Appendix 2 – Overview of the Deferred Payments mandatory scheme

1. From April 2015 KCC will be required to enter into a Deferred Payment agreement if the following criteria are met:

a) The individual with care and support needs meets the minimum eligibility criteria. *

b) The care and support plan specifies that the needs are going to be met by the provision of accommodation in a care home.

c) The individual has a legal or beneficial interest in a property which is their main or only home and that interest falls to be taken into account in the financial assessment. It appears that this could include jointly-owned property provided the legal charge can be registered (i.e. the other joint owners would have to agree).

d) The value of any other capital (i.e. apart from the interest in the property) does not exceed £23,250.

e) Adequate security can be obtained for the deferred amount and any interest and administration costs which can also be deferred. For the purposes of the mandatory scheme "adequate security" means a charge by way of a legal mortgage which is capable of being registered as a first legal charge in favour of the local authority.

f) The costs of care and support deferred are what the local authority considers it necessary to meet the adult's needs.

2. Interest can be charged on the deferred amount but this can be no more than 0.15% above an amount to be set and updated regularly by Government (this will be the weighted average interest rate on conventional gilts, currently about 3.25%).

3. The costs of administration and legal procedures can be charged and added to the deferred amount.

* It is not yet clear if this will include people who arrange their own care due to the delay in implementation of section 18(3)(b) of the Care Act.