ABSTRACT
This report seeks Committee approval to introduce a Deferred Payment Scheme to provide eligible care home residents with the choice not to sell their home upfront to pay for their care.

1 RECOMMENDATION
It is recommended that the Social Work and Health Committee approves the introduction of the Deferred Payment Scheme outlined in this report.

2 INTRODUCTION
The Scottish Government expects every local authority to operate a Deferred Payments Scheme.

Deferred Payments Agreements are funding arrangements which allow care home residents to delay selling their homes. Deferred Payments Agreements were introduced in 2002 by the Community Care and Health (Scotland) Act 2002.

The arrangements are designed to provide greater re-assurance and peace of mind for people worried about losing their home to pay for their care home fees. Instead of having to sell their home up-front to meet these costs, some care home residents are able to enter an agreement with their local authority to have part of their fees paid and for the balance to be settled from their estate.

The proposed Angus Council Social Work Deferred Payment Scheme documentation, comprising a leaflet, application form and agreement is appended to this report. If the scheme is approved then the leaflet will be sent to Plain English to ensure that it is as user friendly as possible.

3 DEFERRED PAYMENT AGREEMENTS (DPAs)
Angus Council Social Work and Health do not currently have DPAs; instead we apply Charging Orders on care home residents’ properties under Section 23 of the Health and Social Services and Social Security Adjudications Act (HASSASSA) 1983. The use of this power has the same practical effect as a DPA in allowing residents to delay selling their properties to pay for their care.

Deferred Payments extend choice by allowing residents to defer payment of part of their contribution to care home fees to avoid the need to sell their homes.

A deferred payment agreement is a legal agreement between the local authority and the individual, which defines the portion of a person’s care home fees to be deferred and provides for the grant to the local authority of a standard security over the home
to cover the deferred amount. The eligibility criteria for Deferred Payment Agreements as set out by the Scottish Government have been incorporated into the proposed Angus scheme.

For the purposes of the deferred payments scheme, a person’s ‘home’ means any dwelling which he or she would otherwise normally occupy as their main residence. In certain specified circumstances a person’s home may be disregarded for financial assessment purposes. These circumstances are set out in legislation. The local authority also has some discretionary power to disregard property in special circumstances. In all other cases the previous home is only disregarded for the first 12 weeks in permanent care and it is after this initial 12 week period that the Deferred Payments Agreement would come into effect. Any debts accrued over the period of the agreement are settled from the estate of the resident or from the sale of the home if this occurs.

Deferred payments will be interest free until the agreement is terminated by the resident or 56 days after his or her death. Interest then becomes due on any outstanding Deferred Payments at 1% per annum over the base lending rate of the Bank of Scotland. The first £13,000 of capital is totally ignored when calculating the amount of money due for care home fees.

Residents with Deferred Payments will be informed on a 6 monthly basis as to the amount of any accrued debt under the Agreement.

4 PROPOSAL

It is proposed that the Social Work and Health Committee approves the Deferred Payment Scheme proposals as outlined in this report and appendices 1, 2 and 3.

5 FINANCIAL IMPLICATIONS

The Deferred Payments Scheme provides financial assistance to care home residents to contribute towards the cost of their care home fees. This money will be repaid at the end of the agreement when the property is sold or from the individual’s estate.

The cost of contributing towards the care home fees will be contained within Social Work revenue budget and recouped at a later date when the property is sold.

It is good practice for the Council to offer a deferred payments scheme and the one recommended for approval in this report is broadly in line with those offered by other Councils. It is however important for members to appreciate that the scheme will expose the Council to an element of financial risk in the sense that once an application is accepted the Council could require to meet the cost of fees for a lengthy period before these are repaid and no interest charge will apply. The proposed scheme does give the Council a right to refuse applications if it doesn’t have the resources to meet fee payments. To some extent this will depend on the levels of take up.

6 HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising as a result of the recommendations contained in this report.

7 CONSULTATION

The Chief Executive, the Director of Corporate Services, the Head of Finance and the Head of Law and Administration have been consulted in the preparation of this report.
8 CONCLUSION

The introduction of a Deferred Payments Scheme would give residents who fit the criteria the choice not to sell their home when moving into care. Any debt accrued to the Council would be recouped later from the service user’s estate.

R Peat
Director of Social Work and Health

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.