

Managed Accounts

A Guide for people receiving Direct Payments &
Personal Health Budgets

mosaic | 1898

A disability charity, enhancing lives and making a difference.

2 Oak Spinney Park, Ratby Lane, Leicester Forest East, Leicestershire, LE3 3AW
0116 231 8720 | directpayments@mosaic1898.co.uk

MANAGED ACCOUNTS

Managed Accounts support is financial administrative support available through Mosaic 1898's Direct Payments Support Service (DPSS).

If you have been referred for Managed Accounts support, then you will not receive the Direct Payment funding from the local authority or health authority. Instead, funding will be deposited into our designated fund bank account.

DPSS will assume the responsibility of financial administration for your Direct Payments or Personal Health Budget scheme. DPSS have Managed Accounts Officers available for this support role, who will also liaise with Direct Payments Advisors.

DPSS Managed Account will be responsible for paying:

- Authorised expenditure costs incurred in purchasing care support
- Personal Assistant wages
- Employer Liability Insurance
- PAYE Revenue deductions
- Pensions Contributions
- PA expenses
- Agency invoices
- Advertising
- Administration costs

DPSS Managed Account will also:

- Refund surplus funding to local authority or local health authority
- Produce financial monitoring accounts
- Maintain your individual personal budget account
- Recommend scheme budgets
- Give advice on allocating your available funding

The Direct Payments recipient remains responsible for authorising Mosaic 1898 to make payments and for the use and allocation of their funding. This will be as identified in agreed support plans and budgets.

EMPLOYER RESPONSIBILITY

If you are an employer, then you are responsible for:

- Legal employer duties
- PA selection/recruitment
- PA staff management
- Employers are advised to follow all appropriate employer legal procedures, in respect of your employees
- Employers also need to ensure Health & Safety legislation is followed, in respect of your employees
- If Mosaic 1898 DPSS are providing your PAYE support, you will also need to provide completed PA timesheets to your allocated Payroll Accounts Officer, plus any other allowable bills/invoices that need paying.
- If Mosaic 1898 DPSS are providing your PAYE support, we also need information about each employee's annual leave taken, sick leave, maternity/paternity leave to enable us to maintain your employer records.

AGENCY CARE SUPPORT

If you only purchase care support from agency, then if you directly receive agency invoices, these need to be sent in to Mosaic 1898 DPSS Managed Accounts for payment. Otherwise, if agencies send invoices directly to Mosaic 1898, you need to ensure that you have informed us if there have been any days when agency workers have not attended as expected or on time, or if you requested agency workers to work longer than the scheduled period.

We recommend that you maintain a written record of instances where you have had a change in your hours, and this can then be used to inform us. This can help us to cross reference hours of support received against what has been invoiced for.

Agencies need to provide timesheets with all invoices, however, there may be exceptional circumstances where exemption from submitting timesheets is granted by the funders.

If there are issues with your agency costs, we can raise these concerns with an agency, if you are disputing their charged times or attendance of a worker on a specific day.

Please be aware of any agency mileage charges, which can substantially increase the total invoice cost. The cost of this may not be included within the Direct Payment/Personal Health Budgets funding given for agency support.

You need to ensure that if you have pre-arranged scheduled days/times for agency support, that if you need to cancel this or rearrange, that you discuss/notify this with the agency in advance and preferably more than 24 hours in advance. Most agencies have a cancellation notice period requirement, and if cancellation is not received within that period, then they have the right to charge the full amount for that worker.

We also recommend that if you engage a care agency, please take time to understand the terms and conditions you are agreeing to. Please note that these may differ from one agency another. This can help to avoid later disputes or financial issues arising.

BANK ACCOUNT INFORMATION & PAYMENT OF SELF CONTRIBUTION

As you are receiving Managed Account Support from Mosaic 1898, you will require the bank account details for this account.

Keep this information in a safe place, as you will need to refer to the account details in order to:

- Transfer any existing funds (if applicable)

If you need to transfer existing funds from your Personal Budgets bank account into the Managed Account, your Account Administrator can discuss this transfer with you. Your Direct Payments Advisor, will provide you with the bank account details to make the transfer.

- Transfer your regular self-contribution towards care costs
(The amount as specified by local authority financial assessment)

If you are required to pay a weekly contribution then you could:--

- ✚ Arrange with your bank, a transfer/standing order of the set amount from your personal account to the Managed Account, on a weekly, 4-weekly or monthly basis. To the following bank account:

Account Name: MOSAIC 1898 LCI ADULT
Sort Code: 12-08-81
Account Number: 10046067

- ✚ Send a cheque for the set amount, made payable to
 - **'MOSAIC 1898 LCI ADULT,**
 - on a weekly, 4-weekly or monthly basis, to the following address:--

DPSS/Managed Account
Mosaic 1898
2 Oak Spinney Park
Ratby Lane
Leicester Forest East
LE3 3AW

For any queries related to your Managed Account, please contact the Accounts Administrator.

BUDGETING CARE PACKAGES

If you are receiving Managed Account support from Mosaic 1898 DPSS, then we will create, maintain and review your package expenditure/costs as your support plan changes.

It is crucial that for the maintenance of essential care support, the budget has been correctly and realistically calculated based on the available information and intentions at that time.

Failure to calculate the budget correctly can financially destabilise the package and put care purchase at risk.

Enclosed is a simple Financial Budget template tool, (see page 13) to ensure that you can afford to purchase agreed and authorised care support in line with your support plan outcomes.

Where appropriate, you will receive a copy of our proposed budget costing, which you will need to approve. It is also necessary to restrict expenditure within that projected allocated budget.

Each anticipated item of expenditure is individually costed, and the total should not exceed the total funding available.

If it does, then it is likely that in due course there will be insufficient funds available to purchase necessary care, or that overspending and possible debt may be developing.

It is also advisable that, where possible, some contingency funds are retained, to be available for unexpected additional costs that may arise. There is also the fact that costs can increase (for example, agency charges rise, often annually) or be higher than initially anticipated or estimated.

Budgeting a Personal Budget is not fixed or static. There are several costs that can and do vary, similar to a personal household budget.

Employee expenses and especially mileage costs if being paid, need to remain within the amount allocated within the budget, or if these regularly exceed this amount, will diminish the budgets viability and financial stability of the package.

If there are any changes to the cost of your care, either where it is increasing or cost is reducing, please remember that the responsibility to inform DPSS or Managed Accounts Officer will remain with you. Changes in the costs of your care may have serious implications to your budget and funding balance. For example, If overspending occurs, we may not be able to pay all your invoices, which may lead to the agency withdrawing or reducing their services.

Although Mosaic 1898 are providing financial administration support, you will always remain responsible for your expenditure. By informing DPSS of changing costs, we can guide and or support you to speak with your funders, to that the budget and costs are aligned.

If your chosen agency or care provider charge a higher amount than your funding allows, then you may need to discuss with the funders as to how you cover the cost of your care. This may include reducing the hours to accommodate the increased rate or you may need to contribute to your care package to cover the difference in rates.

Similarly, if you continually 'overspend' for any reason, you may be required to cover the cost of the extra cost.

You will remain in control of your Personal Budget and responsible for the decisions you make. Mosaic 1898 DPSS provides appropriate support, administration, and advice, but we do not have decision-making power over the use of their Personal Budget.

UPDATING MOSAIC 1898 DPSS

We request that if there are changes to your Direct Payments or Personal Health Budgets, that you please notify us.

Occasionally, the funding authority maybe delayed in notifying us of any changes especially to revised Support Plans and changes in funding, or if care contribution due, has been revised.

If you have a revised Support Plan or a change in contributions, then notify Mosaic 1898 DPSS immediately. We can then follow this up directly with the funding authority, to ensure we have the correct permissions and funds to cover your essential care costs.

For example, if your care contribution charge increases, then your funding may decrease. If you did not increase your contribution payments to Mosaic 1898 DPSS, then this could have a later consequence that we have insufficient funds available for your care, and that you have accumulated a substantial contribution debt over weeks or months that remains liable to be paid.

HOW TO CALCULATE EXPENDITURE

The following guidelines can be useful when calculating expenditure, especially for employers, where budgeting may be more complex and changes over time.

Employee/PA Wages:

To determine the maximum rate possible, sometimes several pay rates need to be provisionally costed to determine what is affordable. The number of hours needs to be taken into account, and any contractual agreement for enhanced weekend, bank holiday or evening work, or sleep-overs. The only legal pay rate that needs to be matched is that of the National Minimum Wage.

PA Holiday/Annual Leave:

This is $5.6 \times \text{weekly hours worked} \times \text{hourly pay rate} / \text{divided by } 52 \text{ weeks} =$
Average weekly cost

Employer NIC:

Employees gross weekly pay is used to determine weekly Employer National Insurance Contribution cost (as set by HMRC)

Care Agency:

If using an agency, hours purchased X hourly agency charge
(remember, agencies may charge extra for weekend work, evening work, bank holidays, mileage & these extra charges also need taking into account if possible for a weekly average cost)

Employee Mileage (if authorised by funder):

How much can be afforded for a weekly average, if the employee is using their car on the employers behalf (e.g. for shopping, social escorting, medical appointments etc.)?

Employer can set their own rate if the employee agrees to use their car for that amount.

Employee Expenses (if authorised by funder):

This figure will be determined within your support plan and becomes your average amount available, and expenditure needs to be kept within this amount (with some weekly flexibility).

Employer Insurance:

What is the annual cost of your employer liability insurance policy?
Divide this figure by 52 for weekly average cost.

Employer's Pension Contribution

With the introduction of automatic enrolment in to Workplace Pensions, employers in the UK, may be required to provide a pension scheme to their employees and may need to contribute towards the schemes. This will be calculated on a percentage of the employees pay.

Emergency Cover/Contingency:

May be advisable to include some fund money in case it is required (e.g. unexpected or increased costs occur, or more expensive agency cover is needed as an interim while new recruitment is occurring).

Advertising & Recruitment:

How often do you think you will need to advertise for new employees?
Advertising can be expensive in local newspapers, however, online services are available at lesser costs. There may be additional costs for creating/posting job application packs.

Disclosure & Barring Service (CRB) charges:

If the cost for these has to come out of your personal budgets, then again, how many per year will you require? For each employee, budget @ £1.20 per week average.

Other Costs:

These can include any other authorised expenditure allowable to meet your assessed outcomes. Could be football season tickets, could be respite/holiday breaks, gym membership, equipment.

Personal Budgets may include an annual one-off payment for these, so if so, divide amount by 52 for weekly average.

Hopefully, when all the costs applicable to you from the above list are taken into account, then the expenditure is within your "funding income". If it is not, then adjustments need to be made!

Unfortunately, budgeting a complex package can be difficult and can never be "guaranteed" due to what could be considerable variations in costs. This is why both customer and managed account provider need to review costs on an on-going or periodic basis to monitor that they remain within budget.

Weekly Financial Budget

Name:

Date:

Income

Direct Payment/PHB

*Self Contribution

£0.00

£0.00

Expenditure

	Hours	Rate/Hour	
Wages PA 1			£0.00
PA Holiday (5.6 weeks per year)			£0.00
Pension Contribution (3%)			£0.00
Employers NI			
Wages PA 2			£0.00
PA Holiday (5.6 weeks per year)			£0.00
Pension Contribution (3%)			£0.00
Employers NI			£0.00
Wages PA 3	0.00	£0.00	£0.00
PA Holiday (5.6 weeks per year)			£0.00
Pension Contribution (3%)			£0.00
Employers NI			£0.00
Wages PA 4	0.00	£0.00	£0.00
PA Holiday (5.6 weeks per year)			£0.00
Pension Contribution (3%)			£0.00
Employers NI			£0.00
Training			£0.00
DBS			£0.00
Respite			£0.00
Employer Insurance			£0.00
mosaic support charge			£0.00
Advertising /Admin			£0.00
			<u>£0.00</u>

Surplus

£0.00

CASH FLOW

Your Direct Payment or Personal Health Budget account has money coming in (funding, contribution) and money going out (all of your varied expenditure). This movement is your cash flow, and is continually changing throughout each week, or 4 weekly cycle.

Providing cash flow projections is also difficult to do with confidence, as payment deductions from the bank may also be variable and not as predicted (e.g. when are the pension contribution deducted, employees may not cash cheques quickly etc).

There are times when your balance figure on a particular day may show a high balance, and another particular day -after a lot of expenditure has been deducted- a low balance. The daily account balance changes after every transaction of money received, money spent. Therefore, when you are provided with a balance figure, please be aware that this may change the very next day. Our team will try and provide you with information on any pending expenditure that they are aware of at the time of your enquiry.

A balance figure could include money that will be due to be paid out later in the year (for example, insurance costs building over the year for the next renewal premium, employee holiday pay building up to pay out several months later...) For example, personal budgets funding is received 1st of the month. Your balance on that day could show £3000, but is this actually surplus? No, because other expenditure over the next 4 weeks will be made from that (e.g. employee wages, agency bills for the previous month, HMRC payments, mileage claims etc). Your balance at the end of the month could be £500.

Your Personal Budget account operates similar to your personal finances account, so try and consider it in those terms, keep within the agreed budget and not overspend without thinking about possible consequences.

RECORD KEEPING

Maintaining records of income and expenditure is important when operating a Direct Payment or Personal Health Budget.

It is necessary to be aware that anticipated correct income is being received, and that all expenditure is identified, noted and within budgeted limits.

The local authority or health authority will also require regular monitoring information, so they can review your use of Personal Budget funding.

If Mosaic 1898 DPSS are providing Managed Accounts support, then we will be sending your account information to the local authority or health authority, on your behalf.

All expenditure needs to be correctly identified and noted as to its use (e.g. agency costs, employee wages, PAYE payments, advertising costs, insurance liability costs, etc).

The type of payment needs recording (cheque numbers, dates of payment, electronic bank transfers).

Evidence of invoices, payslips, insurance costs, employee expenses, bank statements may all be needed to be retained and submitted (especially if Managed Account support was not purchased).

ORGANISING YOUR RECORDS

As part of the Managed Accounts Support, we will retain records/information submitted to us on your behalf.

If you choose to manage your funding independently then, you it will be useful to organise your administration records.

Below are a few notes and suggestions. Some of these may not be necessary for everyone.

PA EXPENSES FORM/MILEAGE COSTS—keep a separate record of PA expenses. (Available on request from DPSS. Pay these separately, and do not include in wages total.)

PA EMPLOYMENT CONTRACTS/JOB DESCRIPTIONS—Keep and file your signed copy of contracts/job description.

PA WAGES SLIP BOOK—these can be purchased from stationary suppliers. Use to complete information of gross/net pay, tax/NI deductions.

PA HOLIDAYS—Keep a record of paid holidays due and paid holidays taken (form completed & available on request from DPSS)

PAYROLL SERVICE—Keep and file PA wages information received from the DPSS payroll service.

PA SICK LEAVE—Note periods of sick leave. (Forms available from DPSS.)

CARE AGENCY BILLS—File copies of agency invoices.

ADMINISTRATION EXPENSES—Note all costs, these may be paid for by Personal Budget funds (keep receipts etc).

BANK ACCOUNT—File all monthly statements.

CHEQUE BOOK—Note details of all cheques issued from fund account (who to, how much, reason for cheque).

HMRC PAYMENT BOOK –Ensure that amount paid is noted and that the payment book is dated. Ensure that the correct paying-in slip is completed (per payroll service instructions). You may need to photocopy payment page as proof of payments made.

FINANCIAL MONITORING–Complete and return to Adults & Social Care to address on form. (Due as per your schedule) Recommend that, if possible, a copy of the Return is retained/filed.

INSURANCE–File & retain certificates of employers liability insurance.

RECORDS OF EXPENDITURE (Account Monitoring)

The local authority or local health authority will have a periodic schedule of when your record of expenditure needs to be submitted to them.

The local authority usually provides expenditure records and account summary forms for Direct Payments recipients to complete and submit.

If Mosaic 1898 DPSS are providing Managed Accounts support, then our Accounts Administrator will be doing this as part of our support.

However, if you choose to become more independent, and to do this yourself, then you will need to provide identified details of all your expenditure (use of funds) during a 3, 6 or 12 month period.

If the form is completed correctly, the account end balance will be the same as the balance figure on your bank statement at that period end-date.

Ensure that you retain your bank statements, using them to identify only the banking transactions strictly from 'period start date to period end date'.

EXPENDITURE FORMS/PAYMENT EVIDENCE

- Need to be fully completed, and may require PA signatures for receipt of wages/expenses
- Need to include all payment transactions

Evidence of Payments can include:

- bank statements (to include end-date of quarter period)
- care agency invoices
- newspaper advertising invoices
- stationary invoices/receipts
- employers' liability insurance
- HMRC PAYE payments
- PA expenses forms, itemised & signed
- training course costs (requires prior authorisation)
- day services
- activity costs
- administrative & communication costs
- staff wages
- food costs & transport costs (live-in staff/agency)
- information about any unauthorised transactions
- miscellaneous expenditure needs to be identified/receipted and for reasons in accordance with your care plan

INDEPENDENT MANAGED FUNDS

If you choose to independently operate your Direct Payment or Personal Health Budget funds, then there is a need to ensure appropriate security of the funds kept in your Pre Paid Card (PPC) or fund bank account (and these can be relevant to the security of your personal money too).

As fund money is the transfer of payments from your local authority or the health authority to enable you to purchase independent care support, your use of the money is accountable, and can only be used for allowable expenditure.

If you are uncertain about what is allowable, then please refer to your Support Plan or funders for guidance.

Due to your accountability, the funding agencies expect that access to the fund money remains restricted to either the receiving participant or an approved family member or parent.

We realise that due to disability and ill health, participants often rely on PA assistance to assist with their finances (both personal and DP/PHB). To protect both yourself and the person accessing your funds we would recommend putting the following security measures:

- Ensure that cheque book access is secure and restricted.
- Ensure that fund account cash cards and PPCs are secure.
- Do not give anyone your cash card/or knowledge of your PIN number to withdraw cash for you.
- Avoid cash withdrawals–use cheques instead.
- Do not retain substantial amounts of cash at home.
- Do not sign any blank cheques for others to “complete”.
- Check that blank cheques do not disappear from cheque book–and ensure that cheque stub details are completed.
- Restrict access to bank account statements.
- Keep wallets/handbags/purses secure, and don’t provide opportunities for “temptation”.

Monitor bank statements regularly and properly to note any unknown/unauthorised deductions (and also to check correct deposits and spending).

This advice is also relevant to the security of your own personal finances and bank account.