



*The future of the Residential Allowance component of
Income Support, Minimum Income Guarantee,
Jobseeker's Allowance (Income-Based)
and the HPSS Residential Accommodation Rate*

Consultation Paper

Social Security Policy and Legislation Division

July 2002



INVESTOR IN PEOPLE

July 2002

To: The Department of Health, Social Services and Public Safety, Health and Social Services Boards and Trusts and other interested parties.

A full list of organisations to which this document has been sent is attached at **Annex B**.

Summary and Introduction

This paper seeks views on:

- The implications of the Government's announcement that the Residential Allowance component of Income Support, Minimum Income Guarantee (MIG), Jobseeker's Allowance (Income-Based) (JSA (IB)) and the HPSS Residential Accommodation Rate will be abolished from October 2003 to coincide with the introduction of the State Pension Credit; and
- How the changes can be implemented so that the new arrangements are workable and the impact on service users (carers, families, Boards and Trusts, care home owners etc) are taken into account.

The general principle of transferring responsibility for the public funding of care home provision from the social security benefit system to the Health and Personal Social Services (HPSS) began with the abolition of preserved rights and the phasing out of the residential allowance from 8 April 2002. The changes outlined in this consultation document continue that trend. The Department of Health, Social Services and Public Safety, the Department of Health in England and the National Assembly for Wales conducted a consultation exercise during 2000 about ending Preserved Rights and phasing out Residential Allowance from 8 April 2002.

The purpose of this paper is therefore to consult on the practical aspects of making the changes in October 2003 rather than the principle.

The deadline for responses is 28 September 2002.

We will then consider and analyse all responses by the 31 October 2002. We aim to make and lay regulations sometime in 2003.

In line with the Government's policy of open government, your response may be made public unless you specifically ask for confidentiality. If you wish

your comments to be confidential then please make that clear in your response.

If you are responding on behalf of a representative group, please include in your response a summary of the people and organisation you represent.

This document is also available on the Department for Social Development website. The website address is www.dsdni.gov.uk
Separate consultation is being carried out in Great Britain.

Responses should be sent to:

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Background

1. From 8 April 2002 all new customers (and all former preserved rights customers) in independent Residential Care, Nursing Homes and HPSS accommodation are entitled to the standard Income Support¹ personal allowance and premiums.
2. Customers entitled to the Residential Allowance or the HPSS Residential Accommodation Rate on 8 April 2002 will continue to receive it for as long as they continue to satisfy the conditions for entitlement. If a customer breaks their entitlement, they cannot regain entitlement to the Residential Allowance or the HPSS Residential Accommodation Rate, they will be treated as a new customer to standard Income Support. Examples of how customers will be affected are contained in Annex A.
3. The overall objective is for public help with residential care costs to be directed through Boards and Trusts whilst the Department for Social Development concentrates on income maintenance.
4. In the White Paper *Modernising Social Services* published in November 1998 the Government stated:

‘There is a strong case for phasing out the payment of the Residential Allowance and for transferring resources, via a special grant, to Local Authorities. This would ... create a level playing field between public, private and voluntary sector provision. In particular, it would support the agenda set out in this White Paper by giving authorities more flexibility to use the resources in promoting independence.’

5. In March 1999 the Royal Commission on Long Term Care published its report ‘With Respect to Old Age: Long Term Care – Rights and Responsibilities’. This recommended:

‘that the resources which underpin the Residential Allowance should be reallocated to Local Authorities to use in a way which better meets peoples’ needs’ (recommendation 4.5).

6. The Government’s response to the Royal Commission’s report was published in July 2000 in the form of the NHS Plan. In this the Government proposed to abolish the preserved rights rates of Income Support and also announced that from April 2002:

¹ Where the document refers to Income Support also read as for Minimum Income Guarantee and Jobseeker's Allowance (Income Based).

'payment of the Residential Allowance will cease for new care home residents and the resources will be transferred to Local Authorities.'

The Minister for Social Development and the Minister for Health, Social Services and Public Safety decided that similar arrangements should be introduced in Northern Ireland.

7. By introducing these further changes in October 2003, the Government will have achieved its objectives in a phased and managed way. Allowing the transfer of responsibility to Boards and Trusts to be planned and introduced over a reasonable period of time, and simplifying the benefit rules in what is presently a highly complex area.

The Change

8. The Government has announced that the Residential Allowance and the Part III Accommodation rate (HPSS Residential Accommodation rate in Northern Ireland) will be abolished from October 2003.
9. There are a number of reasons for the abolition of the Residential Allowance and the HPSS Residential Accommodation Rate:
 - The social security benefit regulations and rules surrounding customers in Residential Care are complex. Introducing the same rules for people in residential care as supported in their own homes, will simplify the system, making it more transparent and easier for people to understand;
 - Implementing the Royal Commission's recommendations about re-allocating the resources which underpin the Residential Allowance to Boards and Trusts;
 - The transfer of the resources underpinning the Residential Allowance to Boards and Trusts should result in the money being used in a more targeted way, which meets peoples' needs better;
 - Transferring the resources to Boards and Trusts will give care managers greater flexibility in designing care solutions at the point at which care needs are reviewed;

- State Pension Credit will be introduced from October 2003. This new entitlement will be simpler to administer than Income Support, no separate provisions will be made for customers in Residential Care or Nursing Homes. It would not be appropriate to maintain a different approach for a decreasing number of people under age 60.
10. In this way the Government will address concerns that the Residential Allowance “*is arcane and serves no useful purpose*” - (Royal Commission on Long Term Care).
 11. All residents in care homes will have the protection of HPSS contractual arrangements. Boards and Trusts will be able to make sure that residents continue to get the best value for money and package of care to suit their individual needs.

Impact on customers

12. Most people living in residential care and nursing homes are already supported by the community care system. Trusts review residents’ financial assessments when levels of income change. They charge against whatever income the resident has and leave them with an allowance for personal expenses. The Trust makes up the difference between the resident’s contribution and the care home fee out of its own resources. The customer will not notice any difference to the care or money they receive regardless as to whether they are receiving the Residential Allowance or being funded by the Trust.
13. There are a few people who have an income from benefits, including the Residential Allowance, which is sufficient to enable them to contract directly for care services from providers without going through the community care system. Such people are usually receiving Attendance Allowance or the care / mobility component of Disability Living Allowance. Removing the Residential Allowance could mean that such people will no longer be able to afford to contract directly and they could argue that they have lost the freedom of choice.
14. The Government believes that support for care needs should be focused through the HPSS and that these customers should be encouraged to seek assistance through the community care system. If, when Residential Allowance is abolished, the resident obtains assistance from their local

Trust, their Attendance Allowance or Disability Living Allowance (care component) will be withdrawn after 4 weeks.

15. It is anticipated that by October 2003, 5220 customers will still be receiving Residential Allowance or HPSS Residential Accommodation rates of Income Support. 4540 customers over age 60 and 680 under age 60 are likely to be affected by the changes. As with the changes introduced in April 2002, the guiding principle is that residents will not be moved from their existing care home against their wishes unless there are compelling reasons to do so. For example if the home is closing or their assessed care needs cannot be met in their current home.

Equality of Opportunity

16. Under section 75 of the Northern Ireland Act 1998 the Department has conducted a screening exercise prior to the issue of this consultation document.
17. More females (3635) than males (1585) receive Residential Allowance/HPSS Residential Accommodation Rate. Therefore the proposals will affect more females than males. As this is consistent with the make-up of the gender composition of the total population, there is no evidence of significant implications for equality of opportunity.
18. A higher proportion of the total population aged 60+ is in residential care/HPSS residential accommodation than in the age group 16-59. The proposals will therefore affect more people in the age group 60+. As older people clearly have increased need and infirmity as age progresses, it is not considered that there are significant implications for equality of opportunity.
19. The proposals are targeted at those in residential care/HPSS residential accommodation and have the potential to enhance equality of opportunity by introducing the same benefit rules for the 5,220 customers in residential care/HPSS residential accommodation as people who are supported in their own homes. There is no adverse financial effect as customers receiving Residential Allowance/HPSS Residential Accommodation Rate will retain entitlement to the Income Support personal allowance as at present.

Impact on Care Home Owners

20. If a home wishes to increase fees, the situation will be the same as now. Any proposed increases will be for negotiation between the home and the Trust.

Issues for Boards and Trusts

21. In order to introduce the changes, a number of practical actions will be required. Trusts will already have undertaken a “care assessment” of the needs of individual clients, and a financial re-assessment of their contribution to the care home fees will now be required.
22. The Department will consult the Department of Health, Social Services and Public Safety on the funds to be transferred through it to the HPSS and the appropriate method for doing so. Amongst the issues Boards and Trusts may wish to consider in replying to this consultation are:
- The practical aspects of implementing the changes in the timescale;
 - The administrative steps required to identify the residents and to undertake financial re-assessments;
 - The issues surrounding the administrative changes required, and
 - The allocation of the transferred funds.

Issues For Other Interested Parties

23. Amongst the issues that Care Home owners may wish to consider are:
- Their information and advice needs arising from the changes.
24. Amongst the issues that customers may wish to consider are:
- The impact on their benefit;
 - The benefits of health and personal social services assistance in meeting their care needs.

Current rates of benefit

25. The rates of benefit from April 2002 are:

Residential Allowance: £64.40

Residential Accommodation rate: £75.50

ANNEX A

EXAMPLES OF HOW A CUSTOMER MAY BE AFFECTED

It is important to note that the examples below highlight the amount of funding a Trust would need to pay to make up the balance of the fee. The customer will not have to pay any more money than they would have had to do with the inclusion of the Residential Allowance. The customer continues to be left with £16.80 for personal expenses.

Example 1

Single woman, aged 58, living permanently in an independent residential care home since 1997. Place organised by the Trust under community care arrangements, total fee £250 per week.

| | Now | Without RA |
|--|----------------|---------------|
| Income: | | |
| Residential Allowance | £64.40 | NIL |
| Income Support - Personal Allowance | £53.95 | £53.95 |
| Disability Premium | £23.00 | £23.00 |
| Total | £141.35 | £76.95 |
| | | |
| Trust Calculation: | | |
| Fee | £250.00 | £250.00 |
| Amount allowed for personal expenses | £16.80 | £16.80 |
| Balance of benefit income paid to the Trust | £124.55 | £60.15 |
| Balance of fee paid by the Trust | £125.45 | £189.85 |

Example 2

Single person, aged 45, living permanently in an independent residential care home since 1999. Placement organised by relatives. Total fee £204.45 per week.

| | Now | Without RA |
|---------------------------------------|----------------|-------------------|
| Breakdown of residents income: | | |
| Residential allowance | £64.40 | NIL |
| Severe disability premium | £42.25 | £42.25 |
| Income Support - Personal Allowance | £53.95 | £53.95 |
| Disability Premium | £23.00 | £23.00 |
| Attendance Allowance | £37.65 | £37.65 |
| Total Income | £221.25 | £156.85 |
| Trust calculation: | | |
| Residential care home fee | £204.45 | £204.45 |
| Personal expenses allowance | £16.80 | £16.80 |
| Amount paid towards fees by customer | £204.45 | £140.05 |
| Balance of fees paid by the Trust | £0.00 | £64.40 |

Example 3

Single person, aged 73, living in HPSS Residential Accommodation.

| | Now | Without Residential Accommodation rate |
|---|--|---|
| Income: | | |
| Retirement Pension | £75.50 | £75.50 |
| Minimum Income Guarantee/Pension Credit | None – as Res. Accommodation rate equal to basic state pension | £22.65 |
| Residential Allowance | Not Applicable | NIL |
| Total | £75.50 | £98.15 |

| | | |
|--|----------------|----------------|
| Trust Calculation: | | |
| Fee | Not Applicable | Not Applicable |
| Amount allowed for personal expenses | £16.80 | £16.80 |
| Balance of benefit income Paid to the Trust | £58.70 | £81.35 |
| Balance of fee paid by the Trust | N/A | N/A |

ANNEX B

LIST OF ORGANISATIONS TO WHICH THIS DOCUMENT HAS BEEN SENT

ORGANISATION

| |
|--|
| Abbeyfield Society (NI Region) |
| Age Concern (Northern Ireland) |
| Alzheimer's Disease Society |
| Assembly Members |
| Association of Chief officers of Voluntary Association |
| Association of Independent Advice Centres |
| Baptist Union of Ireland |
| BASW |
| Belfast Law Centre |
| Belfast Resource Centre for the Unemployed |
| Belfast Traveller Education and Development Group |
| The Blind Centre for NI |
| British Deaf Association (NI) |
| British Medical Association |
| Bryson House |
| CARE for NI |
| Carers National Association (Northern Ireland) |
| Cedar Foundation |
| Central Personal Social Services Advisory Committee (CPSSAC) |
| Chartered Institute of Housing |
| Chinese Welfare Associations |
| Church of Ireland Board of Social Responsibility |
| Chrysalis Women's Centre |
| Coalition on Sexual Orientation (CoSO) |
| Coiste na n-iarchimi |
| Community Development and Health Network (NI) |
| Community Psychiatric Nurses' Association |
| The Community Relations Council |
| Confederation of Community Groups |
| Council for the Homeless (NI) |
| Counteract |
| Councils (City, Borough and District) |
| Crossroads Caring for Carers |
| Disability Action |
| Bishop of Down and Connor |

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| Down and Connor Family Ministry Commission |
| Equality Coalition |
| Equality Commission |
| The Equality Unit |
| Ms Eileen Evason |
| Falls Community Council |
| Falls Women's Centre |
| Fermanagh Women's Network |
| Fold Housing Association and Trust |
| Foyle Women's Information Network |
| Headway NI |
| Health and Social Services Boards |
| Health and Social Services Councils |
| Health and Social Services Trusts |
| Help The Aged |
| Housing Rights Service |
| Indian Community Centre |
| Knights of Columbanus |
| McMillan Cancer Relief |
| MENCAP |
| Mental Health Commission |
| Mental Health Nurses Association |
| Methodist Church in Ireland |
| Methodist Church in Ireland Council on Social Responsibility |
| Mid-Ulster Women's Network |
| Multiple Sclerosis Society |
| Multi-Cultural Resource Centre |
| National Board for Nursing, Midwifery and Health Visiting in Northern Ireland |
| National Schizophrenia Fellowship |
| Newry & Mourne Senior Citizens' Consortium |
| Newtownabbey Senior Citizens' Forum |
| NIACRO |
| Northern Ireland African Cultural Centre |
| NI Association of Citizens Advice Bureaux |
| NI Association for Mental Health |
| NICOD |
| NICVA |
| Northern Ireland Council for Ethnic Equality |
| Northern Ireland Council for Ethnic Minorities |
| Northern Ireland Economic Research Centre |

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| NI Federation of Housing Associations |
| NI Federation of Small Businesses |
| NIGRA (NI Gay Rights Association) |
| Northern Ireland Housing Council |
| Northern Ireland Housing Executive |
| NI Human Rights Commission (NIHRC) |
| NI Islamic Centre |
| NI Nursing Care Forum |
| NIO Human Rights and Equality Unit |
| NI Pensioners' Convention |
| Northern Ireland Tenants Action Project |
| North West Community Network |
| North West Forum of People with Disabilities |
| Oaklee Housing Association Ltd |
| Omagh Women's Area Network |
| Omagh Independent Advice Services |
| POBAL |
| Praxis Mental Health |
| Presbyterian Church in Ireland Board of Social Witness |
| Presbyterian Housing Association (NI) |
| Princess Royal Trust for Carers |
| Registered Homes Confederation |
| RNIB Resource Centre |
| Royal College of General Practitioners |
| Royal College of Nursing |
| Royal National Institute for the Deaf |
| Rural Community Network |
| Sense NI |
| Shelter (NI) Ltd |
| Sikh Cultural Centre |
| Simon Community (NI) |
| South West Belfast Community Forum |
| Social Care Association |
| Society of St Vincent De Paul |
| Sperrin Lakeland Senior Citizens' Consortium |
| Traveller Movement NI |
| UNISON |
| United Response Northern Ireland |
| The Women's Centre |
| Women's Forum NI Steadfast |
| Magherafelt Women's Group |

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|---------------------------|
| Women's Information Group |
| Women's Support Network |
| Women Together for Peace |