Residential and Nursing Care Accommodation

About Deferred Payment Agreements (DPA) 2025/26

Moving into Residential Care – Deferred Payment Agreements (DPA)

This leaflet tells you about Wokingham Borough Council's Deferred Payment Agreement Scheme. If you are unsure about anything in it please contact us.

We strongly recommend you get Independent Financial Advice before proceeding with a Deferred Payment Agreement.

Background

If you need to move into a care home we will look at your financial situation to see how much of a contribution you should make towards your care costs. We call this a financial assessment.

The assessment might show that you need to pay the full cost of your residential care as it includes the money or equity in your home.

We will not normally take the equity in your home into account for the first 12 weeks if you meet certain rules. This is to give you time to decide how to deal with your property now that you no longer live there. If your savings, investments and assets (other than the value of your main home) are above £23,250 on the first day of your residential placement we cannot consider a Deferred Payment Agreement.

Financial Assessment - during the 12 weeks

- 12 weeks starts from the first day you moved into permanent residential care.
- Even if we don't count the value of any money you have in your property for the first 12 weeks you still need to pay a contribution towards the costs. We work out how much when we do a financial assessment.
- We pay the difference between your contribution and the amount we've agreed to pay the care home.
- If the home you have chosen is more expensive than other available homes that meet your need, you might need to 'top up' how much you have to pay.

We will ask you what you want to do with your home at the end of the first 12 weeks.

Financial Assessment - if you do not qualify for 12 week property disregard

- If the equity in your property, plus any other savings and assets, is more than £23,250 you will need to pay the full amount towards the residential care from your own money directly to the home.

If your money will reduce below £23,250 within 3 months and your home is in Wokingham Borough, contact us. We need 3 months to check if you are eligible for a Deferred Payment Agreement. We work out the date your savings will drop below the savings limit. We call this a depletion date.

Financial Assessment – after the 12 weeks

The contribution we have been making will stop and you will need to make private arrangements with the care home to pay for your care from that date onwards. Or you have an option of entering into a Deferred Payment Agreement with us. You can look at other options by getting independent financial advice.

What is a Deferred Payment Agreement?

A Deferred Payment Agreement helps you pay the full amount of the care costs later, because your money is tied up in your home.

The Agreement is a loan from us using your home as security. It doesn't work in the same way as a normal loan, we do not give you a fixed sum of money over a fixed term, but we can help towards your care home bills until you sell your home, or after your death. Delaying your costs like this is called 'Deferring Payment'.

You don't defer all of the care home cost. We work out how much you can afford from your income and any other savings by doing a financial assessment. We loan you the rest of the cost that you can't afford until you release it from your home or your estate. We pay this money straight to the care home.

You may decide to rent your property to get income. The rent you get will go towards how much you pay towards the costs from your income. It means the amount you defer, or we loan, is lower. This will reduce the amount that you need to pay back once the money is released from your home or estate.

There may be other ways you can pay for your care. We strongly recommend Independent Financial Advice to best suit your needs.

Other examples of how people fund care home fees:

There are lots of options and we have listed some of the main ones.

- You can check if the care home you have chosen has any options to help pay fees.

- If you can rent your home and get enough income to pay the full fees you could avoid accruing a debt by having a deferred payment agreement.

- Find out about equity release products and care fee annuities that may be suitable for your circumstances

Deciding to sell your home

Deciding to sell your home or enter into a formal deferred payment agreement is a big decision so we recommend you take independent financial advice.

If you have decided to sell your home but the sale isn't complete during the first 12 weeks, we can defer or delay your care costs until the sale is completed.

How it works

If you have agreed a sale within the first 12 weeks we can offer you a temporary agreement. If your sale will not be complete within 25 weeks of you moving, we can't offer this arrangement.

You need to tell your solicitor that we will need a signed solicitors undertaking, promising to pay us back any money we are owed once the sale is complete. This means your solicitor will pay us back before you get the rest of any money due from the sale

- We check the land registry records to make sure you own the property
- You need to give us an estate agent valuation
- You need to give us details of any other debts secured against the home
- You must give us consent to check the sale progress with professionals handling the sale, like telling us key dates
- We will not charge an administration fee for setting up a temporary agreement
- We will not charge interest on the deferred charges during the agreement period
- If the sale is not complete within 25 weeks we may cease funding or else you would need to consider a formal Deferred Payment Agreement.

Deciding not to sell your home

If you decide not to sell your home you can have a Deferred Payment Agreement.

We do a 'sustainability' assessment for you, free of charge, as part of the financial assessment. This estimates how long you can defer your care home fees. You can still sell your home at a later date if you change your mind but the agreement will stay in place.

How it works

- We need a property valuation and may need to inspect the condition of your home
- If consent is needed by other lenders you need to provide and pay for them
- We will send you a legal agreement to read and sign. We will place a charge on your property and update the land registry records. We take the charge off when you pay back what is owed. This is normally when the property is sold.
- We do an annual review
- You need to make sure your home is maintained and secured while you have the agreement, including protecting it from damp and frost
- You must insure your property and let your insurer know if it is empty. We need a copy of your insurance certificate each time you renew it
- We charge fees for setting up the agreement and reviewing it
- We charge interest on the amount you owe. We charge interest on fees you decide to pay back later
- We will send you a statement every 6 months to let you know how much is owed, with an estimate of how long the agreement can continue

Deferred Payment Charges

We will charge you interest on the deferred charges. We will also charge you legal and administration costs to cover our costs. If they are not repaid we will also charge interest on these charges.

Description	Annual Cost 2025/26
Administration set up and legal fees	£1,061.70
Review charges (due annually)	£367.20
Compound interest on deferred charges (this is a daily interest charge)	Government base rate plus 0.15% Reviewed six monthly

Further information before you apply

Not everyone qualifies for the scheme. If you don't qualify we will tell you why and if your circumstances change you can reapply.

How much can I defer?

The most we can defer against your home, is equal to the value of your home, minus 10% for selling costs, and the nationally set 'lower capital limit', which is £14,250. This is called an 'equity limit'.

The value of your home

We may need to check the value your home during your Deferred Payment Agreement. We will tell you when you need to get another valuation, at your own cost.

Allowances

- We will leave you with a weekly income allowance of up to £144. This helps to pay for personal costs and home related costs. You can ask if you want us to reduce the allowance, so you defer less money against your home. For example if you have a weekly allowance of £60 per week instead, less money will accrue as a debt against your home.

Signing a legal agreement

If someone can't make legal decisions on their own, then a Deputy or person with Enduring or Lasting Power of Attorney can make decisions for them. If this has not been set up, a friend, relative or professional e.g. solicitor can apply to become a Deputy to look after their finances. More information about how to do this is on the government website www.gov.uk

You need to tell us who will deal with your estate if you die so that we can make plans to pay back any money you owe at the end of the agreement.

Your responsibilities during the life of the Deferred Payment Agreement

You must:

- Pay how much we say you owe from your income and savings on time. We will write to you to show you how we have worked this out. If you don't pay this on time we may add the debt to your home and charge interest on it.
- *Your first bill may be delayed and include backdated charges whilst we work out how much you owe. Bills after this are sent every 4 weeks.*

Benefits

You may also be entitled to some benefits, like Attendance Allowance. Visit the government website www.gov.uk for more information on disability benefits.

If you decide to apply for a Deferred Payment Agreement or want to talk to us, contact our Financial Assessments Team by:

Calling: (0118) 974 6000 - option 6, OR

Emailing: Financialassessmentteam-Mailbox@wokingham.gov.uk

Notes or questions

This publication is produced by Wokingham Borough Council. If you would like some help understanding it, or someone you know requires it in an alternative format, please call (0118) 974 6000.

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