

FINANCIAL MATTERS – FACTSHEET 3

Adult Social Care Deferred Payment Scheme (2026/27)

This factsheet explains Sefton Council's Deferred Payment Scheme. If someone manages your finances on your behalf, please share this leaflet with them.

Important – a Deferred Payment Agreement is a loan secured on your home

- A Deferred Payment Agreement is a type of loan from Sefton Council.
- The Council secures the loan against your property by registering a legal charge with HM Land Registry (similar to a mortgage).
- You will need to pay your assessed weekly contribution. The Council pays the remaining agreed amount which builds up as a debt.
- Fees and interest apply (see "Costs and interest").

What is a Deferred Payment Agreement?

A Deferred Payment Agreement is designed to help if you have been assessed as needing to pay the full cost of a permanent residential or nursing home placement, but you cannot access enough money because most of your capital is tied up in your home. It allows you to delay paying some of your care home costs until a later date.

You will still pay a weekly contribution towards your care. This is the amount you have been assessed to pay from your income and/or savings, following a financial assessment. Sefton Council then pays the difference between your weekly contribution and Sefton's agreed standard rate (subject to annual review). The part the Council pays is the "deferred" amount and it builds up as a debt.

You do not have to sell your home immediately. You may sell later, repay the debt from another source, or repay from your estate. If you rent out your property, you will usually be expected to use rental income to increase the amount you pay each week, which reduces the debt that builds up.

Who can apply?

To apply for a Deferred Payment Agreement you must normally:

- Have less than £23,250 in capital (excluding the value of your property).

- Be assessed as needing permanent care in a registered care home, supported living accommodation or an extra care scheme.
- Own (or part-own) a property that can be registered as security (a legal charge).
- Have mental capacity to agree to the arrangement, or have a legally appointed person who can agree it on your behalf (for example, a Deputy or Attorney).

Your property must be suitable for a legal charge

- The property must be correctly registered with HM Land Registry (if it is not, you may need to register it or update the registration at your own expense).
- If there is a mortgage or other secured debt, the lender must agree to the Council's legal charge.
- Any adult living in the property who is not an owner will need to agree to the legal charge and have an appropriate tenancy agreement.

What we will ask you to provide

When you apply, we may ask for:

- Identification verification documents for the owners and/or any Deputy/Attorney. You are responsible for any costs to obtain these.
- Proof of up-to-date buildings insurance (including when the property is unoccupied).
- Evidence that someone will maintain the property in good condition.
- A death certificate for any deceased person named on the property deeds (if relevant).

Costs and interest

A Deferred Payment Agreement is a loan. You may have to pay administration fees and other costs (for example, Land Registry and legal costs). Interest is also charged on the debt in line with government rules and is compounded (similar to interest on a loan).

Sefton Council Deferred Payment Scheme fees (2026/27):

Item	Charge
First year set up cost	£930.00
Charge to register a legal charge	£385.00
Annual charge	£152.00
Final charge to close account	£222.00

Note about these fees

- Fees are reviewed each year and may change.
- You will receive information about fees and the interest rate before you sign the agreement.

When does interest start?

Interest applies from the day the deferred payment begins (the date the Council starts to loan money towards your care). This is usually after the first 12 weeks of a permanent care home placement, when the 12-week property disregard ends.

The maximum interest rate is set by the government and changes every January and July.

You will receive regular statements showing: the outstanding balance, any fees charged, interest added, and the remaining equity in your home.

Your agreement with Sefton Council

If you enter the scheme, you will sign two legal documents:

- Deferred Payment Agreement
- Legal Charge form (registered with HM Land Registry)

The agreement sets out responsibilities for you and the Council. You must keep the property insured and maintained and tell the Council about changes that could affect the property value or the deferred payment sustainability.

You can keep up to £144 per week from your income (this is called the “disposable income allowance”). You can choose to keep less to reduce the amount of debt that builds up.

You must inform Sefton Council in advance if anyone moves in to your property or if you wish to rent it out, as tenants must sign the deferred payment agreement.

You can end the agreement at any time (for example, if you sell your home or repay the debt). The loan then becomes payable immediately. Otherwise, the agreement ends on your death, and the loan becomes payable 90 days later.

Sefton Council cannot cancel the agreement without your consent.

Ending the agreement

- You can end the agreement at any time by selling your home or repaying the debt. The amount owed then becomes payable.
- If the agreement ends because of death, the debt is usually payable 90 days later.

Can a top-up be included?

If the care home charges a fee in addition to Sefton Council's standard amount, this is called a "top-up". It may be possible to include this within the deferred payment. The Council must agree to this to make sure the agreement remains affordable and sustainable.

Other options to consider

If a deferred payment is not right for you, you may want to consider:

- Using your income and savings to pay the full cost (with family help if appropriate).
- Renting out your property to help cover the cost of care (this can reduce or avoid debt and interest).
- Seeking independent financial advice about equity release or other products.

Impact on benefits

When you move into a care home you should tell the Department for Work and Pensions (DWP) to avoid benefit overpayments.

Some benefits may stop or reduce after the Council has been paying for your care for 28 days (or sooner if you were previously in hospital). These can include:

- Attendance Allowance
- Disability Living Allowance (care component)
- Personal Independence Payment (daily living component)
- Employment and Support Allowance/Universal Credit
- Pension Credit

In many cases, once a Deferred Payment Agreement is in place, disability benefits can start again because you are treated as meeting the costs of your own care. If you are taking steps to sell your property, Pension Credit or Employment and Support Allowance may resume or increase after 12 weeks. If you are not selling your property, you may not be entitled to Pension Credit or Employment and Support Allowance.

The mobility component of Disability Living Allowance (DLA) or Personal Independence Payment (PIP) is not affected by a stay in a care home.

Housing Benefit and Council Tax Reduction

If you move into a care home long-term and you receive Housing Benefit or Council Tax Reduction, these may change. Please contact Sefton Council to report your move.

Important contact numbers

State Pension: 0800 121 4433

Pension Credit: 0800 731 0469

Employment and Support Allowance: 0800 169 0310

Disability Living Allowance: 0800 121 4600 (under 65s)

Attendance Allowance: 0800 731 0122 (over 65s)

Personal Independence Payment: 0800 121 4433

Sefton Council: 0345 140 0845

HM Land Registry: 0300 006 0411

Sefton Advocacy Centre: 01704 500 500

Citizens Advice: 0151 318 6407

Age UK Advice Line: 0800 678 1602

Sefton Carers Centre: 0151 288 6060

Note: This leaflet is a general guide. Individual circumstances vary. You can ask for this information in other formats.