

REGULATORY APPRAISAL

NATIONAL ASSISTANCE SERVICES, WALES

THE NATIONAL ASSISTANCE (SUMS FOR PERSONAL REQUIREMENTS) (WALES) REGULATIONS 2005

Purpose and Intended Effect of the Measure

1. Local authorities are required to charge residents for residential accommodation provided or commissioned by them. The assessment process, which is laid down in The National Assistance (Assessment of Resources) Regulations 1992, requires local authorities to leave residents with a specified amount per week for their personal expenses, which might include clothing, small presents, hairdressing and stationery. It has become the practice to consider and uprate annually the level of the personal expenses allowances (PEAs). The purpose of these amending Regulations is to increase the weekly allowance from £18.40 to £19.10 from 2005-06. The effect on local authorities will be to require them to allow residents to retain a higher sum each week, whilst the effect on residents will be to give them an increased weekly allowance.

Risks and Benefits

2. These Regulations do not address any risk or hazard. Its sole purpose is to uplift the weekly allowance for individuals living in care homes. Residents of care homes, who are supported by local authorities, contribute most of their income to care fees. The beneficiaries of this change are therefore the care home residents who will receive an additional 70 pence per week with effect from 11 April, subject to Assembly approval of the amending Regulations.

Options and Impact

3. The key options are (a) do nothing, (b) provide an uplift to the allowance, or (c) uplift the allowance by a lesser or greater sum.
4. Reducing the weekly allowance for the 20,000 or so individuals supported by local authorities and living in care homes throughout Wales is not considered.

(a) Do Nothing

5. The impact of this option would be that the allowance is maintained at the level of £18.40 per week. This level was set by the National Assistance (Sums for Personal Requirements) (Wales) Regulations 2004, which came into force on 12 April 2004. It has become custom and practice to uprate annually the personal expenses allowance and therefore there is an expectation by local authorities and care home residents that the sum will be increased. In addition, both the Department of Health & the Scottish Executive plan to increase from 11 April 2005 personal expenses allowances for residents in care homes in England and Scotland respectively. Thus, this would mean that care home residents in Wales

would be disadvantaged by being treated less favourably than their counterparts in England and Scotland.

6. This is an annual increase that is planned for by local authorities. The cost of the proposed uplift is circa £728,000 based on a 70 pence per week increase for approximately 20,000 current residents. This cost is contained within the baseline increase in their revenue settlement. From a financial perspective, a do nothing option would mean that there would be this amount left within the local government settlement for local authorities to use on other services.

(b) Uplift the Allowance to £19.10

7. Under this option individuals in residential care homes get to keep an increased amount each week for their personal expenses. These Regulations provide for a weekly personal expense allowance of £19.10, which is an increase of 70 pence per week on the current level. The proposed increase of 3.8%, in line with the average increase in earnings over the last 12 months, can be met within the baseline increase in the revenue settlement for local government. Local authorities are being given advance notice of the proposed change, subject to Assembly approval of the necessary Regulations, and so will be able to plan for the increase. An equivalent allowance exists in Income Support Regulations, which is uprated each year by the Department for Work and Pensions, normally in line with the rise in average earnings.

(c) Uplift the Allowance by a Lesser or Greater Sum

8. The increase proposed in the personal expenses allowance is considered to be affordable within the revenue settlement; it is also more generous than increases being proposed in this allowance by both the Department of Health and the Scottish Executive, who after their increases will have weekly allowances for residents in care homes in England and Scotland of £18.80. The proposal in the Regulations to increase the allowance to £19.10 in Wales means that the amount which individuals receive for personal use will increase by significantly more than current inflation and in line with the increase in average earnings over the last 12 months. It will leave people in local authority supported residential care in Wales slightly better off than elsewhere. Accordingly, an uplift of a lesser or higher amount is not considered appropriate.

Costs

9. The cost of the proposed uplift to increase the personal expenses allowance for local authority supported care home residents in Wales is approximately £728,000 per annum calculated as outlined in paragraph. 6. This cost can be met within the baseline increase in the revenue settlement for local government for 2005-06. There is no cost to individuals or the care home sector more generally and no financial implications for the Assembly.

Consultation

With Stakeholders

10. The proposed amendment to the personal expenses allowance is part of a regular annual exercise, which stakeholders (i.e. local authorities) are aware of, to simply increase existing limits. As such, it is not considered necessary to consult on these changes. Local authorities are being given advance written notice of the changes, to enable them to plan ahead.

With Subject Committee

11. The Health and Social Services Committee has been notified of this proposed Instrument through the rolling programme of forthcoming legislation put to the Committee on 24 November 2004 (paper No HSS(2)-14-04, item No. HSS60(04)). The Committee did not identify these regulations for further scrutiny.

Significant Costs

12. Costs are covered at paragraph 4 above. These are not considered to be significant.

Review

13. The personal expenses allowances are reviewed annually.

Summary

14. The proposal contained in these Regulations will give local authority supported residents in care homes in Wales an increase in their weekly personal expenses allowance. It is more generous than increases elsewhere and can be accommodated within the local government baseline increase for 2005-06.