Overview

How longer-term care should be funded has been a controversial issue for over 30 years, with reforms suggested over the years. It has once again become a pressing political issue, with the growing pressures on social care and the major demographic changes we are facing. Its importance was highlighted by the government's announcement in the comprehensive spending review that they will produce a green paper setting out options for a future reformed system.

Caring Choices is a coalition of 15 leading organisations, including the King's Fund, the Joseph Rowntree Foundation, Help the Aged and Age Concern. They have carried out an extensive consultation on the future funding system and produced their final report in January 2008.

There was a consensus among participants that the current system is not fit for purpose. Participants disliked the high degree of means-testing, the variations across the country and the system's lack of clarity. A crucial message was that most people accepted that it is reasonable for users to make some contribution to the cost of care, preferably on a clear co-payment formula, with clarity and predictability about the support they should expect.

This briefing summarises the findings from the consultation and the conclusions reached by the coalition. Although there seems to be a growing consensus about the principles that should underpin a reformed system, there are going to be difficult decisions that will have to be made about exactly how the system should work. There will be challenges for local government as well as central government in developing a system that is sustainable, affordable and achieves consensus among users, political parties and care providers.

Briefing in full

Caring Choices is an initiative run by a coalition of 15 organisations from across the long-term care system, led by the King's Fund, Joseph Rowntree Foundation, Help the Aged and Age Concern. They carried out a nine-month consultation on the future of funding long-term care which involved over 700 people with experience of the long-term care system as users, carers, providers and researchers.

The coalition published its report, the Future of Care Funding: time for a change on 7 January 2008. The organisations wanted to raise awareness of future challenges, and to generate and test ideas for the longer term.

The three key questions that consultation participants were asked to consider were:

- Who should fund care?
How can individuals plan to pay for their share of care costs?
How best to support informal care?

Context

The issue of funding adult social care has been accelerating up the political agenda. It has been underlined by the government's announcement in the comprehensive spending review 2007 of a green paper on funding social care to be published sometime in 2008, which would identify the key issues and explore options for reform.

The extent of the problem was set out in two major independent reviews published in 2006: Securing Good Care for Older People by the King’s Fund and Paying for Long Term Care: Moving forward by Joseph Rowntree Foundation. The reports concluded that the current funding system was unsustainable: spending would need to double in real terms over the next 20 years just to keep pace with the growing number of older people and the rising costs of care provision.

The King’s Fund review, led by Sir Derek Wanless, analysed trends for the next 20 years and considered how social care might be funded and how much it would cost. It proposed a partnership model as the preferred option for future funding. This would provide the first two-thirds of people’s care package free of charge, irrespective of their individual means. Individuals could then use their own money to pay for the remaining third, where, for every pound they contributed, the state would match them, pound-for-pound. Those on lower incomes who could not afford the top-up element themselves would be entitled to apply for a means-tested payment through the benefits system. The extra cost of this model would be between £1.7 billion and £4.2 billion extra per year, depending on whether some of the money presently spent on attendance allowance and disability living allowance was redirected to help pay for a better care system.

The Joseph Rowntree Foundation concluded that a new system is needed that provides a much clearer set of entitlements, is seen to be fair and gives all older people greater security that they will not be faced with huge bills for long-term care. It also suggested a range of costed measures that could help the present system work better pending an overhaul, including support for products to help people release equity in their homes, a higher personal allowance for people being supported in care homes and higher capital thresholds for local authority support.

The Caring Choices’ report is intended to develop the debate and to ensure that action is taken on the findings in these two major reports.

Findings

There were several key areas where the majority of participants were in agreement:

The present system is not fit for purpose

All types of consultees said they found the system irrational, confusing and unjust. They highlighted inconsistencies in the way that people become eligible for different services, with people who have similar levels of disability receiving widely varying entitlements. There was also resentment of large differences in the way in which different local authorities manage long-term care, with significant variations in eligibility criteria and in the level of charges – the ‘postcode lottery’ – ‘however, many participants at Caring Choices events accepted the case for some local variability in a service led by local government.

The way that means-testing works within the current system was also seen to be unjust and there was widespread confusion over how it works, due to complexity in the rules and the interaction between the social care, health care and benefits systems. Many participants felt that
the high degree of means testing seems to penalise people who have made provision for their old age.

More money will be required to meet growing need

Only five out of 728 people who completed the Caring Choices survey thought that future care needs could be met on existing levels of resources. Unless the government increases its own contribution, extra costs will fall on care users.

There should be a universal element of long-term care funding

Ninety per cent of participants thought that personal care should not be completely free. However, there was a strong view that there should be some entitlement to state funding to limit the cost for all individuals, regardless of income or assets, at point of use.

The debate focused on how the universal care element should be provided. There was support for there being a clearly specified entitlement. The participants from Scotland stressed that the system there, where some care services are provided without charging, is not the same as one that defines what individuals are entitled to. There are still variations in how serious a condition has to be to qualify for free care, as well as in the amount of care provided. Participants in Caring Choices called for as clear as possible a definition of what level of support people should expect for a given level of disability.

Funding of long-term care should be shared between the state and individuals

This was the majority view, although the numbers favouring total free care varied across the country. There was also, more specifically, support for a 'co-payment' principle in the funding of personal care, in preference to a system of free personal care. This general support for co-payments was qualified in discussion by the importance attached to ensuring that extra help is given to people unable to afford the private contribution.

Although the system currently means that about half of total care costs are paid by the state and half by users, this is an average and is not reflected in the amount each individual has to pay. Participants did not feel that there is a fair form of cost-sharing at present, and they also do not recognise existing divisions of cost between an individual and the state as a form of co-payment. For example, attendance allowance may help to pay for some forms of care, but as its purpose is to cover the cost of disability more generally, it is not seen as a co-payment for long-term care.

Caring Choices participants indicated that for a co-payment system to have public acceptance, there must be clearer sharing of costs on a visibly fair basis.

Better support for unpaid carers is crucial

At all the Caring Choices events, there were very strong calls for urgent change in relation to attitudes and support for carers. Any effective settlement for long-term care needs to involve more generous funding of items such as respite care and carer's allowance.

The details of a new system

Although there was a degree of consensus about the principles of a new system, there was considerable debate about how the system should actually work. The main issues were; the level at which a baseline entitlement should be set; the definition of different kinds of care; and how to restructure disability benefits. There was also debate about how the state could support schemes to enable private contributions to care (such as for long-term care insurance products);
the role of individual payments in a new system; and how best to support carers.

**Baseline entitlement**

Views on what proportion should be paid by the state and what by the individual varied widely. However, the critical issue for many participants was not the exact figures, but what needs would be covered and what factors would determine eligibility.

In particular, there was support for the idea that if people knew what would be used to define a baseline of financial provision by the state, they would be able to plan how to cover the rest, particularly if they could be assured that there was a limit to their own liability. However, the authors stress that a definitive entitlement “is an elusive concept unless we are willing to have a nationally assessed and nationally funded system, where eligibility depends only on a formula linking need to funding, rather than on local budgetary considerations and judgments”.

**Defining different kinds of care**

Many participants felt that attaching specific labels to different kinds of care (such as distinguishing between social care, personal care and practical assistance) was artificial, drawing unnecessary distinctions between people who share a common need to be cared for but who each have their own individual combination of care requirements. The boundary between social care and nursing care is particularly blurred, especially for very frail people and those with dementia.

The debate over the boundaries has been critical ever since the Royal Commission on Long Term Care proposed in 1999 that the best way of sharing the cost of social care between state and individual would be to make personal care free but to require individuals who could afford it to pay other costs themselves, notably ‘hotel costs’ in care homes.

As well as debate about the boundaries between different types of care, many participants suggested that the emphasis on personal care risked neglecting a wider set of care needs, including help with domestic tasks, social activities and practical forms of assistance. There were ‘lively’ debates about the value of investment in prevention and the difficulties of proving a net cost saving from early intervention. This should not be preventing investment in this area.

**Restructuring disability benefits**

The money paid in disability living allowance and in attendance allowance cannot be left out of the debate around funding long-term care. There was no consensus over whether to merge funding for care and disability benefits. Some participants vigorously defended attendance allowance as a payment that works, giving maximum flexibility to individuals about how to meet their needs. Others felt there needed to be greater accountability about how it was being spent. A clear-cut decision is needed about whether to continue to run two parallel systems of funding.

**Comment**

This report is timely and will clearly be influential, given the nature of the organisations that came together to produce it. There appears to be an emerging consensus about the basis for designing a new system which could even include the three main political parties. However, as the report stresses, the details of such a system will be much harder to determine - “there are many trade-offs and tough decisions ahead, and many different perspectives on the best way to tackle them”.

There are issues raised in the report that will be challenging for local government, as well as for
central government. The paper suggests that there may be a need to impose national eligibility requirements on local authorities to reduce local variability, even if there is not going to be a nationally assessed and funded system, where eligibility depends on a formula linking need to funding.

Delivering a system that meets the principles set out in the report will be difficult. The authors rightly conclude that:

"while there are many ways to design a new funding system for long-term care, acceptance of a new settlement depends most of all on creating a fair and visible method of sharing the costs between state and individual, being clear-cut in what it promises and funding it adequately to meet these commitments. In short, tomorrow's older people will be willing to contribute to an equitable system for funding care, as long as it 'does what it says on the tin'.'"

The LGiU is following this debate with interest. We are intending to hold a summit on older people later in the year, and we are supporting the All Party Parliamentary Group on local government, which is proposing to hold an inquiry into older people's services in the early part of the year.

**Additional Information**

**Covers**

- Adult social care
- Health

**Question**

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- [Caring Choices Report](http://www.dhn.org.uk/dhn/briefing-detail.jsp?id=1717&md=0&section=briefing)

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- [Putting People First: concordat on adult social care](http://www.dhn.org.uk/dhn/briefing-detail.jsp?id=1717&md=0&section=briefing)
- [Older People: Reports from Age Concern England and the Social Exclusion Unit](http://www.dhn.org.uk/dhn/briefing-detail.jsp?id=1717&md=0&section=briefing)
- [King's Fund Update of Wanless Review Of NHS Funding And Performance](http://www.dhn.org.uk/dhn/briefing-detail.jsp?id=1717&md=0&section=briefing)

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