment of property in the means test for permanent care home provision’, or go to www.ageuk.org.uk

The Department for Work and Pensions can give you more advice about benefits on 0800 731 0469.

There are many places where you can receive advice on how to best pay for your care. www.payingforcare.org contains helpful advice on paying for care as well as a directory of specialist care fees advisors.

The Society of Later Life Advisers (SOLLA) aims to help people and their families to find trusted accredited financial advisers who understand financial needs in later life. Their website is: www.societyoflaterlifeadvisers.co.uk

Our My Care My Choice website contains information on paying for residential or nursing home care. www.mycaremychoice.org.uk
Adult Social Care

Why not visit our website?
www.mycaremychoice.org.uk