Appendix 3 -Deferred Payment Case Studies

Case study 1

Lucille develops a need for a residential care home placement. She lives alone and is the sole owner of her home. Her home is valued at £165,000, and she has £15,000 in savings. Lucille meets the criteria governing eligibility for a deferred payment.

Case study 2: Information and advice

Lucille's son Buster has been providing informal care and support to her, and has heard of the deferred payments scheme. When Lucille has been assessed as needing residential care, her son suggests they approach her local authority together for information and advice about deferred payment agreements.

Her local authority provides them both with a printed information sheet setting out further details on the authority's deferred payment scheme, and also provides them with contact details of some national and local services who provide financial information and advice.

Case study 3: The equity limit

Lucille decides to secure her deferred payment agreement with her house, which is worth £165,000.

The amount of equity available will be the value of the property minus ten percent, minus a further £14,250 (the lower capital limit).

£165,000 – £16,500 - £14,250 = £134,250

Therefore, her 'equity limit' for the total amount she could defer would consequently be £134,250, which would leave £30,750 in equity in her home.

Case study 4: Contributing to care costs from other sources

Lucille identifies a care home placement that meets her care and support needs, costing £540 per week. She has an income provided by her pension of £230 per week. Lucille decides not to rent her home as she intends to sell it within the year.

Based on this provisional estimate of her care costs, Lucille would contribute £86 (230 – 144) per week from her income, and her weekly deferral would be £454.

Case study 5: Sustainability

Lucille discusses her care home fees with the local authority. Based on the equity available in her home (£134,250, as set out in Case study 3 above), Lucille could afford her weekly deferral of £454 for around five years. Given an average length of stay in a care home care of 19.7 months (source: BUPA 2010, cited in Laing and Buisson 2012/13), the local authority deems her projected care costs to be sustainable.

Lucille enquires as to the cost of a room with a garden view. This would increase her weekly deferral to £525 which she could afford for around four and a half years. The local authority deems this to be sustainable, so agrees to Lucille's requested top-up.

Case study 6: Interest rate and administrative sources

For illustrative purposes we have used an interest rate of 3.5%.

After six months, Lucille receives her first statement. It confirms she has deferred a total

of £13,900, including £110 in interest and £100 in administration fees.

At this point, the local authority revalues her property, and finds its value has increased to £170,000. Based on the amount deferred and her care costs, her equity would afford her just over four and a half more years' care at this price.

Notes

The above examples are for illustrative purposes and taken from the Final Care and Support Statutory Guidance. The Local Authority rates used are those used in those examples and are not necessarily similar to the rates that Barnet applies.