



Report title: Adult Social Care Cash Budget Policy Pre-Consultation Report

Report to: HMR Integrated Care Partnership Committee

Date of meeting: 29th April 2025

Cabinet Portfolio Holder: Councillor Iftikhar Ahmed, Adult Care and Wellbeing

Report of: Hayley Ashall, Assistant Director of Commissioning Adult Social Care and Prevention

Public or private: Public

Key Decision: Yes

Reason: Affects more than one ward and expenditure/savings over £500k

Published on the Forward Plan: Yes

1 Report summary

- 1.1 Cash budgets can be used by people to plan, arrange and pay for their own care and support instead of asking the Council to do this for them. They can offer individuals greater control and flexibility in arranging their own care and support, allowing them to choose providers, activities, and equipment that best meet their needs, potentially leading to increased independence and satisfaction.
- 1.2 Rochdale Borough Council's Adult Care Cash Budget Policy is governed by the Care Act 2014 and the Care and Support (Direct Payment) regulations 2014. Following the implementation of legislation the policy was updated and implemented in 2015. The policy has recently been reviewed and provisionally updated following feedback from people who draw on care and support.
N.B Cash budgets are the local term used in Rochdale Adult Care Services for 'direct payments'
- 1.3 Permission is requested to begin consultation on changes to some of the discretionary parts of the policy. The changes proposed are;
 - For the Council to fund and arrange the employers liability insurance required

- For the Council to fund and arrange any support services costs e.g. payroll and accountancy services and only 'approved' providers of support services will be used
- For the Council to fund and arrange any Disclosure and Barring Service checks that the potential employer requires
- The way that the funding for personal assistant (PA) support is provided to be changed to better reflect the costs of employing a PA.

2 Recommendations

- 2.1 That the updates to the Adult Care Cash Budget Policy and the changes to the funding for personal assistants be approved for public consultation, in line with the consultation plan set out in Appendix 1 of the report. The draft updated Policy is set out in Appendix 2 of the report.

3 Reason for recommendation

- 3.1 The Cash Budget Policy was developed to provide guidelines and a framework within which cash budgets operate in Adult Social Care, to ensure consistency of experience and processes. The way that cash budgets have been used in Adult Care Services has changed over recent years with more people now using the funding to employ their own PA (instead of buying care from an Agency). Following feedback from people who use cash budgets there is a need to change the way support is funded and provided via a cash budget to improve equity and support people better with their employer responsibilities when they use a cash budget to employ their own carer.

4 Alternatives considered

- 4.1 It is best practice to regularly review the Cash Budget Policy to ensure it still meets its legal obligations and the key principles upon which it is based. The last fundamental review of the Policy was in 2015.

5 Key information

- 5.1 There are currently 571 people across the borough of Rochdale who are in receipt of a cash budget from Adult Care Services, costing £12.78m per annum. Approximately 54% employ a Personal Assistant with their direct payment and of these 60% employ someone not previously known to them.
- 5.2 Recent feedback from people who draw on care and support has suggested that as more people are now employing their own PA they require more support with the responsibilities this brings, including finding a PA, particularly for contingency purposes.
- 5.3 The savings this proposal can bring can allow a re-investment and re-direction of some of this funding to help to improve the support that cash budget

recipients currently receive. Recipients have recently told us that finding a suitable PA and also arranging cover for their PA for holidays and sickness is difficult and one way we can support people with this is to fund a 'PA register'. A PA Register is a dedicated website that helps to connect people needing support with PA's who can support them, increasing the availability and accessibility of PA's to individuals requiring this support and their Carers. Having this resource would give individuals and their carers more access, choice and control over how their support needs are met, and means their support is personalised to meet their requirements.

- 5.4 The following changes are proposed for consultation in respect of amendments to the Cash Budget Policy:

Purchasing Insurance

What happens currently:

Cash budget recipients employing a PA have a legal requirement to have Employers' Liability Insurance. Currently the Local Authority provides information and signposting on insurance providers to cash budget recipients. The cash budget recipient then purchases this service direct from their chosen provider, using funds from their cash budget allocation.

What we are proposing to change and why:

Data from audits that are being undertaken on cash budgets shows that some recipients are not purchasing the insurance in a timely manner, leading to the risks of not being covered in case of an accident or redundancy, and not meeting the legal requirement as an employer.

It is therefore proposed that one insurance provider is identified, through a tender process, who the Local Authority will work with to purchase the relevant insurance for cash budget recipients who employ a PA. The Local Authority will fund and arrange this on behalf of the recipient.

However, the policy would still enable the recipient to select their own provider and put the insurance in place themselves if they wanted to do so. In this instance the recipient would be provided with the equivalent funding As the Local Authority commissioned provider.

There are a number of benefits of this change in policy for the cash budget recipient:

- Recipients do not have to try to find an insurance provider themselves.
- Recipients and their PA's are covered immediately.
- Recipients do not have to worry about renewals, as this will either be auto renewed or dealt with by the team purchasing the insurance.
- Possible cost efficiencies from contracting with one provider

Purchasing Support (payroll/accountancy) Services

What happens currently:

Currently, where support services are required, an approved list of providers is given to the cash budget recipient and they choose their preferred provider. The cash

budget recipient then purchases this service direct from the chosen provider, using funds from their cash budget allocation. However, people can chose to use a provider that is not on the list if they wish to.

What we are proposing to change and why:

Where the recipient requires support services, they must be sourced from one of our approved providers. An approved list of providers will be provided to the cash budget recipient and they can chose their preferred provider. The Local Authority will fund and arrange this on behalf of the recipient.

There are a number of benefits of this change in policy for the cash budget recipient:

- The approved providers have been through a quality assurance process to join the approved provider list, meaning it has been confirmed they meet all requirements to be able to provide the services required in a cost effective way. There are a number of providers available to choose from and additional providers are enabled to apply to join the approved provider list annually.
- Regular contract monitoring to ensure providers are meeting contractual obligations.
- Potential improved value for money.

DBS Checks

What happens currently:

Recipients who employ a PA are currently advised to carry out a Disclosure and Barring Service (DBS) check. A DBS check enables cash budget recipients to confirm that their PA does not have prior convictions, which might indicate that they are unsuitable for a caring position. Cash budget recipients cannot apply for the Enhanced DBS check themselves. Instead they have to use an 'umbrella body' that is authorised to access checks.

What we are proposing to change and why:

Cash budget recipients will still be advised to undertake DBS checks as above, but where a cash budget recipient wants to undertake a DBS check they will need to request the Local Authority undertakes this on their behalf. The cost of the DBS will no longer be funded from the cash budget allocation and will be funded and arranged by the Local Authority on behalf of the recipient.

There are a number of benefits of this change in policy for the cash budget recipient:

- The Local Authority can obtain a DBS check on behalf of the employer, saving them the task of finding an organisation that can do this.
- The DBS check will be funded outside of their allocation for a Cash Budget.

5.5 In addition to the changes to the Policy, a change to the funding for personal assistants is also proposed:

What happens currently:

The funding for cash budgets largely follows the Council's commissioned care at home rate (as the majority of cash budget use is in lieu of services usually provided by a Care at Home provider). This funding includes the 'cost of running a business' e.g. the cost of payroll, apprenticeship levy, office costs, HR support. As more people are now using their cash budget to employ their own PA and are not using a provider the funding needs to be reviewed.

What we are proposing to change and why:

If someone uses their cash budget allocation to purchase care from a provider then the funding will continue to match the Council's commissioned rate for Care at Home and this will not change.

Where someone is using their cash budget to employ a PA directly we are proposing to take the funding for the cost of running a business out of this funding and instead create a PA rate.

The PA rate will include all the costs of employing a PA, including National Insurance and pension liabilities, funding for training, sickness and holiday cover. The cost of employer's liability insurance, DBS checks and other support service costs will be met by the Service outside of the allocation to the individual. This would reduce the funding to the individual by £4 per hour but the costs associated with this will no longer be required to meet by the individual from their allocation.

There a number of benefits of this change in policy for the cash budget recipient:

- The funding better reflects the actual cost of employing a PA.
- It is more equitable.
- It balances the requirement to ensure the funding available is sufficient to meet the needs of the entire local population with the requirement to meet the eligible needs of an individual.

6 Finance

- 6.1 It is proposed to take out 'the cost of running the business' from the funding paid via a cash budget for the employment of a personal assistant. This would reduce the funding by £5.58 per hour to £16.67 per hour. Instead these overhead costs would be funded outside of the cash budget allocation and paid directly by the Local Authority.
- 6.2 For existing service users transitional funding of £3.00 per hour will be paid in the first year to assist with the transition to the new rate. This transition funding would cost approx. £1.1m in the first year. The new rate will be applicable to all new service users, without the transitional funding.
- 6.3 If the changes to the funding for people who employ a PA were implemented it would release £1.6m funding per annum after taking into account the cost to the Service of paying for the support services costs. Some of this funding

would be re-invested into better support for employers including the introduction of a PA register.

- 6.4 Therefore, the net saving expected in 25/26 is approx. £300k due to this re-investment in the service and the part year effect of the changes.

7 Legal

- 7.1 Whilst there are a number of benefits, the change will equate to a real time loss of money and potentially support to the service user, it is therefore important that the Council consult on the changes.
- 7.2 Any consultation should be clear as to what is being proposed together with the expected costs and benefits of the proposals. It should be accessible to and clearly targeted at those people the exercise is intended to reach.
- 7.3 Following consultation the responses should be analysed carefully and clear feedback be provided to the participants and to this Committee'.

8 Human resource

- 8.1 There are no human resource implications identified at this stage

9 Sustainability impact

- 9.1 The sustainability assessment has been completed and most applicable areas the impact rating is amber indicating neutral impact overall, other than a red score for health and wellbeing and equality impact. This is expected as the cohort of people who are affected by these proposals are vulnerable adults with assessed social care needs. A small number of cash budget holders may not be able to purchase the same amount of care as they had previously. The mitigation includes the use of the transitional 'parachute' payments to ameliorate the funding reduction for exiting recipients and the commitment to review assessments if it is considered that there is an impact on an individuals assessed needs being met.

10 Other considerations (corporate priorities, risks)

- 10.1 Consultation will be undertaken with the public for 12 weeks using the consultation plan (see background papers)

Background Papers:

Appendix 1 – Consultation Plan

Appendix 2 – Revised Cash Budget Policy – Adult Social Care

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Appendix 1 – Consultation Plan

Adult Care Cash Budget Policy and Funding Review Consultation

Communications and Engagement overview

Background

The adult social care cash budget policy provides guidance around the management and administration of cash budgets (Rochdale's term for direct payments). The policy aims to provide guidance and a framework within which cash budgets operate, to ensure consistency of experience and processes.

There are currently 571 adult care service users across the borough of Rochdale who are in receipt of a cash budget, with a total budget of £12.78m per annum. Approximately 54% employ a personal assistant and of these 60% employ someone not previously known to them.

Communication and Engagement Approach

Aims

The communication aims of the consultation are:

- ✓ Maximise reach to ensure those people most affected by the proposed changes have the opportunity to contribute to the consultation.
- ✓ Using a variety of channels and methods, communicate to residents and stakeholders the proposals for an updated adult social care cash budget policy and obtain their views on areas for review.
- ✓ Ensure any resident, business or stakeholder who wishes to comment on the proposals has the opportunity to do so.
- ✓ Ensure the consultation process is fair, open, timely and transparent.
- ✓ Enable participants to propose alternative suggestions for consideration, which they feel could achieve the consultation objectives in a different way.

We aim to ensure the consultation is:

- ✓ Inclusive: through a proactive communications approach, ensuring residents, organisations and health and care partners have the opportunity to express their views.

- ✓ Informative: ensure the consultation, and aligned communications approach, provides residents with clear and accurate information about the proposals, providing a balanced and fair explanation of the potential impact.
- ✓ Understandable: by ensuring that the language used to communicate is simple and clear and that communications enable the consultation can reach all audiences.
- ✓ Appropriate: ensuring the communications targets people who are more likely to be affected and using a more tailored approach to get their feedback, complemented by a general approach to all residents, staff, businesses and partners.
- ✓ Meaningful: by ensuring decision makers have the full consultation feedback information so that they can make informed decisions.
- ✓ Reported: by letting consultees know what was done with their feedback, following the end of the consultation process.
- ✓ Accessible: Presenting the information in a clear and readable way, in line with accessibility standards ensuring all residents can contribute to the consultation.

Proposed consultation dates

Consultation start: **12 May** Consultation end: **4 August**

The communication approach and messaging will align with these dates, with regular promotion and messaging throughout the consultation.

Communication Objectives

The main communication objective will help to maximise the survey reach and ensure as many cash budget recipients, their family and friends, respond to the survey. This will be supported by regular messaging across the council's channels, supported with posters, leaflets, flyers and a range of digital messaging. The consultation will be wide ranging and accessible, helping to maximise the number of responses.

Messages

Key messages, aligned with the consultation approach, will be promoted across the council's channels and built in to the range of communication assets, easy read documents, leaflets and posters. The messages will be directing people to the consultation hub, encouraging them to complete the survey. Paper copies will also be available, including easy read versions. In addition, copies in various formats will be available at the engagement events.

Key Audiences

- Residents
- Adult care service users
- Adult care cabinet member and assistant cabinet member
- Councillors
- Organisations across the health partnership
- Council staff
- Staff across health partners, providers, care homes, Pennine Acute, Pennine Care
- Interest groups
- Local media
- Carers
- Communication partners
- Social housing providers
- Community Facebook groups
- A range of partner organisations
- Voluntary sector

Channels/platforms

A variety of channels and platforms, internal and external, will be utilised to promote the consultation. To ensure communication is maximised, for example with hard to reach groups, there will be in person meetings and events to outline the proposed changes, including easy read versions which will be available in person at the consultation events.

Measurement

- Number of clicks on the consultation hub
- Number of people responding to the survey
- Audience reach
- Media coverage
- Number of times videos are viewed
- Number of social media shares

Engagement sessions

A key part of the communications work will involve promoting drop-in sessions for people to chat with our teams about our proposed changes. The sessions will have paper copies of the consultation available, including easy read versions, and will be promoted across the council's channels and through leaflets and flyers.

Date	Time	Venue
Tuesday 13 th May	10.00-12.00	Castleton Library And Community Centre, Manchester Road, Rochdale OL11 3AF
Tuesday 20 th May	16:00-18:00	Heywood Library, Lance Corporal Stephen Shaw M C Way, Heywood, OL10 1LL
Tuesday 27 th May	16.00-18.00	Rochdale Borough Council, Floor 3, Number One Riverside, Smith Street, Rochdale, OL16 1XU
Tuesday 3 rd June	10.00-12.00	Middleton Library, Long Street, Middleton, M24 6DU
Thursday 12 th June	10:30-12:30	Littleborough Library, Hare Hill Park, Littleborough, OL15 9HE
Thursday 19 th June	14.00-16.00	Milnrow Library, Newhey Road, Milnrow, OL16 3PS
Thursday 25 th June	14.00-16.00	Rochdale Borough Council, Floor 3, Number One Riverside, Smith Street, Rochdale, OL16 1XU
Thursday 3 rd July	10.30-12.30	Castleton Library And Community Centre, Manchester Road, Rochdale OL11 3AF
Friday 11 th July	10.00-12.00	Heywood Library, Lance Corporal Stephen Shaw M C Way, Heywood, OL10 1LL
Monday 14 th July	10.00-12.00	Middleton Library, Long Street, Middleton, M24 6DU
Monday 21 st July	14.00-16.00	Littleborough Library, Hare Hill Park, Littleborough, OL15 9HE
Thursday 31 st July	14.00-16.00	Milnrow Library, Newhey Road, Milnrow, OL16 3PS



APPENDIX 2 Revised Draft Policy

Document Control

Document Title: Cash Budgets (Direct Payments) Policy

Summary

Publication Date	TBC
Related Legislation / Applicable Section of Legislation	The Care Act 2014, section 26 and sections 31- 33 The Care and Support (Direct Payments) Regulations 2014
Related Policies, Strategies, Guideline Documents	Carer's Personal Budget Policy, Charging Policy, Corporate Debt Policy, Making Experiences Count (joint health and social care complaints policy), Financial Decision Making – Adult Care Audit., Cash Budget 13 Week Review & Audit Process, Cash Budgets Suitable Person Guidance
Replaces	Personal Budget Policy
Joint Guidance Document (Yes/No)	No
Name of Partner(s) if joint	
Guidance Document Owner (Name/Position)	Helen Murphy, Head of Governance & Business Support
Guidance Document Author (Name/Position)	Laura Greenwood, Service Manager, Personal Budgets

Review of Guidance Document

Last Review Date	21/02/2025
Review undertaken by	Laura Greenwood, Service Manager, Personal Budgets
Next Review Date	21/02/2026

Document Approvals

This document requires the following approvals.

Name	Title	Date of Issue	Version Number
Integrated Commissioning Partnership Board	ICPC	TBC	TBC
Editorial Board	EB	TBC	TBC

Version Control		
Date	Details of change	Approver
21/02/2025	Initial draft of revised policy	Laura Greenwood/Helen Murphy
26/02/2025	Amendments to initial draft	Laura Greenwood/Helen Murphy

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Definitions

In this Policy the following expressions have the following meanings:

Actual Budget: the amount of money required to purchase care and support to meet eligible needs, determined by the support planning process and agreed within the Support Plan.

Audit: a review carried out on a cash budget account to ensure that it is being spent and managed in line with the agreed Support Plan.

Authorised Person: a Person, who is authorised under the Mental Capacity Act 2005, e.g. Financial Deputy or Lasting Power of Attorney (LPA)*, to make decisions about the service user's care and treatment, who will manage and/or receive the cash budget on behalf of the service user who lacks capacity

***NB please note a Department of work and Pensions Appointee is NOT an Authorised Person under the Mental Capacity Act 2005**

Capacity: An individual's ability to understand what they are being asked to decide, to make a decision and to communicate that decision to people around them.

Care Act Assessment: an assessment that is carried out to assess an individual's care and support needs, to determine eligible needs under the Care Act.

Cash Budgets: cash budget is Rochdale Borough Council's local term for a Personal Budget paid as a Direct Payment

Client Contribution: the amount that an individual must contribute towards their care and support, determined by a financial assessment, and in line with the Adult Social Care Charging Policy.

Council Contribution: the amount of money that the Council will contribute towards the individual's care and support, after any assessed client contribution is paid.

Eligible Needs: the needs that an individual has that are eligible for Local Authority support and/or funding following a Care Act assessment.

Financial Assessment: the assessment carried out to determine the individual's how much (if any) client contribution they need to contribute towards their care and support

Full Cost Payer: an individual who is responsible for contributing the full cost of their care and support following a Financial Assessment

Employers Liability Insurance: provides cover in the event that your employee suffers illness or injury whilst working for you

Estimated Budget: an estimated sum of money calculated through the resource allocation system (RAS) to meet the eligible needs.

Individual: the person who has been assessed to have eligible care and support needs, and for whom the cash budget will be used to meet their assessed needs.

Managed Budget: where the Council commissions and arranges the care and support to meet eligible needs).

Nominated Person: the person who will manage and/or receive the cash budget on behalf of the service user who has capacity and has nominated the person in this role. Referred to as the Recipient.

Personal Assistant (PA): an individual employed by the recipient to provide care and support services to the individual to meet the eligible needs agreed within the Support Plan.

Personal Budget Year: the annual period commencing at the start date of a cash budget. Audits are completed over a personal budget year and in line with the anniversary date of the start date

Public Liability Insurance: provides cover in the event of bodily injury or property damage to a third party while care is taking place

Recipient: the person who will manage and/or receive the cash budget on behalf of the service user (including the Service User; Authorised; Nominated or Suitable Person)

Resource Allocation System (RAS): the system used to calculate the estimated budget (as part of the assessment)

Self-funder: an individual who is responsible for contributing the full cost of their care and support following a Financial Assessment

Strength Based Approach: considers an individual's own strengths and capabilities, and what support may be available to them from their wider support network (e.g. family/friends) or within their community.

Suitable Person: a person who is not authorised under the Mental Capacity Act 2005 to manage the person's finances but is deemed to be suitable by an Authorised Person or by the Local Authority to manage and/or receive the cash budget on behalf of the service user. Referred to as the Recipient.

Support Plan: documents how the actual budget will be used to purchase care and support to meet eligible needs, determined by the support planning process.

Support Services: services provided by a third party Payroll/Accountancy provider to support/enable the service user or recipient to manage and/or receive the cash budget

The Council: Rochdale Borough Council

1. Introduction

- 1.1 This policy relates to the duties of Rochdale Adult Social Care (referred to as the Council) in relation to cash budgets as outlined within the Care Act 2014 (section 26 and sections 31 - 33) and The Care and Support (Direct Payment) Regulations 2014.
- 1.2 The purpose of this policy is to make clear the Council's approach to cash budgets, and the responsibilities of the recipient. The policy should be read in conjunction with the Cash Budget Contractual Agreement.
- 1.3 The Council's vision for personalisation starts with securing the best outcomes for people. People, not service providers or systems, should hold the choice and control about their care. Cash budgets are a powerful way to give people control and flexibility to choose and pay for the services they need.
- 1.4 A personal budget is an allocation of funding to meet an individual's eligible care and support needs following a Care Act assessment. The personal budget can be taken as a cash budget which can be managed by the individual themselves or by a Nominated, Authorised or Suitable Person (recipient).
- 1.5 Arrangements can be put in place whereby a recipient does not directly manage their cash budget funds but where they are instead managed by a third party (Support Services).
- 1.6 A cash budget can offer an individual more flexibility, choice and control than support commissioned by the Council to meet their eligible needs. Individuals should be encouraged to exercise their choice and control over the care and support they require and this should include taking a cash budget where it is appropriate to do.
- 1.7 Cash budgets are best used where an individual wants to use a provider that the Council do not already commission services from, they want to employ their own Personal Assistant (PA) or use their budget more creatively than using traditional, commissioned services.
- 1.8 If an individual wants to use one of the Council's commissioned providers then a managed budget is the best option, as this means they will often receive a more favourable hourly rate and we can make all of the arrangements for them. For more details please see [Our Rochdale | Rochdale Borough Council Preferred Home Care Providers](#) .
- 1.9 The key principles of the Cash Budget Policy are:

- ✓ to ensure a consistent approach is applied when agreeing and managing cash budgets
- ✓ that the Council balance the requirement to ensure the funding available is sufficient to meet the needs of the entire local population with the requirement to meet the eligible needs of an individual
- ✓ to enable choice and control

2. Eligibility

- 2.1 An adult may be eligible for a cash budget if they have needs for care and support within the definitions set out in the Care Act, 2014 and meet the conditions within the Care and Support (Direct Payments) Regulations 2014. Care and support is the term used to describe the help some adults need to live as well as possible with any illness or disability they may have and includes help with things like washing, dressing, eating, socialising and attending work and / or training.
- 2.2 A person may also be eligible for a Carer's personal budget if they need support with their role as a carer for an adult with long term care and support. Please refer to the Carer's Personal Budget Policy for more information.
- 2.3 Eligibility is determined by an assessment of need (Care Act assessment) and within this process an estimated budget is calculated through the resource allocation system (RAS).
- 2.4 The RAS is intended to fairly assess the level of financial support an individual may require from the local authority to meet their care and support needs.
- 2.5 The actual budget may differ from the estimated budget following the support planning process, once it has been determined how the care and support will be provided and the associated costs.
- 2.6 The Council will consider all requests for a cash budget and at the outset of the process will determine whether or not the individual has capacity to request and manage (or to nominate someone to manage) a cash budget. Where the individual lacks capacity to do so and there is no Authorised Person in place, the Council will determine if there is a Suitable Person via the best interest decision making process.

3. Exclusions

- 3.1 Where an individual's needs do not meet the national eligibility criteria they will not be entitled to local authority funding.
- 3.2 In line with The Care and Support (Direct Payment) Regulations 2014 a cash budget must not be used to meet the needs of adults in Schedule 1 (Appendix 1).
- 3.3 Where the financial assessment determines that an individual is expected to meet the full cost of care and support they require, then they will not be eligible to receive a cash budget. In this instance the individual will be given the option for their case to remain open in the Adult Social Care review system (meaning they will be eligible for annual reviews to determine if their care needs have changed) as a full cost payer OR for their case to be closed in the review system and for them to become a self-funder. In either scenario the individual will not receive funds via a cash budget.
- 3.4 Where the individual is unable to receive and/or manage a cash budget themselves (because they lack mental capacity to do so and there is no Authorised or Suitable Person to become the recipient), they will not be able to receive a cash budget and other services (such as a managed budget) will need to be explored.
- 3.5 Personal Assistant's (PA's) cannot manage a cash budget on behalf of an individual.

4. How a cash budget can be used

- 4.1 In principle, a cash budget can be used for any expenditure that has been agreed with the Council and that is documented in the agreed support plan to help meet eligible care and support needs, as long as expenditure is lawful, effective, affordable and cost effective:
 - Lawful - the expenditure identified as part of the support plan is legitimate and does not contravene any national guidance on how funds can be used
 - Effective - the proposals in the support plan relate to the agreed wellbeing outcomes which will meet the eligible care and support needs
 - Affordable - the total planned expenditure identified can be met within the cash budget (however, a person is able to top up their cash budget, for example, from savings or a trust fund)

- Cost effective – expenditure provides good value for money

4.2 Some examples of what a cash budget can be used for include (these are not exhaustive or intended to be definitive):

- Employing a PA/s
- Using a provider not commissioned by the Council (e.g. homecare or day care) – please note that where personal care will be provided, the provider must be CQC registered.
- Paying for respite care services (to enable a carer to take a break from their caring role)
- Paying for agreed activities

4.3 There are some things that a cash budget cannot be used for and the Council reserve the right to clawback any amount in relation to these as detailed in section 7. These may include (please note this is not an exhaustive list):

- Services that are not agreed and documented within an individual's support plan (or that don't relate to their eligible needs determined via their Care Act assessment)
- Things that are not value for money because there are more cost effective options
- Bills or expenses for everyday living that other sources of income would normally pay for (e.g. utility bills, household insurance, rent or mortgage payments, food and drink)
- Transport costs (including purchasing fuel) unless transport is part of meeting an assessed eligible need and other options for meeting such needs have been explored
- Anything illegal, including drugs, prostitution, or paying people "cash in hand"
- Alcohol, gambling, cigarettes or tobacco
- Cash payments unless this has been agreed in advance by the Council
- Holidays (the cash budget cannot be used to fund holidays, but can be used to meet assessed needs whilst on holiday)
- Long-term residential care OR periods of short term care of more than four consecutive weeks in a 12 month period (periods of short term care less than four weeks apart will be combined for this purpose and will add to the total period)
- Employing family members who live in the same household (unless this has been agreed with the Council as outlined in The Care and Support (Direct Payments) Regulations 2014) see 6.2
- To pay the recipient (the recipient cannot be both the employer, and an employee)
- To pay a self-employed PA unless proof of their self-employed status has been evidenced (see 5.8 – 5.14)
- Entrance/admission costs for the individual (e.g. theme parks, cinema, and theatre) although they may be able to be used to pay for the PA/support workers' admission if the individual would require their presence in order to be able to attend. Attempts should first be made by the recipient to clarify whether the establishment in question allows PA's/support workers free admission when accompanying an individual
- Equipment that does not meet required safety standards

- Services that should be provided by the National Health Service (NHS), such as physiotherapy
- Anything that should be funded by other types of financial support, such as the NHS or disabled facilities grants
- Any bank charges, legal charges or HMRC fines because of mismanagement of the direct payment will be your responsibility
- To purchase a service for someone who is no longer an ordinary resident of Rochdale other than by prior agreement in writing with the Council and the persons funding authority
- Personal protective equipment (unless it is required to meet an eligible need)
- The assessed client contribution or fees/charges for any other chargeable services such as Careline (as this must be paid for from their own personal income/funds)

4.4 Please note that where the recipient chooses to use their cash budget to purchase services from another organisation (such as a care agency or day care service), it is important to be aware that the contract and agreed price is a private contractual arrangement between the recipient and the provider. Therefore it is important that the recipient reviews the terms and conditions about price increases and notice periods before agreeing to the service. Should the provider increase its prices in the future, or charge notice periods which would not be considered by the Council to be reasonable, the Council will not automatically be responsible for meeting any additional costs.

5. Personal assistants (PAs)

- 5.1 Adult Social Care can provide information and signposting to those who want to take a cash budget regarding their responsibilities of becoming an employer.
- 5.2 The Care and Support (Direct Payment) Regulations 2014 state that, unless the Local Authority considers it is necessary to do so, a cash budget should not be used to employ a family member living in the same household as the individual in receipt of the cash budget. The Council will only agree to these arrangements (which must be reviewed at least annually) where there are exceptional circumstances that mean this would be in the individuals best interests, where the Council are satisfied with the employer arrangements (this may include a stipulation that support services are put in place such as Payroll/Accountancy) and where there are no concerns about a risk of financial or other abuse.
- 5.3 Where the cash budget will usually be used to employ a PA/s it is a legal requirement to have the appropriate liability insurance in place. The Council will make these arrangements and purchase specialist insurance which meets these requirements on behalf of the recipient both when the cash budget is set up, and annually upon the policy renewal. The insurance policy will also include employment support as well as providing financial support towards the cost of PA redundancy.

- 5.4 The recipient must ensure that they have a contract of employment in place with any PA/s employed using the cash budget. We will provide a standard template which we recommend should be used, this will include the statutory requirement for notice and redundancy pay (please see 9.8 for more detail).
- 5.5 We recommend that timesheets are used to record PA hours and that these are submitted to the support service provider (where applicable) or, retained on file by the recipient, to enable payroll to be calculated accurately. Where the recipient has an agreement that PA's are paid for set hours this must be documented in writing to the support service provider (where applicable) or, retained on file by the recipient, and any changes to this (e.g. occasions where the PA has worked additional hours) must be documented in writing to the support service provider or, retained on file by the recipient, to enable payroll to be calculated accurately.
- 5.6 PA/s employed using a cash budget should have access to appropriate training, some of which can be sourced free of charge via appropriate organisations (e.g. Skills for Care). Where training is required to meet the needs of the individual and there is a cost to this it must be agreed and documented within the support plan.
- 5.7 Where the cash budget will be used to employ a PA/s the recipient should consider whether they want to obtain a Disclosure and Barring Service (DBS) check, prior to them commencing work. The Council will make the arrangements for the DBS check where the recipient requests this.
- 5.8 The recipient may choose to use the services of a self-employed PA using the cash budget. We require proof of self-employed status (confirmation of the PA's Unique Tax Reference issued by HMRC) in order for the cash budget to be used to pay for these services.
- 5.9 The employment status of any self-employed PA/s must be verified before they commence work, the Council will confirm this with the recipient by using the HMRC online status tool.
- 5.10 If the proposed self-employed PA's status is not conclusive the Council will be unable to accept them as self-employed, and they will need to be paid through PAYE.
- 5.11 When paying a self-employed PA/s the recipient does not need to deduct any liabilities (such as National Insurance, Pension contributions or tax) as the PA is responsible for making these payments themselves. The recipient is also not responsible for providing holiday pay.

- 5.12 A self-employed PA should provide a satisfactory DBS check before providing any services, as well as evidence of liability insurance.
- 5.13 A self-employed PA would be responsible for providing a contract of work detailing their terms and conditions and fees, and this should be agreed and signed by both parties. They are required to invoice the recipient for their fees in a timely manner, and the recipient should keep copies of these invoices on file as they may be requested as part of an audit.
- 5.14 Should HMRC rule at a later date that a self-employed PA is classed as employed, the recipient will be responsible for paying any additional costs (including penalties).

6. Agreeing the use of the cash budget

- 6.1 The estimated budget will be shared with the individual so that detailed discussions can take place to plan the provision required to meet the individual's eligible care and support needs. The Council embraces a strengths-based approach and will embed this into the process, supporting individuals to identify their own skills and resources and how the relationships that they have with people around them can help, as well as supporting the person to identify strengths and assets available in the community.
- 6.2 A support plan will be created with the individual/recipient (and anyone else involved in their care and support) which details how the cash budget will be used to meet the eligible care and support needs and the associated costs. The cash budget funds must be spent in line with the agreed support plan, and the outcomes must meet the eligible needs.
- 6.3 A financial assessment will be carried out to determine how much (if anything) an individual must contribute towards their care (the client contribution). The cash budget amount will be the actual budget minus the assessed client contribution (the Council contribution).
- 6.4 Where an individual is required to pay a client contribution the recipient must ensure that the assessed client contributions are paid into the prepaid card account, to the account managed by the Accountant or into the designated bank account on a regular basis (and at least 4 weekly) to ensure sufficient funds are available to purchase services outlined in the agreed support plan.
- 6.5 The client contribution must be used first to pay for support prior to the Council contribution being used.

- 6.6 A cash budget contractual agreement must be signed by the recipient. It is important that they fully understand the terms of this agreement and what is involved in agreeing to receive and/or manage the cash budget as the contractual agreement forms a legal agreement between the Recipient and the Council. Where the Service User has mental capacity they have overall legal responsibility for the cash budget, even where they have chosen a Nominated Person to receive and/or manage this on their behalf, and as such they must also sign the agreement.
- 6.7 The recipient can choose to manage the cash budget funds themselves, usually via a prepaid card account (with or without support services in place e.g. payroll where applicable) OR they can request that the cash budget funds are managed by support services (accountancy). Where the Council have any concerns about the suitability of the recipient to manage the cash budget funds themselves (including at audit or upon review) it may stipulate that funds must be managed by support services (accountancy).
- 6.8 Where the cash budget will be managed via a prepaid card account the recipient will be required to undergo an ID Verification process to meet Know Your Customer (KYC) and Anti Money Laundering (AML) requirements. The Council use an online ID verification system called IDU which is supplied by a third party supplier called Lexis Nexis to meet these requirements, although there may be a requirement on occasion from the Council's prepaid card supplier to see and take copies of identification documents (e.g. passport, driving licence, proof of address).
- 6.9 Where the recipient requires support services, they must be sourced from one of our approved providers. A list will be supplied to the recipient where they are required. Our approved providers have been through a quality assurance process to join our approved provider list meaning we have confirmed they meet all requirements to be able to provide the services required in a cost effective way.
- 6.10 Where support services are required they will be detailed in the support plan and the Council will pay the support service costs (up to a standard amount) directly to the chosen provider. Where the recipient chooses a provider whose cost is higher than the standard amount they must pay a 'top up' to meet the additional cost.
- 6.11 Recipients have the ability to cope with unexpected changes and minor emergencies, such as when the individual requires additional care and support due to illness for a short period of time by using the cash budget flexibly (such as using money that has been built into the budget to pay for respite, or using funds that have been accrued during a period where the individual did not require their usual level of formal support such as during a family holiday). If this isn't sufficient the recipient should contact the Personal Budget Support team.
- 6.12 Recipients should ensure that there is a contingency plan in place to cope with emergencies (e.g. in the event that the usual PA is unwell). In the event of an emergency they should request assistance from Adult Social Care.

- 6.13 If an amount above the estimated budget is agreed this 'transitional funding' will only be agreed for a period of up to 52 weeks, to enable arrangements to be put in place that reflect the estimated budget. Where a transitional personal budget has been identified, the support plan will be completed to indicate how the current services received will be reviewed to bring spend in line with the indicative budget, after which a new support plan will be completed.
- 6.14 A cash budget must be sufficient to meet the assessed needs of the individual. If, however, the individual wishes to commission a service that is more expensive than the cash budget, and the council is satisfied that the amount of cash budget is sufficient to meet their assessed needs, then this can only be done if the individual is willing to pay an additional amount towards the cash budget. For the avoidance of doubt the Council will not be liable to the individual or organisation in the event that you do not pay for the services that you commission. Top up payments will not be recognised in your financial assessment.

7. Payment and monitoring of the cash budget

- 7.1 The Council will make payment of the Council contribution (net of any assessed client contribution) to the prepaid card account, the account managed by support services or into the third party bank account (where we have agreed with the recipient that they will manage the cash budget funds themselves using a non-prepaid card account) every four weeks in advance and in line with predetermined RBC pay dates.
- 7.2 The Council will commence an initial 8 week review (after the first payment of the cash budget) and thereafter at least an annual audit. The initial review/audits will determine if a cash budget is being managed appropriately and in line with the agreed support plan, and give us the opportunity to provide any support required.
- 7.3 The annual audit will be carried out in line with the personal budget year.
- 7.4 The Council will obtain information from a support service provider where applicable to assist with monitoring the cash budget account.
- 7.5 The Council will obtain information from our prepaid card provider where applicable to assist with monitoring the cash budget account.
- 7.6 The Council will request information from the recipient where the cash budget funds are managed using a third party bank account to enable us to carry out a review. Please note that where we have made reasonable attempts to contact the recipient and have not received the requested information, we will complete a review using the best information

available to us. This may result in an invoice being raised to clawback the Council contribution for the audit period where we have been unable to verify that funds have been spent in line with the agreed support plan, and may also include a review of whether the cash budget management arrangements are appropriate.

- 7.7 In the event there are issues identified at the initial review/audit the Council will work closely with the recipient to provide the necessary/additional support to ensure that the cash budget is managed appropriately and in line with the agreed support plan.
- 7.8 Where the Council have provided the necessary/additional support to enable the recipient to manage the cash budget in line with the agreed support plan and this has not been successful or, where the Council have concerns about the cash budget remaining in place, a decision may be made to change the cash budget management arrangements (e.g. to put support services in place) or to explore other ways to meet the individual's eligible care and support needs (e.g. a managed budget).
- 7.9 Following an audit recipients will be required to return or repay to the Council funds as detailed below

Clawback of unspent funds

Any unspent/surplus funds identified following an audit will be reclaimed directly from the Prepaid Card account where applicable, we will write to recipient giving 7 days' notice before the clawback is made. If the payments are made to a third party bank account then an invoice will be raised to reclaim unspent funds.

The amount of the clawback will be determined based on the usual regular activity on the account, and taking into account any annual respite or other costs which are detailed in the agreed support plan but have not yet been paid (and have built up in the account). 4 weeks' value of the Council contribution (the payment in advance) will be left in the cash budget account.

Misspent funds

Any spend from the account which cannot be verified, is not in accordance with the agreed support plan, or cannot be accounted for, may be classed as a 'misspend'.

- *If the misspend relates to the period of audit, the Council will either raise a separate invoice for repayment or withhold funds (Council contribution) to reclaim these monies. If the misspend has continued into the subsequent personal budget year*

(that is not yet due for audit) the Council will ask the recipient to rectify the position (e.g. to repay the funds into the cash budget account).

Unpaid client contributions

As part of the audit, the Council will ascertain if all assessed client contribution payments have been made. If there are any outstanding, or non-payment of client contributions, a letter will be sent to the recipient detailing the amount to be paid. Client contribution payments must be derived from the individual's own personal bank account/funds and cannot be paid from the cash budget account/the RBC contribution.

- *If the unpaid client contributions relate to a **previous** personal budget year, the Council will either raise a separate invoice for repayment or withhold funds (Council contribution) to reclaim these monies. If the unpaid client contributions have continued into the subsequent personal budget year (that is not yet due for audit) the Council will ask the recipient to rectify the position (e.g. to pay the outstanding client contributions into the cash budget account).*

Overpayment

Where an individual has been overpaid (for example due to a backdated financial contribution or a reduction in the cash budget).

- *The Council will either raise a separate invoice for repayment or withhold funds (Council contribution) to reclaim these monies.*

Payment in advance

As part of the final audit following the end of a cash budget the Council will clawback the payment made in advance where the payment period is following the end date of the Cash Budget.

- 7.10 Any unpaid invoices will be subject to the Council's standard debt recovery procedures.

8. Changing circumstances

- 8.1 Where an individual's circumstances change, Adult Social Care will carry out a review to determine if their eligible care and support needs have changed and if their cash budget should increase or decrease as a result.
- 8.2 The Council can decide to move the management of the cash budget funds to another party (support services) or to end the cash budget and put a managed budget in place at any time if there are concerns about the management of this by the Recipient. This may include a

review of the arrangements where there is an Authorised, Suitable or Nominated Person in place (which may include reporting our concerns to the Office of Public Guardian, or the Department of Work and Pensions where appropriate).

9. Suspension and termination of a Cash Budget

- 9.1 An individual or their recipient can choose to terminate a cash budget at any time by notifying the Council.
- 9.2 Where an individual receives a cash budget, the Council may suspend or terminate it if one or more of the terms of the formal contractual agreement are breached.
- 9.3 Where the recipient chooses to terminate a cash budget, and they employ PAs using the budget, they must ensure that they have considered their responsibilities as an employer (e.g. notice period, redundancy).
- 9.4 When an individual chooses to end a cash budget, the Council will offer to undertake a review to determine how best to meet eligible unmet care and support needs. Where the individual lacks mental capacity the Council will following the Best Interest Decision making process to determine whether a review is required.
- 9.5 When a recipient chooses to terminate a cash budget and requires the Council to commission services via a managed budget, they will require sufficient notice to make appropriate arrangements.
- 9.6 Where a cash budget ends (and a PA/s are employed) because the individual receiving support moves to residential care and the role is no longer required; they pass away and the role of PA no longer exists or the support plan has been reviewed by the Council and a cash budget is no longer required this will create a redundancy situation.
- 9.7 In a redundancy situation the recipient will be responsible for ensuring that redundancy pay, notice pay (where applicable) and an outstanding holiday pay is calculated correctly and this should usually be done via support services. A claim must be made via the insurance provider for any redundancy pay due, the Council will usually fund the difference between any successful insurance claim and the statutory required redundancy.
- 9.8 The Council will fund the minimum statutory requirements for redundancy and notice pay. Where the recipient chooses to agree to enhanced redundancy and/or notice pay through

the contract of employment this must be funded by themselves and the Council will not be liable to meet these enhanced costs.

- 9.9 The Council contribution for cash budgets is paid in advance (4 weeks) and so any amount that has been paid past the end date of the cash budget must be disregarded when making the insurance claim, and this will need to be returned to the Council following the final audit (see section 7).
- 9.10 Where the individual was acting as employer for their PA/s, and in the event of their death, notice pay is not applicable as this would constitute a 'frustrated contract' and in this instance only redundancy pay will be payable.
- 9.11 The Council will provide sufficient notice to a recipient regarding a suspension or termination of a cash budget. The notice period will depend on the individual circumstances of each case, including the cause of the suspension or termination, an evaluation of risks and consideration of any other relevant factors.
- 9.12 In cases of illegal, fraudulent and wilful misuse of a cash budget (including the non-payment of client contributions) on the part of the recipient, the Council will take action to recover all or part of the monies (see section 7).
- 9.13 In this instance The Council will initiate a review and while this is undertaken may temporarily suspend the cash budget (e.g. by placing the prepaid card account on 'deposit only meaning no payments can be made from the account, or by withholding payment of the Council contribution). The Council retain the option of moving the management of the cash budget to a support service provider or ending the cash budget and moving the service user to a managed budget instead. Safeguarding procedures will be followed in all cases of suspected financial abuse.
- 9.14 The Council is under a duty to protect the public funds it administers, and to this end may use information obtained as part of the initial review/audit process for the prevention and detection of fraud. The Council may also share this information with other bodies responsible for auditing or administering public funds for these purposes.
- 9.15 The Council retains the option of moving the management of an individual's cash budget to a support service provider OR to temporarily move the service user to a Managed Budget in circumstances where the individual has been assessed as no longer having capacity to manage the cash budget themselves. This may be permanent, but could be for a short period of time while the Council review the case and explore other options.

- 9.16 There are circumstances where individuals may have their cash budget suspended as a result of hospital admission or some other unforeseen eventuality. In such circumstances, the Council will, together with the recipient, review the particular circumstances of the case, including any ongoing contractual responsibilities, to determine the most appropriate course of action.
- 9.17 The Council will act in a way that balances regard for the contractual obligations of recipients and promotion of continuity of services for individuals, with the need to make best use of resources.

10. Appendices

Appendix 2.10 of the report – The Care and Support (Direct Payments) Regulations Schedule 1

11. Review

This policy will be reviewed annually or where legislation or case law dictates.

12. Process for monitoring compliance and effectiveness of the policy

- 12.1 The Care Enabling Team will ensure cash budget support plans are recorded appropriately and the Team Leader/Assistant Team Leader will ensure this as part of the approval process.
- 12.2 The Personal Budget Support Team will undertake an initial 8 week review, and thereafter at least an annual review, which will determine if a cash budget is being used appropriately. Any issues identified will be dealt with via the Interventions Procedure.
- 12.3 Compliance is also monitored through the mandatory acceptance modules in e-learning. Completion for Adult Social Care staff is monitored through the Quality Assurance Team.