

## OFFICIAL SENSITIVE

### ADP daily living component activity 10 – making budgeting decisions

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#### Introduction

1. This chapter provides information on activity 10 of the daily living component of Adult Disability Payment (ADP).
2. This chapter should be read and applied in line with the Overview of Decision Making and the Daily Living Component Introduction .
3. Daily living component activity 10 considers an individual's ability to make budgeting decisions, either simple or complex.
4. Daily living component activity 10 considers an individual's cognitive ability to complete a budgeting task. It does not consider their ability to either leave the house to pay bills, the handling of money or where the individual is unable to pay bills due to a lack of money.
5. Simple budgeting decisions are those that are involved in calculating the cost of goods and working out how much change should be given following purchases.
6. Complex budgeting decisions include decisions such as:
  - calculating household and personal budgets, for example knowing how much money is left to spend once bills are paid
  - managing and paying bills, for example setting aside money from income for gas and electricity bills
  - planning future purchases, for example knowing that saving is required when necessary.
7. Daily living component activity 10 does not include the sort of decisions which require financial knowledge, such as calculating interest rates or comparing mortgages. These kind of decisions are not included in the definition of complex for the purposes of daily living component activity 10.
8. The age of an individual or whether they have ever done any budgeting is not relevant. It is their ability to make budgeting decisions and their level of cognitive ability that are relevant. An individual's needs under daily living component activity 10 must be related to their condition or disability and not their preference to not make budgeting decisions.

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9. Reduced vision or mobility are not relevant to making budgeting decisions. For example a blind individual may be unable to see price tags or bank notes and therefore require assistance when buying things. This does not mean that they are unable to make budgeting decisions and so their difficulties with shopping would not be relevant to this activity.
10. Assistance for the purposes of daily living component activity 10 describes another person carrying out some but not all elements of the decision making process for an individual.
11. The daily living component activity 10 descriptors describe four levels of functional ability to complete the activity.
- A. Can manage complex budgeting decisions unaided
  - B. Needs prompting or assistance to be able to make complex budgeting decisions
  - C. Needs prompting or assistance to be able to make simple budgeting decisions
  - D. Cannot make any budgeting decisions at all.<sup>1</sup>
- 1 ADP regs, Schedule 1 Part 2 - Daily Living Activities, Activity (10)*

12. Case managers will consider if the individual needs prompting or assistance from another person to complete the activity.
- “Prompting” means reminding, encouraging or explaining by another person. This does not have to be in the physical presence of the individual.
  - “Assistance” means physical intervention by another person and does not include speech.

**Daily living component activity 10 descriptor A (0 points)** – can manage complex budgeting decisions unaided

13. Within the assessment criteria, the ability to perform an activity unaided means without either the use of aids or appliances prompting, supervision or assistance.

**Daily living component activity 10 descriptor B (2 points)** – needs prompting or assistance to be able to make complex budgeting decisions

14. Daily living component activity 10 descriptor B is most likely to apply to an individual with needs relating to mental health and / or cognitive conditions.

15. Daily living component activity 10 descriptor B will apply to an individual who needs prompting or assistance with:
- managing their personal and household budgets
  - managing and paying bills

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- planning future purchases.
16. Daily living component activity 10 descriptor B may apply to an individual who needs prompting in the form of encouraging, explaining or reminding to make complex budgeting decisions.
17. An example of an individual who needs prompting or assistance to manage complex budgeting decisions is where they can manage simple budgeting decisions like food shopping and buying clothes, but not longer-term finances.
- If an individual describes making bad budgeting decisions, for example having spent all their money as soon as they receive their monthly income, it should be considered whether this poor decision making was a consequence of their condition or disability.
18. Similarly, if an individual lacks motivation to make budgeting decisions it should be considered whether this is something they have control over or is caused by their condition or disability.
19. If an individual lacks motivation to make budgeting decisions, it should be considered whether this was because of their needs relating to their condition or disability.
20. A mental health condition may affect an individual's ability to make complex budgeting decisions. Complex budgeting decisions involve the ability to respond to changing circumstances. For example an individual who has depression may experience symptoms that impact their ability to respond to changing circumstances.
21. If an individual has a mental health condition affecting their ability to make complex budgeting decisions, then daily living component activity 10 descriptor B is likely to be appropriate. If an individual's mental health condition symptom impacts on their cognitive ability to the extent that there is an impact on their ability to make simple budgeting decisions, then a higher descriptor may apply.

### Example: an individual with bi-polar disorder who satisfies daily living component activity 10 descriptor B

Steph has bi-polar disorder. A psychiatrist letter she has sent with her ADP application form describes the mood swings she experiences. The letter notes that she typically has excessively high mood, lasting around 6 weeks, a period of 1 week when her mood is stable, then a depressed mood for 6 weeks.

In her application form, Steph explains that during her high moods she impulsively buys items online, even if this means she does not have enough money to buy food. In her low moods she does not deal with anything and ignores bills and bank statements. The combination of this overspending and then ignoring bills means that she has debts. She has had to apply for insolvency and repays her debts a nominal

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amount weekly. She applied for insolvency in one of her stable weeks that happen once every two months.

As Steph has a cycle of overspending and then not paying her bills she needs the help of another person to make sure that she completes this activity to an acceptable standard. The case manager determines that Steph satisfies daily living component activity 10 descriptor B because of the encouragement and reminding of another person that she would need to complete this activity reliably.

**Daily living component activity 10 descriptor C (4 points)** – needs prompting or assistance to be able to make simple budgeting decisions

22. Daily living component activity 10 descriptor C is most likely to apply to an individual with needs relating to a cognitive condition.

23. Prompting means reminding, encouraging or explaining by another person. Assistance means undertaking an element(s) of the decision making required for the activity.

24. An example of an individual who may satisfy daily living component activity 10 descriptor C is an individual who is able to add up the costs of items but needs assistance to work out how much change they will be given from the money they have to buy them.

### Example: an individual with dyscalculia who satisfies daily living component activity 10 descriptor C

Maxwell has dyscalculia which was diagnosed when he was at school. He studied English at university and has a career as an author. He describes himself as “terrible with numbers”. He has a letter from an educational psychologist he saw when he was at university which outlines his difficulties in understanding numbers and performing simple arithmetic.

In his ADP application he explains that when he is shopping he is unable to do any arithmetic. He does his own shopping and understands the concept of money. Although he cannot add up the cost of items he is buying, Maxwell can roughly estimate whether he is likely to have enough money in his account to cover what he is buying. He would not however know whether he has been given the right change, or if he has been overcharged. Maxwell’s partner organised a small free overdraft facility on their shared account because he sometimes misjudges whether there is enough money in the account. His partner also looks after the bills and will check the bank account regularly. Maxwell is not able to use a calculator to add up the cost of things because he often reverses the figures in a number, i.e. will input 25 instead of 52, and will not realise that the sum is incorrect.

As Maxwell is unable to understand numbers sufficiently to add up the cost of items or calculate the change he should receive, the case manager determines that he needs assistance to make simple budgeting decisions and so satisfies descriptor C.

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**Daily living component activity 10 descriptor D (6 points)** – cannot make any budgeting decisions at all

25. Daily living component activity 10 descriptor D is most likely to apply to an individual with needs relating to a cognitive condition.

26. Daily living component activity 10 descriptor D will apply to an individual who is unable to be involved in any budgeting decisions.

Example: an individual with a learning disability who satisfies daily living component activity 10 descriptor D

Anthony has a learning disability and his ADP application form was completed by his father who is his appointee. He has included a letter from his GP which states that Anthony has a learning disability and that this significantly impacts his cognitive abilities.

In his application form his father notes that they will go to the shop together and he will give Anthony money to pay the shop keeper but he does not understand the value of the money he is given. Anthony does not make any purchases on his own and does not have his own bank account.

As Anthony has a significant cognitive condition he is not able to understand the value of money which is not an acceptable standard to perform this activity. The case manager determines that Anthony satisfies daily living component activity 10 descriptor D because he cannot make any budgeting decisions.

**[End of chapter]**