

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE : 8th NOVEMBER 2001

TRANSFER OF PRESERVED RIGHTS AND RESIDENTIAL ALLOWANCE FUNDS

Report by the Director of Educational and Social Services

1. PURPOSE

- 1.1 To advise Committee of the transfer of responsibility from 1st April 2002 of individuals currently funded by the D.S.S. now known as the Department of Works and Pensions (D.W.P) under the preserved rights scheme to the Local Authority, and also of the transfer of the Residential Allowance funding from the D.W.P. to the Local Authority.

2. BACKGROUND

- 2.1 Prior to the introduction of the NHS and Community Care Act in April 1993, all individuals who accessed residential care and nursing care were funded by the D.W.P without an assessment of need. After the 1st April 1993 these individuals continued to be funded by the D.W.P and the scheme under which they were paid was called the 'Preserved Rights Scheme'. As these individuals are not known to the Local Authority they do not receive the same level of support with assessment and care management as individuals funded by a Local Authority, and therefore their care is not monitored.
- 2.2 Individuals publicly funded after 1st April 1993 require to have an assessment of need prior to receiving funding for their care, and as they are funded by a Local Authority receive full assessment and care management through regular reviews of their care.

3. CHANGES TO THE SYSTEM FROM 1ST APRIL 2002

- 3.1 The Scottish Executive announced that it intended to terminate the Preserved rights scheme from April 2002 in response to the Royal Commission on Long term Care recommendations.

The Commission had two principal concerns about the system of preserved rights.

- A number of people were "locked" into residential care while their needs could be more apparently met in other accommodation. This was due to no assessment and care management being undertaken as the person was not known to the Local Authority.
- There was a shortfall between the fees charged by care homes and the D.S.S. benefit rates.

- 3.2 Whilst the majority of people who are funded in the preserved rights scheme are older people in residential and nursing homes, there are some younger people in care establishments who also have their care costs met by the D.W.P. It has been decided that from 1st April 2002 these individuals also should have their care needs and fees met by Local Authorities.

3.3 Currently, all individuals publicly funded for residential or nursing care in the independent sector can claim the “residential allowance” from the D.W.P. (Individuals in residential Local Authority homes are not eligible for the residential allowance). This allowance is £63.30 a week and along with a persons pension and Council contribution pays their care fees. This allowance is also claimed by individuals who receive respite care in the independent sector.

4. EAST AYRSHIRE POSITION

4.1 Preserved Rights

4.1.1 The D.W.P currently spend £1,206,627 funding individuals under the preserved rights scheme in East Ayrshire. This will be supplemented by additional money for individuals under 65 from East Ayrshire who live outside the Council area. The level of this is still to be calculated as the individuals have not been identified by the DWP yet. Consequently the above figure will change.

4.1.2 The exact amount of transfer cannot be finalised until March 2002 due to possible discharges of those currently funded under the preserved rights scheme.

4.1.3 The Scottish Executive have indicated that all individuals funded under the preserved rights scheme require to have an assessment of need undertaken. Should the assessment indicate they require other forms of care, any resources transferred can be used to fund alternative care for them.

4.1.4 The Executive have stated that an annual audited statement will be required to be submitted to demonstrate that the money transferred has been used to fund the care of those individuals transferred.

4.2 Residential Allowance

4.2.1 The D.W.P intends to transfer £9m to Local Authorities in Scotland in 2002/2003 for the payment of residential allowances. They have distributed this based on the usual GAE allocation which will give East Ayrshire £231,920 in 2002/2003.

4.2.2 All existing residents in care on 31st March 2002 will continue to have their residential allowances paid from the D.W.P.

4.2.3 All new admissions to care from 1st April 2002 will require to have £63.30 provided towards their care costs from the transfer of residential allowance. An audited statement is required to demonstrate that the transferred resources have been used to pay the shortfall in care fees for all new admission and respite users.

5. FINANCIAL IMPLICATIONS

5.1 The table below details the current proposed transfers in 2002/03 and 2003/04.

FUNDING	2002/2003	2003/2004
Preserved Rights	£1,206,627	£1,085,965
Residential Allowance	£231,920	£554,400

- 5.2 The reduction in the preserved rights transfer of £120,662 between 2002/2003 and 2003/2004 is due to a projected 10% reduction in the number of people likely to be discharged. This reduction has been calculated by the DWP based on previous years experiences.
- 5.3 The increase in the residential allowance of £322,480 between 2003/2004 is due to full years costs for all individuals admitted in 2002/2003 where only part year costs will apply to new admissions.
- 5.4 The Executive has indicated that audited statements will be required to ensure that all the money is spent on either care home support or respite provision.
- 5.5 From April 2004 these funds will come to the Scottish Executive from the Treasury and will be bid for and allocated in the normal manner for subsequent 3 year periods. However Committee should note that as many of the "preserved rights" individuals are younger, some will require funding for many years to come.

6. LEGAL/ POLICY IMPLICATIONS

- 6.1 The Council will be legally required to implement this National Policy Change.

7. RECOMMENDATIONS

- 7.1 It is recommended that Committee : -
- (i) note that the Social Work Budget should be increased in 2002/2003 by the full allocation from the Scottish Executive for preserved rights expenditure.
 - (ii) note that the Social Work Budget should be increased in 2002/2003 by the full allocation from the Scottish Executive for the residential allowance.
 - (iii) require the Director of Educational and Social Services to put in place a process which will monitor expenditure and provide an audit trail of both the preserved rights and residential allowance elements of the budget.
 - (iv) Otherwise note the content of the report.

John Mulgrew
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17 October 2001
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BACKGROUND PAPERS

Nil.

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AGENDA