



Financial Arrangements

Bank Accounts

You will need to open a separate bank account for the specific use of Direct Payments. Your financial representative is also able to open this bank account for Direct Payments on your behalf. When you have the details of your Direct Payments bank account, you will be asked to complete a Bankers Automated Clearance System form.

You do not need to open a separate Bank account for a single or one-off Direct Payment.

If you experience any difficulties with opening a bank account for your Direct Payments, the **E.L.I.T.E** can devise a letter for you to present to your bank explaining what Direct Payments are and why you need to open an account.

Process by which Direct Payments are made

The social worker/care co-ordinator who undertook your assessment is required to enter the details of your assessment and care plan onto the council's electronic system. The details of the Direct Payment must also be entered onto this system before any payments can be made.

The Direct Payments Finance Officer will then write to you to advise you of the details of your Direct Payments. You will be advised of the weekly amount of Direct Payments; any contribution you are required to make towards the cost of your care; and the financial details you are required to provide for financial monitoring and audit purposes.

An additional grant may be provided to cover Direct Payment **start up** costs. This is provided to cover the expenses associated with:

- Employer's Liability Insurance
- Advertising and recruitment costs

Financial Assessment and identifying if you need to make a contribution towards the cost of your care

If you are an adult and you already receive a home care service, you will have been assessed to pay a contribution towards the cost of the care you are receiving. This contribution will still be payable if you are receiving a Direct Payment and continue to receive those services. If you pay charges, instead of paying them to the Local Authority, you will need to pay them into your Direct Payments account.

Charges for personal care, transport and respite care/short breaks may be made.

If you do not already receive a service, you will be required to complete a Financial Assessment with a Finance and Benefits Officer. The Finance and Benefits Officer will ask you about all your income, capital and outgoings in order to calculate your contribution towards the support you receive.

Essentially, your assessed contribution will be exactly the same if you are receiving a service or Direct Payments.

There are limited exceptions where adults don't have to contribute to the costs of their care, for example when services are provided under section 117 of the Mental Health Act 1983 (aftercare).

A financial assessment is not required for Direct Payments provided under the Children Act 1989.

Benefits and Direct Payments

Direct Payments are simply an alternative to the social care services otherwise provided directly by the council. Therefore, Direct Payments are not a benefit and they do not affect your any pensions or benefits you may receive. They are also not regarded as taxable income for the people receiving them.

Financial Monitoring and Audit

The financial monitoring and audit of how you use Direct Payments is intended to support you to continue to use Direct Payments with increased confidence. However, the council is also required to account for how funding is used and to ensure that the Direct Payment is being used for the purpose it was originally intended.

The Direct Payment Auditor will arrange to visit you before the end of the first 12-month period of you receiving Direct Payments. This is to ensure that you are keeping the appropriate records for audit purposes and to respond to any queries that you may have. The Auditor will then be responsible for arranging yearly audits thereafter.

You will need to keep accurate records of the monies paid into and that have gone out of the Direct Payments account. All relevant information relating to the financial aspects of using Direct Payments should be kept for audit purposes. Examples of such records are bank statements, invoices, newspaper advertising receipts, and PAYE records. You will be given examples of the information that is required and a suggested format required for the audit.

When the audit has been completed, the Direct Payments Auditor will then write to you to advise you of their findings along with any recommendations or actions than need to be taken.

E.L.I.T.E can provide assistance to help you prepare for the audit.

Direct Payments Rates

On an annual basis, the council sets a fixed hourly rate for Direct Payments. This rate is reviewed on an annual basis. The Direct Payments rate includes the associated costs that are necessarily incurred in securing provision, without which the service could not be provided, or could not lawfully be secured. The associated costs will vary depending on the way the person secures the service concerned. Examples of associated costs include recruitment expenses; National Insurance and tax liabilities; statutory holiday pay; employer's liability insurance; and VAT.

The council also sets other rates for the costs of services, such as the *banding* rate the cost of residential and nursing care. These bandings will also be applied when calculating the rate of Direct Payments to be provided as an alternative to the equivalent service.

The council must ensure that the services purchased using Direct Payments cost no more than if the council provided the service directly. The council will ensure that the level of Direct Payment is sufficient to secure the reasonable costs of the care the person is assessed as needing. In addition to this, the council is not obliged to fund the particular costs associated with the individual's preferred method of securing it or indeed the service can be purchased more cost effectively (but still to the required standard) in another way.

For Direct Payments provided for the care of a child or children, ordinary child care costs may be taken into account when deciding the level of Direct Payment. Parents are also encouraged to claim working and child tax credits where applicable.

Income – Expenditure Sheet

To assist you with preparing for the monitoring and audit process, you can use the Income – Expenditure sheet as a way of recording the financial information relating to your Direct Payments. The information you record using this template should correspond with your Direct Payments account statement. This will help you to keep all of the relevant information in one place but is only a suggested template. You may use another format to present this information as preferred.

Independent Living Fund

If you are receiving Direct Payments, you may be eligible for further funding from the Independent Living Fund (ILF). The ILF was originally introduced to provide financial support to disabled people to enable them to live in their own homes in the community rather than in residential care. There are specific criteria that set out eligibility for ILF.

Further information about ILF can be obtained from:

Independent Living Fund
PO Box 183
Nottingham
NG8 3RD

Tel: 0845 601 8815 Fax: 0115 929 3156

Email: funds@ilf.org.uk

Website: <http://www.ilf.org.uk>