8. Deferred payment scheme

Last Modified July 31, 2026

What is the deferred payment scheme?

This scheme is designed to help you if you are moving into residential care and most of your capital is tied up in your property. Under the government's charging rules if you have savings and/or a property valued at more than £23,250 you will be expected to meet the full cost of your residential care. However, we understand that this might not be possible straight away if your capital is tied up in your property. We know that your house may take some time to sell or you might not be ready to think about selling your home just yet.

How does the Scheme work?

Effectively the Scheme offers you a loan from Blackpool Council using your home as security. We will ask for information on your financial circumstances so that we can work out how much you can afford to pay towards the cost of your care from your income and other savings. The council will pay that part of your weekly care charge that you can't afford.

- If the local authority has helped to arrange your care and support then we will pay the agreed part of your weekly care charge direct to your care provider on your behalf
- If you have arranged your own care without the involvement of the local authority, then we will loan you the agreed amount of your weekly care charge which you will then pay to your care provider

The part the council pays towards your weekly care charge is called a '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.

In order to ensure that the council can recover the money it is owed when the house is sold, a legal charge is registered against your property. (A legal charge is a document held by the Land Registry showing who has a claim on a property). If the legal title to your home is unregistered, then you or your representative needs to ask a solicitor to register your property with the Land Registry. We cannot enter into a Deferred Payment arrangement if the property is not registered.

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. If you do this, you will be expected to use 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. You do need to be aware that if you rent out your property or leave it vacant you will be expected to keep it in good repair and adequately insured as part of the arrangement. (For more information on renting out your property and insuring it please see Appendix 1).

What are the advantages of the scheme?

An advantage of signing up to the Scheme is that you can claim or continue to claim Attendance Allowance, or if you are under State Pension age, the care component of Disability Living Allowance (or daily living part of Personal Independence Payment), while you are in residential care.

This means that you will have extra income to reduce the amount of debt owed to the council.

However, there may be an impact on your entitlement to Income Support and Pension Credit. The social care benefits team (see next page for contact details) will be able to give you more information but you are advised to take independent advice to help you decide the best option for you. There are some useful websites listed at the end of this document.

Some care homes will ask for an additional fee, on top of the council's agreed rate. This is called a "top-up" fee and in normal circumstances can only be paid by a third party i.e. a family member. However, if you decide to enter into a deferred payment agreement, you may be able to pay a top-up fee from your own resources provided that the Council agrees to the arrangement.

What will happen if I decide not to enter in to a deferred payment agreement?

If you decide not to enter into a deferred payment agreement with the council then you will be expected to pay the full cost of your care home fees. You may need to consider selling your property if you do not have any other available savings or assets to fund your residential care.

If you fail to pay the required charges to the care home where the council has helped to arrange your care, and as a consequence the council is required to make payment on your behalf, then we will seek to recover those costs from you.

This may involve legal action against you/your representative. If you have made your own care arrangements without the involvement of the council, your placement may be at risk if you fail to make the required payments to the care home who will apply their own debt recovery procedures. You are strongly advised to seek independent financial advice.

How much will it cost me if I sign up to the scheme?

We will charge an initial set up fee of £730.00. This is to cover the administration and legal costs incurred to arrange the scheme and applies on application.

Once in place, there is an annual administration fee of £470.00 to cover the ongoing operational administration costs of the Scheme.

Interest will also be charged at a rate which is fixed by the government on 1 January and 1 July each year. The interest will be added to the debt and compounded on a daily basis but will not exceed the stated rate.

Twice per year we will issue a statement detailing the amount of fees deferred, interest applied, and administrative charges to date and any other charges outstanding.

Can anyone use the scheme?

There are some circumstances that mean you may not be eligible for the scheme, these include:

- You have other income or savings over £23,250 (excluding the value of your home)
- Your spouse or a 'dependent relative' as defined in the Care Act 2014 guidance already occupies the property
- You have other loans, for example, a mortgage secured against the property which would reduce the equity to below acceptable limits
- If you lack the mental capacity to enter an agreement you will need a suitably authorised representative to act on your behalf i.e. Power of Attorney or Court Appointed Deputy

If you are unsure whether you qualify please discuss with the Social Care Benefits Team for further details Tel: 01253 477532 or email:sc.benefits@blackpool.gov.uk

Please also be aware that the council may refuse your application on grounds other than those listed above, the reason will be explained in writing.

How do I apply?

The first step is to complete and return the application form which is available from:

Social care benefits team
PO Box 50
Town Hall
Blackpool
FY1 1NF

Telephone: 01253 477532
Email: sc.benefits@blackpool.gov.uk

If your application is accepted, there will be a legal agreement drawn up between you and the council setting out all the terms and conditions of the arrangement.

The agreement

If you decide to use the Scheme, you will enter into a signed legal agreement with the council. A 'legal charge' will be placed on your property which means that when your house is eventually sold the council will be entitled to recover the amount it is owed from the sale proceeds.

The agreement covers both the council's responsibilities and your responsibilities, one of which is to make sure that your home is insured and kept in good repair.

You can end the agreement at any time (for example, if you sell your home) and the loan becomes repayable immediately. If the agreement ends on your death, the loan becomes repayable 6 months later. If the loan is not repaid within the agreed time (either immediately, if you cancel the loan, or within 6 months, if it ends with your death) the council will charge interest at the county court rate on the amount owed. The council may enter into legal proceedings to reclaim the amount due.

Please note that acceptance of any application under the Scheme is subject to you meeting the criteria for entry to the Scheme and the council confirming that it is able to obtain adequate security in your property.

If the council agrees to your request for a different payment you are strongly advised to seek independent financial advice.

- Age UK
- Paying for care

Useful contacts

Society of Later Life Advisers (SOLLA)

The Society of Later Life Advisers is a not for profit organisation, set up to meet the need of consumers, advisers and those who provide financial products and services to the later life market.

PO Box 590
Sittingbourne
Kent
ME10 9EW

Telephone: 0845 303 2909
Website: www.societyoflaterlifeadvisers.co.uk

Land Registry

Website: www.gov.uk/government/organisations/land-registry

Appendix 1

What does my insurance policy need to cover?

The property must be comprehensively insured with a reputable insurance office. The sum insured must represent the **full reinstatement value** of the property. The local authority recommends that the Policy covers the full reinstatement value plus 50%.

The insurance must be appropriate to whether the property is empty or occupied by others. If left vacant, your insurance provider must be informed that the property is empty due to long term admission to a care home.

Important: Not all Insurance companies provide cover for vacant properties.

A deferred payment agreement will be declined if the property is to be left vacant and the policy does not cover vacant/unoccupied property.

The legal interest of Blackpool Council must be noted in the policy or the property must be insured in the joint names of the policy holder and Blackpool Council.

A copy of the **full** current insurance policy in force must be provided to the social care benefits team whenever reasonably requested together with the receipt for the last or other evidence of renewal and up to date details of the amount and period of cover (but no

more often than once in any period of 12 months in both cases).

Premiums for the policy must be paid promptly as they become due and all other terms and conditions of the policy must be complied with.

Following the incidence of damage to or destruction of the property, the proceeds of the insurance must be applied to rebuilding and reinstating the property or the total amount due to the council must be paid

Further recommendations can be found in our fact sheet 'making a decision about your property'

For any further queries please contact the social care benefits team on 01253 477532 or **email** sc.benefits@blackpool.gov.uk

Can I rent out my property?

You can decide to rent out your property during the course of the deferred payments agreement. Should you decide to rent out the property, the ouncil requires that a formal assured shorthold tenancy agreement is in place for the period of the rental agreement. A copy of the tenancy agreement should be produced for the council on request.

You must ensure that appropriate landlord insurance is in place.

If there is a mortgage outstanding on the property you must ensure that the mortgagor is advised/agrees, where required, that the property is being rented.

Further advice about looking after your property can be found in the fact sheet 'making a decision about your property'

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