

## Direct payments for personal assistance

New research compares the effectiveness of schemes for disabled people whose support needs are met by direct service provision with those of a similar group who receive payments allowing them to make their own arrangements for personal and domestic assistance. The survey of local authorities and disabled people suggests that 'payments schemes' have advantages in both cost-effectiveness and user satisfaction. The research, by Gerry Zarb and Pamela Nadash of the Policy Studies Institute, finds that:

**f** Just under 60 per cent of responding authorities were already operating payments schemes; over 90 per cent of these authorities would make payments direct to individual disabled people rather than indirectly through a third party if legislation permitted.

**f** Most existing local authority payments schemes involve indirect payments. Following government reminders about the illegality of direct payments (outside Scotland), 20 per cent of local authorities have changed from direct to indirect payments and another 13 per cent have stopped making payments altogether.

**f** Disabled people using the payments option almost invariably expressed greater satisfaction with the choice and control over their support arrangements and the reliability of provision than those using services.

**f** 80 per cent of service users reported a need for additional personal assistance hours compared to 40 per cent of the payments group. Service users were also more likely to experience difficulty organising a suitable support package.

**f** Support arrangements financed through payments schemes were, on average, 30-40 per cent cheaper than equivalent service-based support. The average hourly unit cost of support for people receiving payments is £5.18 compared to £8.52 for service users. This is mainly due to the higher administrative overheads involved with direct service provision.

**f** Almost two-thirds of service users had no knowledge of the availability of payments schemes, although just over half would be interested in using such a scheme.

## Introduction

Many disabled people require some form of support to enable them to live full and independent lives in the community. This can include personal and domestic assistance, as well as other practical help such as assistance with participation in social and leisure activities.

Such support can be supplied in three ways: by relatives or friends; by direct service provision; or by individual workers recruited and controlled by disabled people themselves, using cash payments from a local authority or the Independent Living Fund.

This study compares the support arrangements of a sample of disabled people whose support needs are met by direct service provision with those of a similar group who receive payments for personal and domestic assistance. This broad distinction includes a further differentiation between direct payments (ie cash paid directly to an individual either by a local authority or by the Independent Living Fund) and indirect payments (ie payments administered by a third party such as a local disability organisation), and between support arrangements combining a range of services. Current restrictions prevent local authorities - except those in Scotland - making cash payments direct to individuals, although some authorities have previously operated in this way.

## Availability of payments schemes

The results of a postal survey of all local authorities in England and Wales and Scotland indicate considerable support for payments for personal assistance. Just under 60 per cent of authorities responding to the survey are already operating payments schemes.

There are marked regional variations in the availability of payments schemes. In particular, availability is progressively lower moving from the South to the North and the West of Britain. The exception to this trend is Scotland (where current legislation permits local authorities to make cash payments): at least 64% of Scottish local authorities in the survey were operating such a scheme.

Nearly all the schemes reported in the survey involve indirect payments. This reflects current legal restrictions: several authorities have had to take legal advice and/or change their payment schemes following government reminders about the illegality of direct payments. Amongst the authorities responding to the survey, 20 per cent have changed from direct to indirect payments, and another 13 per cent have discontinued making payments altogether.

However, just over 90 per cent of authorities responding to the survey indicated that they would make direct payments if legislation permitted. Only three authorities were definitely opposed to direct payments.

## User satisfaction

Disabled people interviewed associated payments schemes with higher quality support arrangements than direct service provision. In particular, they felt the payments option offered a greater degree of choice and control, with consequently higher levels of satisfaction. Further, arrangements funded through the payments option were almost invariably felt to be more reliable (and, therefore, more efficient) than those supported by direct service provision. They were also felt to meet a wider range of assistance needs than services.

80 per cent of service users reported a need for additional personal assistance hours compared to 40 per cent of the payments group. Service users were also particularly likely to want more assistance with social and leisure activities, were four times more likely to have difficulty obtaining back-up for regular support, and three times more likely to have difficulty getting support workers to deliver assistance in the way they wanted them to.

There are noticeable variations in how people expressed their satisfaction. Reflecting the fact that they often have little control over direct provision, service users tended to emphasise the interpersonal aspects of their support arrangements (ie satisfaction with the individual workers with whom they are involved). People receiving payments, on the other hand, typically placed a much greater emphasis on organisational aspects (eg when, how and by whom their personal assistance is provided). Often service users were fairly happy with particular support workers, but remained distinctly dissatisfied with the reliability of particular services and the degree of choice and control they were offered.

There are also some noticeable differences between the experiences reported by people who receive payments from local authorities and from the Independent Living Fund. People funded by local authority payments schemes were more satisfied with issues of both quality and control. They were also more likely to have access to support and advice about organising their support - either from social services or a local disability organisation. But, reflecting the current uncertainty over the legal status of direct payments, they had less confidence in the long-term viability of their arrangements compared to people funded by the ILF.

## Relative costs

The research includes detailed comparisons between the costs of support financed by direct or indirect payments and direct service provision. These comparisons have taken into account the administrative costs and other overheads associated with both options. This includes additional costs

which people have to pay for out of their own pockets (eg recruitment costs, meals and travel expenses for personal assistants and insurance), as well as the formal administration costs for payments schemes. Calculation of services costs also includes all identifiable administrative costs such as management and supervision, transport, and central establishment costs (ie personnel, legal, and accountancy services) involved with running particular services.

Support arrangements financed by direct/indirect payments are, on average, between 30 and 40 per cent cheaper than equivalent service-based support. The average hourly unit cost of support for people receiving payments is £5.18 compared to £8.52 for service users.

Part of this difference is related to the fact that payments from the ILF are typically cheaper than payments made under schemes operated by local authorities. The average unit cost for support financed by local authority payments is £5.95, compared to £4.53 for support financed by the ILF. Despite these higher costs, payment schemes are still 30 per cent cheaper than services.

The main factor accounting for the difference between the costs of direct/indirect payments and service provision is the administrative overheads involved. Administration of local payment schemes adds, on average, between 9 and 15 per cent to the total costs, compared to between 20 and 30 per cent for service-based support.

### Mixed support packages

The provision of 'care packages' tailored to individual needs and circumstances is intended to be one of the principal benefits of the new community care arrangements. Unlike the old ILF, the new Independent Living (1993) Fund is also based on disabled people receiving a combination of services and cash payments for the purchase of personal and domestic assistance. However, the findings from this research highlight that 'mixed' arrangements combining services and payments are both more costly and less efficient than either the payments option or services on their own.

### Local authority management of payment schemes

The research indicates that local authorities who wish to enable disabled people to have more control over their personal assistance arrangements are hampered by present legislation which prevents them from making direct cash payments. The need to work around this restriction and the uncertainty over the legal status of payments often leads to inefficiency and inequity in the way in which payments schemes are administered. Nevertheless, the study has also identified elements of good practice and a high degree of user satisfaction at a local level.

### Access to support and advice for people receiving payments

The extent to which personal assistance users are able to manage their support arrangements efficiently very much depends on the quality of advice and support they receive when organising their support arrangements. The research has highlighted considerable variation in the degree of back-up offered to people receiving payments under the various schemes observed.

In some cases there is only minimal support in the form of written guidelines or referral to other agencies who may be able to offer advice. The best-run schemes, however, invariably involve ongoing support and advice either from a dedicated independent living scheme worker employed by social services, or a local disability organisation contracted to provide this service on behalf of the local authority. In a few cases, local authorities also sponsor places on independent living skills training courses for disabled people on their payments schemes.

Although this does add to the costs of support arrangements, the benefits in terms of quality and efficiency suggests that such support represents good value for money. Further, even when these additional costs are taken into account, local payment schemes are still considerably cheaper than services.

### Employment issues

The research has highlighted some important issues relating to the employment of personal assistants with funding from payment schemes. First, most disabled people who receive payments for personal assistance are clearly acting as responsible employers. However, a combination of the level of personal assistance funding available, restrictions on the ways in which the money can be spent and, most importantly, present PAYE and benefit rules mean that employment conditions for some personal assistants are less than ideal.

Second, the employment status of personal assistants recruited under the various payment schemes currently operating is unclear. Some are recruited by disabled people but remain employees of either the local authority or, in some cases, a contracted care agency. Some are employed directly by disabled people who assume responsibility for administering PAYE, while some have their PAYE administered by a third-party arranged by the local authority as part of their local payments scheme. Others are acting as self-employed even though it is doubtful that they would be recognised as such by the Inland Revenue and DSS.

This degree of variation can lead to confusion for both disabled people and workers and is often a hindrance to recruitment. The situation also means

that people are not always able to offer their personal assistants the kind of stable and equitable employment conditions necessary for the security of both parties.

### Demand for payments schemes

Although the study has not attempted to provide any absolute measure of demand for payments for personal assistance, some indication can be provided by the experience of local authorities which have actively encouraged take-up. This suggests that take-up has, so far at least, been very low.

It is also clear that demand in most local authorities is restrained by a combination of lack of awareness, availability of funds, and uncertainty about the legal status of payment schemes (which prevents some authorities from promoting their schemes as actively as they might).

This is also reflected in the findings from this research. Amongst the group of service users in the study, two-thirds were unaware of the existence of a local payments scheme although just over half subsequently expressed an interest in using such a scheme.

### About the study

The study was carried out by Gerry Zarb and Pamela Nadash of the Policy Studies Institute on behalf of the British Council of Organisations of Disabled People.

A total of 70 disabled people were interviewed. The sample was selected from four local authority areas in the Midlands, the South of England, and Inner and Outer London. Data from the survey has been combined with detailed budget data collected from local authorities which has been used to calculate the costs of payments schemes and services. Further information on the management and operation of local payment schemes has also been collected from Social Services Departments in these areas.

A national postal survey of all local authorities in England, Scotland and Wales was also carried out to assess current availability of payment schemes, and the extent of support for direct payments amongst local authorities. 64% of local authorities responded.

### Further information

For further information contact: Gerry Zarb, Policy Studies Institute, 100 Park Village East, London NW1 3SR, Tel: 071 387 2171, or Richard Wood, British Council of Organisations of Disabled People, De Bradelei House, Chapel Street, Belper, Derbyshire DE5 1AR, Tel: 0773 828182.

A full report *Cashing in on independence: Comparing the costs and benefits of cash and services* is published by BCOOP.

### Related *Findings*

The following *Findings* look at related issues:

#### Social Policy

**39** The economic problems of disabled people (Jun 93)

#### Social Care

**30** Community care and independent living (Feb 93)

**31** Involving disabled people in assessment (Mar 93)

**36** Housing need and community care (Jul 93)

**37** The effectiveness of an Independent Living Advocate (Sept 93)

**45** Development and training for self-organised groups of disabled people (Jan 94)

**48** Evaluation of an independent living skills training project (Mar 94)

**49** Disabled people and community care planning (Apr 94)



Published by the  
Joseph Rowntree Foundation  
The Homestead, 40 Water End  
York YO3 6LP  
Tel: 0904 629241 Fax: 0904 620072  
ISSN 0958-3815

The Joseph Rowntree Foundation is an independent, non-political body which funds programmes of research and innovative development in the fields of housing, social care and social policy. It supports projects of potential value to policy-makers, decision-takers and practitioners. It publishes the findings rapidly and widely so that they can inform current debate and practice.