

Integrated Impact Assessment (IIA)

Informing our approach to fairness

Proposal:	Adult social care – financial management
Date of assessment:	September 2019
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Version:	1
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Section A: Current service

1. What does the service / function / policy do?

Adult social care services are not provided for free in the same way that most health services are. Local authorities are allowed to charge people for the social care services we provide to adults with eligible needs, and the Care Act sets out the rules for how we should do this (see section 3 for more detail). These rules set a national standard for what is fair and reasonable when it comes to financial matters such as: which services we can charge for, how we make sure that charges are affordable, and other things including how we manage financial transactions for people who ask us to. We have a charging and financial assessment policy that is a [publicly available document](#) setting out how we apply these national rules. Some parts of our current policy are more generous than legislation requires. All local authorities have some form of charging policy in place for adult social care services and these proposals will bring our policy in line with the expectations laid out in the Care Act, as well as with policies in effect in other areas locally and nationally.

We provide direct payments to people who have eligible social care needs and want to take more control over how their social care support is provided. Direct payments are regular payments that we make to a person with care and support needs, or someone acting on their behalf, instead of commissioning services for them. Everyone who has a direct payment signs an agreement to say that they will only use it in the ways that are set out in their care and support plan, and that they will provide information to us for an audit every year. We have the power to ask people to pay back any unused money if we believe that it has been used improperly or that it is not needed.

This proposal is about three things:

- The rules we use to work out whether someone needs to contribute towards the cost of care and support provided in their own home or community, and how much that contribution should be
- The way that we audit the use of direct payments and recover any unused money
- Arrangements for commissioning services on behalf of people who pay the full cost of their care in their home or community, if they ask us to do this

We intend to implement these proposals over the next two years.

Almost all of the work related to these three areas is carried out by finance teams and social workers in our adult social care division. We have a contract with Disability North to deliver a direct payment support service, which provides assistance and training to people taking a direct payment and a payroll service for people who employ staff with their direct payment. Although parts of this proposal are likely to change the way that we work, the contract, staff team, and working practices of the direct payment support service at Disability North are not in the scope of this proposal.

2. Who do we deliver this service for?

Everyone who is assessed as having eligible social care needs is covered by the charging and financial assessment policy. This proposal only relates to people who receive care and support in their own home or in their community. In 2018-19, we provided support to 3,535 people in their home or community at some point during the year.

At the end of the financial year 2018-19 there were 2,900 people receiving long-term support in their home or community. Of these, 1,310 people paid a contribution towards the cost of their care and support, and a further 507 paid the full cost of their care and support.

Direct payments are available to people with eligible social care needs, subject to some exclusions that are set out in legislation. In 2018-19 just over 21% of people chose to take a direct payment in order to arrange at least part of their support themselves.

3. Why do we deliver this service?

Section 14 of the Care Act 2014 gives local authorities the power to charge people for providing services that meet their eligible social care needs. If a local authority chooses to exercise this power, it must do so according to the rules set out in Section 17 of the Care Act 2014, the Care and Support (Charging and Assessment of Resources) Regulations 2014, and the care and support statutory guidance published by the Department of Health and Social Care.

We have a duty under Section 31-33 of the Care Act to provide direct payments to people with eligible social care needs, provided certain conditions are met. The rules governing the review of direct payments are set out in the Care Act, the Care and Support (Direct Payments) Regulations 2014, and the care and support statutory guidance published by the Department of Health and Social Care.

4. How much do we spend on this service / function / policy in 2019-20?

Gross expenditure	Gross income	Net budget	
This proposal relates to two different types of budget. The proposal on disability-related expenditure will have an effect on the income we receive from people in the form of contributions towards the cost of their care. The direct payment audit and recovery proposal will have an impact on our budgets for direct payments. The two budgets are presented below, but they are separate, and the proposals do not have a cumulative impact on each other.			
£0	(£3,704,200)	(£3,704,200)	We receive income in the form of contributions from people who have been assessed as being able to afford to do so. This figure is the expected income for 2019-20.
£9,910,520	(£4,435,550)	£5,474,970	This figure is the total budget for support provided in the form of a direct payment for the financial year 2019-20.

5. How many people do we employ to deliver this service?

No. posts	No. full time equivalent officers	
6	5.7	We have two small teams that specialise in Direct Payments, and in Financial Assessments.

Section B: Proposal for future service

6. How do we propose to change the service / function / policy?

The Care Act, and all the regulations and guidance that accompany it, set out clear expectations about how local authorities should act in relation to financial matters such as charging and financial assessment, and how we administer direct payments. This statutory framework sets a national standard for what is fair and reasonable. In recent years, we have worked hard to reduce the impact on people's finances of having care and support needs by retaining policies and practices that are more generous than these national expectations. This is no longer sustainable. We have faced an unprecedented period of austerity which has seen our budget for adult social care reduce by over £50,000,000 since 2010-11. We cannot continue to operate a policy that goes beyond national expectations and local practice in other areas without placing the services we deliver to people with care and support needs at risk. In the absence of a fair and sustainable settlement on the funding for adult social care at a national level, we need to ensure that all of our policies fall in line with national expectations.

This proposal is to review our charging and financial assessment policy and our approach to auditing direct payments. We will implement a range of changes to our policy and process over two years to ensure that we continue to require people to make a fair, reasonable, and affordable reasonable contribution to the cost of their support, based on policy and process that is in line with national expectations and statutory requirements. The changes we intend to make from April 2020 are set out in detail here. We will update this document to include additional detail about the changes we intend to make from April 2021 as part of the budget consultation next year.

Direct payment audit

We currently undertake annual audits on approximately two thirds of all direct payments. We will increase capacity within this team to ensure that we are able to undertake all audits due in a year. This will allow us to increase the rate of recovery of mis-used or unused direct payment funds. In addition, we will revise our audit process and introduce new payment systems so that all unused direct payment funds for which there is no agreed plan can be recovered.

This proposal will increase direct payment recovery by £500,000 in 2020-21, the majority of which will be the result of increased capacity within the team.

Disability-related expenditure

The care and support statutory guidance and regulations requires us to consider disability-related expenditure (or DRE) as part of a financial assessment for contributions to social care support. DRE is defined in guidance as being any cost that a person incurs to meet needs which are not being met by the local authority.

Our current policy is to make an automatic reduction in a person's income to cover these potential costs, known as the DRE Disregard. We provide information about what DRE is and if a person believes that they have DRE above this amount we will undertake an individual assessment to consider whether to make a larger reduction in their income, based on evidence provided.

Evidence from other local authorities shows that considering disability-related expenditure on a case-by-case basis when requested to do so is not only compliant with national expectations set out in legislation but can lead to a more efficient and person-centred assessment process.

We will change our policy with effect from April 2020, to remove this automatic DRE Disregard and conduct individual assessments for disability-related expenditure when requested to do so. This will mean that contributions towards the cost of care and support will increase. This change in policy will result in increased income from contributions of £200,000 in 2020-21.

In April 2021, we intend to make the following changes:

- We will adjust our financial assessment process to ensure that income is included in a financial assessment in a manner consistent with the expectations in legislation and statutory guidance.
- We will introduce an administrative charge for those people who have been assessed as being able to pay the full cost of support to meet their eligible needs, but who subsequently ask us to arrange those services for them. This is already in our charging and financial assessment policy but the charge has not yet been introduced.

We will provide additional detail on these proposals as part of consultation on the 2021-22 budget.

7. What evidence have we used to inform this proposal?

Information source	What this has told us
Our Charging and Financial Assessment Policy	This is our publicly available document that sets out how we charge people for the support we provide, and how we conduct financial assessments. It is available on our website .
Short and long-term support (SALT) Return for 2018-19	Provides information on the number of people receiving support in their own home or community. We submit our SALT returns to NHS Digital in July every year and they are published along with data for all councils with adult social services responsibilities (CASSRs) on the NHS Digital

	Website . In line with previous years, we estimate that the 2018-19 returns will be published by NHS Digital in October 2019.
Adult Social Care Outcomes Framework (ASCOF)	Provides information on the proportion of people receiving at least part of their support as a direct payment. NHS Digital use the data we provide for our SALT return to create the measures included in ASCOF. Information about ASCOF, including national datasets, is on the NHS Digital Website .
Internal Adult Social Care and finance systems	Information on the number of people with direct payments and how much we spend. Information on the number of people who pay a contribution towards the for their care. Information on how much people contribute to the cost of their care.
Gov.uk/legislation.gov.uk	The Care Act The Care and Support (Charging and Assessment of Resources) Regulations 2014 The Care and Support (Direct Payments) Regulations 2014 The care and support statutory guidance on charging Provides the rules and expectations around the areas contained in this proposal.
Other local authorities	Evidence from local networks shows that other local authorities have taken a similar approach to the treatment of DRE as is proposed here.

8. What will be the financial impact of this proposal(s) in 2020-21?

The total saving from this proposal is £700,000:

- The change to the way we assess for DRE will result in an increase in income from contributions of £200,000.
- Improving our audit and recover of direct payments will reduce spend on direct payments by £500,000.

9. What will be the impact upon our employees of this proposal?

No. FTEs	% workforce	
+1	+25%	We will create one additional post within the teams responsible for the areas in scope of this proposal, to ensure we have capacity to undertake the direct payment audits. This is likely to be a time-limited post, subject to further work to improve our internal processes around direct payment audit and recovery. This post will be graded at N5, which will cost up to £23,836 and will be funded from the increased recovery we achieve.

Section C: Consultation

10. Who have we engaged and consulted with about this proposal?			
Date	Who	How	Main issues raised

Section D: Impact assessment

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
People with protected characteristics		
Age		
Potential disadvantage	Although this proposal will have no specific additional impact because of a person's age, older people are more likely to require care and support and be able to pay a contribution. People are likely to see an increase in their contribution as a result of the DRE element of the proposal.	<ul style="list-style-type: none"> • We will continue to operate a charging and financial assessment policy that only requires people to pay a fair contribution based on their ability to pay one. • We will continue to consider exceptional cases on a case-by-case basis.
Disability		
Potential disadvantage	Although this proposal will have no specific additional impact because of a person's disability, people with disabilities are more likely to require care and support and may need to pay a contribution. People in this group are may see an increase in their contribution as a result of the DRE element of the proposal.	<ul style="list-style-type: none"> • We will continue to operate a charging and financial assessment policy that only requires people to pay a fair contribution based on their ability to pay one. • We will continue to consider exceptional cases on a case-by-case basis.

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
Gender reassignment / identity		
None	This proposal will not have an additional impact on people because of their gender identity.	
Sex		
None	This proposal will not have an additional impact on people because of their sex.	
Marriage and civil partnership		
None	This proposal will not have an additional impact on people who are married or in a civil partnership.	
Pregnancy and maternity		
None	This proposal will not have an additional impact on people who are pregnant or caring for babies.	
Race and ethnicity		
None	This proposal will not have an additional impact on people because of their race or ethnicity.	
Religion and belief		
None	This proposal will not have an additional impact on people because of their religion or beliefs.	
Sexual orientation		
None	This proposal will not have an additional impact on people because of their sexual orientation.	
Other potential impacts		
People vulnerable to socio-economic impacts		
Potential disadvantage	Although the change in the level of contribution will be no greater than the population as a whole,	<ul style="list-style-type: none"> • We will continue to operate a charging and financial assessment policy that only requires

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
	people who are vulnerable to socio-economic impacts may perceive the change to have a bigger impact because of lower household income.	<p>people to pay a fair contribution based on their ability to pay one. This includes ensuring that everyone retains the statutory minimum level of income.</p> <ul style="list-style-type: none"> • We will continue to consider exceptional cases on a case-by-case basis.
Businesses		
None	This proposal will have no additional impact on businesses.	
Geography		
None	This proposal will not have an additional impact on specific areas of the city.	
Community cohesion		
None	This proposal will not have an additional impact on community cohesion.	
Community safety		
None	This proposal will not have an additional impact on community safety.	
Public Health		
None	This proposal will not have an additional impact on public health.	
Climate		
None	This proposal will not have an additional impact on climate issues.	