Derby City Council

Adults, Health and Housing Commission
19 March 2012

ITEM 8

Report of the Strategic Director of Adults, Health & Housing

"Fairer Care Funding" – The Dilnot Commission Recommendations

SUMMARY

1.1 The Dilnot Commission was set up in 2010 to report on how social care in England is funded. The Dilnot Commission reported its findings in July 2011.

1.2 The recommendations made in the "Fairer Care Funding" report are detailed below.

1.3 Capping individual contributions for care and support will allow people to plan for old age and allow the financial markets to develop products to insulate people from high lifetime care costs.

1.4 Better information and advice for all people is important to delivering "quality" in the care and support system.

1.5 It is acknowledged that the boundary between Health and Social Care is not well understood by the general public.

RECOMMENDATION

2.1 To note the recommendations of the Dilnot Commission.

REASONS FOR RECOMMENDATION

3.1 It is well documented that nationally the current social care and support system is unsustainable. Many older people in particular, are finding themselves ineligible for care and support services from local authorities.

SUPPORTING INFORMATION

4.1 A comprehensive review into how social care is funded in England was commissioned by the Government in 2010 and reported in July 2011. The review was led by Andrew Dilnot.

4.2 Today, the social care system in England provides care and support through a means-tested system, which is delivered at the local level by local authorities.

4.3 Very broadly, under this system, people with assets over £23,250 receive no financial state support and need to fund their own care. The level and type of state support for people with assets below this threshold depends on their needs and income.

4.4 There are currently different rules for domiciliary and residential care. In residential care, someone's housing assets (as long as there is no dependant still living in the home) are taken into account in the means test.

4.5 The Government currently spends £14.5 billion p.a. on adult social care in England. Just over half of this is on services for older people.

4.6 The adult social care funding system conceived in 1948 is viewed by many as in urgent need of reform. Having to cope with a care and support need – both emotionally and financially – often comes as a major shock to people. When people then experience the system, many perceive it to be unfair. This is particularly the case when people have to sell their homes, or use up the majority of any assets they have, to pay for care. The current system does not encourage or reward saving, and is poorly understood. People are not prepared, which often leads to poor outcomes and considerable distress.

4.7 Contrast the above with the Health system, which is free at point of delivery. The boundary between health and social care is not well understood by most people.

4.8 The Dilnot Commission agreed with the above view and concluded;

- The current adult social care funding system in England is not fit for purpose and needs urgent and lasting reform.

- The current system is confusing, unfair and unsustainable. People are unable to plan ahead to meet their future care needs. Assessment processes are complex and opaque. Eligibility varies depending on where you live and there is no portability if you move between local authorities. Provision of information and advice is poor, and services often fail to join up. All this means that in many cases people do not have good experiences.

- A major problem is that people are unable to protect themselves against very high care costs. The current availability and choice of financial products to support people in meeting care costs is very limited. There is great uncertainty and people are worried about the future.

- Most people are realistic about the need for individuals to make some contribution to the costs of care in later life, but they want a fairer way of sharing costs and responsibility between the state and individuals and they want to be relieved of fear and worry. There is consensus on the need for reform.

4.9 The key recommendations from the Dilnot report are detailed below;

- The contribution any individual makes towards the costs of their care, excluding general living costs, should be capped at between £25,000 and £50,000, with the Commission recommending the cap should be set at £35,000.

- The asset threshold above which people in residential care are liable for the full cost of their care should be increased from the current level of £23,250 to £100,000.

- People in residential care should make a standard contribution to cover their general living costs of between £7,000 and £10,000 a year.

- Eligibility criteria for services should be set nationally as part of a clear national offer, and needs assessments should be ‘portable’ between local authorities.

- A new information and advice strategy should be developed, a national awareness campaign should be launched to encourage people to plan ahead and the deferred payment scheme should be improved.

- Social care and welfare benefits should be better aligned, Attendance Allowance re-branded and carers’ assessments improved.

- Integration between social care and other services, especially the NHS, should be improved, and a stronger emphasis placed on prevention.

4.10 The proposals to cap individual liability for the costs of care and to raise the upper threshold for the means test would represent a substantial improvement on the current system and ensure that people in every income group are better off. This would avoid placing disproportionate costs on the taxpayer, compared to the costs of providing free personal care, while protecting people from the worst excesses of the current system. Raising the upper threshold of the means test to £100,000 would involve a relatively modest cost of £100 million. These changes will particularly benefit those on modest incomes, who are heavily penalised under the current system. The level of the contribution to general living costs – suggested at between £7,000 and £10,000 a year – and how this is balanced with the level of the cap will also be important in determining the cost of the proposals and the affordability to individuals.

4.11 If the recommendation to cap care costs for individuals is accepted there would be opportunity for the financial services industry to respond with products for the public to insure themselves against care costs. The extent to which the financial services industry, particularly insurers, will respond depends on a stable policy environment, which in turn requires a broad consensus across the political parties that will endure beyond a single parliament and across several generations. Financial products linked to pensions or housing assets will require effective regulation and high-quality advice and information to gain public confidence.

4.12 The estimated additional costs of £1.7 billion, rising to £3.6 billion by 2025/6, reflect the additional costs of implementing the new proposals only. The Dilnot Commission acknowledges that the current system is underfunded and has not kept pace with demographic changes in relation to working age adults and older people. This has resulted in tighter rationing of services and rising levels of unmet need. The overall level of resources required by the current system was outside the Commission’s terms of reference, but the report makes clear that in addition to funding for the new proposals, ‘additional public funding for the means-tested system’ will also be needed. Unless this is addressed, many of the well-chronicled problems with the current system will continue, including escalating levels of unmet need and underinvestment in preventive support.

4.13 Payments made by people to meet the cost of home care would count towards their maximum lifetime contribution. However, charging arrangements for home care would continue to be determined by local authorities, potentially creating an uneven playing field between home and residential care and the risk of perverse incentives for people to go into residential care. The report suggests that the government may wish to rationalise these arrangements, although it stops short of making a clear recommendation on this. We would go further and recommend rationalisation of the charging frameworks for residential and homecare.

4.14 We would emphasise the growing importance of the NHS and social care systems supporting more people through care closer to home and avoiding the need for admission to care homes wherever possible. This also reflects people’s preferences. Having one nationally determined policy on contributions for residential care and 152 different arrangements for the costs of care at home works against this objective and would be a continuing cause of confusion.

4.15 While we welcome the proposal that eligibility for social care should be set nationally, replacing the FACS criteria with a new assessment measure may create difficulties in reconciling a new national ‘offer’ with the realities of wide variations in spending and resource levels across 152 local authorities. Having a portable assessment may not entitle someone to the same level of service should they move to another local authority area. Local authorities should remain responsible for the commissioning and delivery of local services.

4.16 If the Dilnot Commission’s recommendations are implemented in full, it forecasts that no-one would have to spend more than 30 per cent of their assets to fund their care. It estimates that its recommended changes to the funding system would require £1.7 billion in additional public expenditure (0.14 per cent of GDP) if the cap on individual contributions is set at £35,000, rising to £3.6 billion (0.22 per cent of GDP) by 2025/6. We believe this is affordable and moreover, desirable even in the current economic climate, when so many people are adversely affected by the current arrangements.

OTHER OPTIONS CONSIDERED

5.1 Not applicable.

This report has been approved by the following officers:

Legal officer	n/a
Financial officer	n/a
Human Resources officer	n/a
Service Director(s)	Perveez Sadiq

Other(s)	Cath Roff
For more information contact: **Background papers:** **List of appendices:**	Name Perveez Sadiq 424 2796 e-mail perveez.sadiq@derby.gov.uk Appendix 1 – Implications

Appendix 1

IMPLICATIONS

Financial & Value for Money

1.1 Not applicable

Legal

2.1 Not applicable

Personnel

3.1 Not applicable

Equalities Impact

4.1 Not applicable

Health & Safety

5.1 Not applicable

Environmental Sustainability

6.1 Not applicable

Asset Management

7.1 Not applicable

Risk Management

8.1 Not applicable

Corporate objectives and priorities for change

9.1 Not applicable