



12: Interim Funding Arrangements Policy

This Policy covers the short-term loan arrangements provided by the Council for people who cannot enter into a Deferred Payment Agreement (DPA) because they:

- lack the mental capacity to enter into a DPA themselves and
- do not yet have a financial representative who has the legal authority to enter into a DPA on their behalf.

It supports the Council's approach to balancing the Council's duty of care for people who need short-term help with care home funding with the responsibility to protect the Council's resources from financial risk where there is no acceptable form of financial security.

This Policy should be read in conjunction with our:

- [Interim Funding Application Form](#)
- [Deferred Payment Agreement \(DPA\) Policy](#) and
- [Choice of Accommodation and Additional Payments Policy](#)

This policy is for you if:

- **You** are applying or intending to apply to become the legally appointed financial representative for a relative, friend or client whose social care assessment shows they need to move to a care home on a permanent basis; AND
- **Their** capital assets (savings, investments, property) indicate that they are liable to pay the full cost of their care home fees - or will be liable to pay full cost after a twelve-week property disregard period has ended. See our [Financial Assessment Policy for Care Home Accommodation](#) BUT
- **You** can't pay their care home fees in the short-term because:
 - ♦ you don't yet have the legal authority to access their capital assets AND
 - ♦ you haven't been able to make other short-term arrangements¹ to cover the care home costs



We may consider applications for [Interim Funding Arrangements for other short-term situations](#) on a case-by-case basis.

¹ For example:- an arrangement with their Care Home Provider to defer payment of the fees until a deputy has been appointed for them

Identifying a financial representative

If we identify that a person whose social care assessment shows they need to move into a care home on a permanent basis:

- lacks the mental capacity to make decisions about their care funding AND
- has [capital assets above the upper limit](#) (including a property or a beneficial interest in a property) AND
- doesn't yet have a legally appointed financial representative who can make financial decisions on their behalf

We will:

- Take steps to identify a family member, friend or solicitor who is willing and able to become their legal representative.
- Support that person to access information and advice services, including independent financial and legal advice.



If there is no one suitable the Council will either apply to the Court of Protection to become the person's deputy or will ask the Court to appoint a Panel Deputy

How to apply to become a legally appointed representative:

You must:

- apply to the [Department for Work and Pensions \(DWP\) to become their Appointee for benefits AND](#)
- apply to the [Court of Protection to become their Deputy](#) - this can take several months

For more information see [Mental Capacity to Manage Finances](#)

What is an Interim Funding Arrangement?

It's an agreement between **you** - the person who is applying to become the legally appointed financial representative for someone who lacks the mental capacity to manage their financial affairs, and the Council (**us**).

We help pay the person's care home fees until you have the legal authority to:

- access their funds to repay us AND
- make financial decisions about how to fund their ongoing care home costs.

How it works:

- You provide us with a written undertaking to:
 - ♦ apply to the Court of Protection to become deputy for the person lacking mental capacity to manage their financial affairs AND
 - ♦ apply to the Department for Work and Pensions (DWP) to become their Appointee for benefits (if you aren't yet the Appointee) AND

- ♦ repay deferred care fees (with interest) to the Council when you become deputy for that person²
- We pay the person's agreed care home fees directly to their care home provider.
- We invoice you for any weekly contributions you are required to pay from the person's income (from state benefits/other financial resources you can access). How much you are required to pay during the Interim Funding Arrangement is based on the outcome of a [Financial Assessment](#).
- We also invoice you for the difference between the weekly contribution from income and the weekly care home costs, but allow that cost to build up as accrued debt (deferred payments)
- We charge interest on all accrued debt - interest is charged daily and added to the accrued debt.
- We charge an annual administration fee to cover our costs of managing and monitoring your Interim Funding Arrangement - we add these to the accrued debt
- Once you have the legal authority to make financial decisions on their behalf you must either:
 - ♦ pay off the accrued debt in full and make your own arrangements to pay their ongoing weekly fees directly to their care home provider or
 - ♦ apply for a Deferred Payment Agreement on their behalf (you must do this within five weeks of being appointed as their Deputy).

Who is eligible for an Interim Funding Arrangement

We will consider your application for the person you represent if:

- **Their** social care assessment shows they have substantial and complex needs which would best be met by in a care home on a permanent basis AND
- **Their** financial circumstances indicate that they are liable to pay the full cost of their care home fees under the Council's Care and Support Financial Assessment and Charging Policy AND
- **They** lack the mental capacity to manage their finances AND
- **You** are not yet legally-appointed to manage their property and financial affairs AND
- **You** haven't been able to make arrangements with their care home to defer their care fees until you have been officially appointed as their Deputy AND
- **You** don't have access to alternative funding arrangements while you wait for the Court of Protection to decide AND
- **You** have fully completed the [Interim Funding Application Form](#) and signed the Declaration which confirms your undertaking that:
 - ♦ **You** have applied/will immediately apply to the Court of Protection to become **their** Deputy and will keep us informed of progress of the application; AND

² Or enter into a DPA with the Council if appropriate/relevant.

- ♦ **You** will either discharge the accrued debt in full or enter into a Deferred Payment Agreement with the Council (where eligible) once the Court of Protection confirms your Deputy status.

Other situations where we may consider applications for an Interim Funding Arrangement

We may consider an Interim Funding Arrangement if you can't enter into a Deferred Payment Agreement while certain matters are unresolved - for example:

- You are in the process of registering your property.
- The joint owner of your property can't consent to a legal charge being placed on your property because they have lost mental capacity - if someone is applying to become their court-appointed deputy.

We consider applications on a case-by-case basis.

Information and Advice relating to Interim Funding Arrangements

We will provide information and advice about our Interim Funding Arrangements and Deferred Payment Agreements - see our factsheets "[Meeting Your Care Home Costs](#)" and "[Deferred Payment Agreements](#)"

Independent financial information and advice:



*We **strongly advise** you to seek [independent financial and legal advice](#) as soon as possible so you can make an informed decision about the most suitable care funding arrangements on behalf of the person whose needs are to be met in a care home.*

We will help you to access independent financial information and advice by:

- Putting you in touch with an independent organisation or charity who can offer relevant information and advice; and/or
- Helping you find a specialist organisation or Independent Financial Adviser who can offer independent regulated financial advice on care funding options

Some information and advice is free to access. The Council or independent organisation(s) will make you aware of any charges for certain types of independent financial advice.

For more information see [Finding Independent Financial Information and Advice](#)

The application process

As soon as we identify you as the person intending to become the persons³ legally appointed financial representative we will give you:

- Information about care home charges and the financial assessment process
- Information about Deferred Payment Agreements (if there is property)

³ The person who lacks capacity to manage their financial affairs, has care needs to be met in a care home and capital assets above the upper limit

- Details of our Interim Funding Arrangements, including interest charged on accrued care home costs and annual administration fees
- An Interim Funding Arrangement Application Form and information about how to apply
- Help to access independent financial and legal information/ advice

We will carry out a Land Registry search where relevant.

Submitting your application

You **must** submit your fully completed [Interim Funding Arrangement Application Form](#) including your signed declaration, as soon as possible.

Making a decision

As long as you have given us all the information required, we will consider your application and make a decision **within 10 days** of receiving your completed application. We will confirm our decision in writing.

When we receive your **fully** completed application and declaration we will:

- check your application meets the eligibility criteria set out in this policy; and
- carry out a Land Registry search and property valuation where relevant

Our senior managers will verify that an Interim Funding Arrangement and your plans to become the person's legal representative would not place the Council at undue financial risk, while taking account of the Council's responsibility to safeguard the person you represent.

We consider:

- How long you are likely to need the Interim Funding Arrangement
- Any other funding arrangements you have already considered
- The contribution you could make towards care home fees from the person's state benefits and any other financial resources available to you
- Your plans to fund the person's long-term care once you have the legal authority to act.
- The amount of any [first party top-up payment](#) needed if the person's care home provider charges more than the Council would normally expect to pay for care home accommodation to meet the person's needs.
- Evidence that you have sought or are actively seeking independent financial and legal advice about long-term care funding options for the person

If we agree to an Interim Funding Arrangement:

We will confirm in writing to you:

- the start date of the Arrangement
- the financial contribution you need to pay from the person's income during the Arrangement and our invoicing arrangements and how to pay

- the weekly care costs agreed to accrue as debt during the Arrangement and our invoicing arrangements
- the current interest rate that will be applied to the accruing debt
- the current annual administration fees for Interim Funding Arrangements
- any state benefits you need to claim on behalf of the person
- your opening 'Interim Funding Arrangement' statement
- our expectations of you keeping us updated with progress of your application to act for the person

If we refuse your application:

We will confirm in writing to you:

- our reasons for refusing your application
- the date from which you must pay the person's care home fees in full (usually the end of a 12-week property disregard period)
- details of any benefits you may be able to claim for the person you represent and how to claim
- How to appeal our decision about Interim Funding
- How to complain

We will also write to the care home provider to confirm the date that we will stop funding the person's care home fees.

Appealing our decision

If you think we have not considered your application fairly you have the [right to appeal our decision](#)

You can either contact the FAB Team or complete a [DPA & Interim Funding Arrangement Appeals Form](#). You must state why you think our decision is wrong and provide any additional evidence in support of your appeal.

During the Interim Funding Arrangement:

Keeping us informed of the progress of your application

You must keep us up-to date with the progress of your applications to become the person's Deputy and let us know as soon as your application is approved. You will need to provide evidence to confirm you have the legal authority to act.

We will carry out periodic checks – if we don't hear from you within three months we will contact you to request an update.



If we discover that the Court of Protection has approved your application to become Deputy and that you didn't let us know we may decide to terminate the Interim Funding Arrangement and seek immediate recovery of the accrued debt.

Invoicing Arrangements

Your Interim Funding Arrangement will from start the date notified.

We will send **you** an invoice every four weeks for any weekly contributions **you** are required to make towards the person's care home fees from their state benefits and financial resources you can access.



*You **must** pay these invoices promptly. If you don't pay the assessed weekly contribution we may terminate your Interim Funding Arrangement*

We will send you an invoice every four weeks for the amount of deferred care fees to accrue under your Interim Funding Arrangement – for your information.

Interest Charges and Administration Fees

We charge interest on all accrued debt in the same way as for Deferred Payment Agreements.

Interest is:

- calculated on and added to the person's deferred care fees from the start date of your Interim Funding Arrangement
- calculated on and added to any annual administration costs that you defer under the Interim Funding Arrangement, from the date the costs are charged
- charged at the maximum rate of interest set in the Care and Support (Deferred Payment) Regulations 2014. The current rates are shown in Appendix J charges for Interim funding Arrangements and are reviewed every six months in line with the Deferred Payment Agreement interest rates.
- compounded daily - this means that interest is calculated on the accrued debt each day and added to the total debt each day (including previous interest charges).
- calculated on and added to the deferred care home fees until the total outstanding debt is settled.

We charge [annual administration fees](#) to cover our costs of setting up, managing and monitoring your Interim Funding Arrangement.

Six monthly statements of the Interim Funding Arrangement

We send you statements of the accrued debt as of 1 July and 1 January. You should receive these within six weeks of these dates.

The statements will show:

- the start date of the Interim Funding Arrangement
- the Statement Date(s)
- Total deferred care charges to the statement date
- Total interest on care charges to statement date
- Total administration fees deferred to statement date
- Total interest on deferred administration fees to statement date
- Total accrued debt to statement date
- The equity in the person's property capital that could be used to pay towards care home fees (the 'Equity Limit' – see our [Deferred Payment Agreements Policy](#)) –

both at the start of the arrangement and after deducting the amount of total deferred debt.

- The level of debt as a percentage of the Equity Limit
- Estimated date that the deferred payments can run until
- Current weekly deferred care cost amounts
- Weekly deferred care costs since the last statement
- Any administration costs added to the debt since the last statement
- Interest charges accrued since the last statement
- Any payments received from you towards the deferred cost of care since the last statement.
- Details of historical statement periods

You should check this statement is correct to the best of your knowledge, and if not, contact us within four weeks.

If the equity in the property is no longer sufficient to meet their full care costs

We will stop accruing their ongoing care home costs and reassess their weekly contribution under our [Financial Assessment Policy for Care Homes](#)

If their care home provider charges more than we would normally pay for accommodation we will try to negotiate a more acceptable rate. See [Choice of Accommodation and Additional Payments Policy](#) for further information

We will continue to add interest and annual administration charges to your accrued debt until the debt is settled in full.

Once you have legal authority to act

You must tell us straight away when you have the legal authority to manage financial affairs on behalf of the person you represent.

If the person has sufficient available funds to settle the outstanding debt

We will advise you:

- The date from which you must pay the care home provider directly for the care fees
- The total outstanding amount of debt accrued under the Interim Funding Arrangement to that date (including interest) which you must pay without delay.
- How to pay the outstanding amount to us
- That interest will continue to be charged until the debt is settled in full.

If most of their capital is tied up in property

If the person's capital assets, other than property that they lived in as their main and only home, are below the Upper Capital Limit you may be eligible to apply for a [Deferred Payment Agreement \(DPA\)](#) on their behalf. You must do this as soon as possible

If your application is accepted we will transfer the balance of your accrued debt to the DPA.

As soon as you are granted the legal authority to manage their financial affairs

You MUST either:

- settle the accrued debt (deferred care home fees, administrative costs and interest) in full OR
- convert the Interim Funding Arrangement to a Deferred Payment Agreement in line with our Deferred Payment Agreements Policy.