



# Caring For Our Future

Reforming the funding  
of social care in England

Submission to the Department of Health  
October 2013

National Pensioners Convention

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# **Caring For Our Future**

## **Submission by the National Pensioners Convention**

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#### **Introduction**

1. The National Pensioners Convention (NPC) is Britain's largest pensioner organisation representing around 1.5m older people, active in over 1000 affiliated groups across the UK. The NPC is run by and for pensioners and campaigns for improvements to their income, health and welfare.
  
2. Over the last few years it has become widely accepted that the existing social care system suffers from a number of inherent problems; namely its complexity, the unfairness of means-testing, a postcode lottery of funding and standards, little support for family carers and a distinct lack of personalised services. In addition there are concerns surrounding the standards and quality of care services, the training, remuneration and employment conditions of the care workforce and the lack of a robust and effective regulation and monitoring of care providers. Successive governments have also argued that changing demographics and an ageing population are putting the services under even greater strain. The system is therefore in urgent need of reform.
  
3. At the heart of the problem facing the care system is the false separation of medical care funded by the NHS through taxation and social care that is provided largely by local authorities in the community and is means-tested. Over the last 30 years there has been a systematic attempt to redefine illnesses affecting old age as "social" rather than "medical"; resulting in thousands of frail elderly people with complex health problems being removed from receiving free NHS medical care and moved into the community – either in their own home or in a residential home – to receive social care. This has led to the perverse situation where those suffering from Alzheimer's disease are classed as needing social care rather than medical treatment and left to fund themselves under a means-tested system. Effectively, successive governments have turned the clock back – first to the pre-WWII situation of making local authorities responsible for the care of the chronic sick and aged, and then offering them limited access to means-tested services provided by private companies.
  
4. The Care Bill was introduced into Parliament in May 2013, as part of the government's plan to fundamentally reform the way in which social care is delivered and funded. However, despite widespread agreement in the failings of the existing system, the measures so far outlined in the Bill, including the cap on care costs, will do little to achieve the far reaching reform that is so urgently required. Interestingly, as the Bill progresses an increasing number of commentators from across the political spectrum have expressed their concerns as to its likely impact and effectiveness. Far from there being an emerging consensus over this issue; it is clear that the Bill simply does not properly address the key issues facing social care such as chronic underfunding, poor quality services and the rights of those in care to be treated in a dignified way. It is the NPC's view that it is therefore time for a longer-term, fairer and more sustainable solution: a national care service funded through general taxation and free at the point of use, like the NHS.

## Emerging criticism of the Care Bill

5. In recent weeks a number of independent high-profile reports have delivered damning verdicts on different parts of the current care system – none of which the Bill seeks to address. For example, Leonard Cheshire Disability found that 60% of councils are increasing the number of 15 minute “flying” care visits and has called for them to be banned.<sup>1</sup> The Equality and Human Rights Commission concluded that the way that care is commissioned is “unsustainable, leading to inadequate pay, poor working conditions for care workers and increasing threats to older people’s human rights”<sup>2</sup>, whilst the Strategic Society Centre think tank, sponsored by private insurer BUPA, has suggested the care cap proposal of £72,000 would “fail to meet any of its objectives” and warned that it was incompatible with the drive for health and social-care integration”<sup>3</sup>. Former royal commissioner on long-term care, Lord Lipsey, has also entered the debate claiming that the universal deferred payment scheme which was originally proposed by the Dilnot Commission now appears to have been watered down by the government so that only those individuals with assets (excluding property) of less than £23,250 will be eligible<sup>4</sup>.

## The care cap

6. The government’s key reform of social care funding rests on the so-called “care cap”. Under the plan, individuals who have assets (including property) of more than £118,000 and who meet the eligibility criteria (similar to the critical or substantial categories used at present) will have the cost of their care charges capped at £72,000. After which time, the state will step in.
7. As a result, those with less expensive property and limited savings will now be eligible for some assistance with their residential care costs. However, the actual number that will benefit in this way is extremely limited because many will have already been receiving support from their local authority anyway. The vast majority of people who own a house in most parts of England will have to fund the full £72,000 care costs and given that only 16% of people ever need this amount of care – most residents will never exceed the cap and hence never receive any support from the government.
8. Well respected health charity, the Kings Fund has also stated that the care cap may become irrelevant as services become so rationed and hundreds of thousands of pensioners miss out on services despite being in need. Their latest report also calls for a wider debate about how to fund social care that goes beyond the Dilnot recommendations<sup>5</sup>.

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<sup>1</sup> Leonard Cheshire Disability, *Ending 15-Minute Care*, [www.lcdisability.org/?lid=29351](http://www.lcdisability.org/?lid=29351)

<sup>2</sup> EHRC, *Close to Home*, [www.equalityhumanrights.com/uploaded\\_files/homecareFI/home\\_care\\_report.pdf](http://www.equalityhumanrights.com/uploaded_files/homecareFI/home_care_report.pdf)

<sup>3</sup> Strategic Society Centre, *A Cap That Fits*, [www.strategicsociety.org.uk/wp-content/uploads/2013/09/A-Cap-that-Fits.pdf](http://www.strategicsociety.org.uk/wp-content/uploads/2013/09/A-Cap-that-Fits.pdf)

<sup>4</sup> <http://www.telegraph.co.uk/news/politics/10378848/Betrayal-of-elderly-on-social-care-costs.html>

<sup>5</sup> King’s Fund, *Paying for Social Care: Beyond Dilnot*, [www.kingsfund.org.uk/sites/files/kf/field/field\\_publication\\_summary/social-care-funding-paper-may13.pdf](http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_summary/social-care-funding-paper-may13.pdf)

9. The care cap has also been largely mis-represented by ministers. The current system is already complex, with a report from housing charity Anchor demonstrating that much of the British public are oblivious to the realities of the adult social care system and their own likelihood of developing care needs. But this knowledge gap is likely to get worse when the cap on care costs is introduced: over half are not aware that the government is even introducing the cap, and more than 40% have no idea what will be included in the cap. Most worrying of all, nearly half of people believe wrongly that the cap will include the cost of a room in a care home and more than a third incorrectly think that the cost of their food and drink in a care home will be included<sup>6</sup>.
10. The insurance company Saga has also claimed that “people are being lulled into a false sense of security”, with many misled into believing that they would not have to sell their homes<sup>7</sup>. Using the term “cap” is in itself misleading, because general living expenses (estimated by the government at £12,000 per year) are not part of the care costs covered by the cap; the “hotel” costs of bed and board at a care home will be additional. Affording the £72,000 will be sufficiently daunting for many families, but once these additional costs are added many will find they are still having to sell their home to fund the full care package, either while they are alive or as a deferred payment after death. An older person would probably have to live in a care home for five years before reaching the cap and yet the average stay is just over a year.
11. There is also little evidence that insurance products will emerge by 2016, as the government hopes, to help older people pay their £72,000 care costs. Traditionally major insurers have balked at the limited profitability of such a market and the uncertainty posed by longevity and morbidity risk, amongst other issues.<sup>8</sup> With the cap being set so high there is no sign of this changing.
12. Another reason why the “cap” is misleading is due to the differences between what self-funders and local authorities pay for care. Local authorities will only record progress towards the cap based on what they would have paid for that care, not the actual cost to the individual. Self-funders often pay substantially more than local authority rates, because local authorities can often negotiate lower rates as bulk purchasers of care home places. The difference in what people have actually paid, and how much goes towards their care cap, will therefore be seen as particularly unfair.

### **The real cost of care**

13. Recent figures show that care home bills have risen by an average of £2,400 in just two years<sup>9</sup> and one million families have been forced to sell their home in the

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<sup>6</sup> Anchor / Strategic Society Centre, *Right Care, Right Price*, [www.anchor.org.uk/sites/default/files/news\\_articles/documents/Anchor-Right-Care-Right-Price-Report-Sept-2013.pdf](http://www.anchor.org.uk/sites/default/files/news_articles/documents/Anchor-Right-Care-Right-Price-Report-Sept-2013.pdf)

<sup>7</sup> [www.telegraph.co.uk/finance/personalfinance/insurance/longtermcare/10162618/The-cap-on-long-term-care-costs-myths-and-reality.html](http://www.telegraph.co.uk/finance/personalfinance/insurance/longtermcare/10162618/The-cap-on-long-term-care-costs-myths-and-reality.html)

<sup>8</sup> Strategic Society Centre, *Gone for Good? Pre-funded insurance for long-term care*, <http://strategicsociety.org.uk/wp-content/uploads/2013/01/Gone-for-Good-Pre-funded-insurance-for-long-term-care.pdf>

<sup>9</sup> [www.telegraph.co.uk/health/elderhealth/10274530/Care-home-bills-rise-by-2400-in-two-years.html](http://www.telegraph.co.uk/health/elderhealth/10274530/Care-home-bills-rise-by-2400-in-two-years.html)

past five years to meet the cost of paying for residential care<sup>10</sup>. Research by the Association of Directors of Adult Social Services (ADASS) also suggests the £16bn budget for social care is likely to be cut by a further £800 million by service directors in the current financial year. ADASS point out that in the three years since the austerity programme began, £2.68bn in “savings” have been made by adult social care, concluding that “without additional investment from that already planned, an already bleak outlook becomes even bleaker”<sup>11</sup>.

14. Unfortunately, the care cap does nothing to recognise the real cost of care and does little to deal with underfunding of services at a time of existing unmet need and future growing demand. Interestingly, even those that have welcomed the cap have still pointed out the need for extra investment to make it work<sup>12</sup>.

15. In fact, with all the new duties being placed on local authorities as a result of the cap and associated reforms, it unclear how these will be funded or how authorities will manage the extra workload. As the King’s Fund have pointed out, “the cap will involve new roles and substantial extra work for local authorities when they are facing the most severe financial challenge in their history”<sup>13</sup>.

### **The case for a National Care Service**

16. Fundamentally, society has to consider why the responsibility for funding the care of older people rests with the individual, rather than on society as a whole in the same way that the NHS, education and defence are financed. Of course there is the artificial divide between medical and social care and the urge to move older people out of hospitals and into the community as quickly as possible, but there is also the expansion of the hugely profitable private sector, whose aims are beginning to look incompatible with the needs of vulnerable pensioners. The answer must therefore lie in the creation of a public National Care Service, free at the point of delivery, that can provide high quality and comprehensive care that meets individual needs.

17. The Wanless Social Care Review of 2006<sup>14</sup> summarised the amount of money in circulation in the adult social care system at that time as follows:

- £8bn spent by local authorities (largely funded through central government grant)
- £1.6bn was recouped through means-tested charges on individual users
- £3.7bn was paid through tax-funded disability benefits (Attendance Allowance and care component of Disability Living Allowance)
- £3bn was spent by the NHS on the long-term care of older people
- £3.5bn was spent privately in residential and nursing homes

18. This gives an existing total spend on social care of £19.8bn including the NHS contribution. A more recent House of Commons Library calculation also showed

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<sup>10</sup> [www.telegraph.co.uk/finance/personalfinance/10283259/Elderly-care-crisis-claims-a-million-family-homes.html](http://www.telegraph.co.uk/finance/personalfinance/10283259/Elderly-care-crisis-claims-a-million-family-homes.html)

<sup>11</sup> ADASS, “Social care funding: a bleak outlook is getting bleaker”, [www.adass.org.uk/index.php?option=com\\_content&view=article&id=914&Itemid=489](http://www.adass.org.uk/index.php?option=com_content&view=article&id=914&Itemid=489)

<sup>12</sup> <http://www.bbc.co.uk/news/health-22449836>

<sup>13</sup> King’s Fund, *ibid.*

<sup>14</sup> Securing Good Care for Older People, Wanless Social Care Review, Kings Fund 2006

that in 2011/12 total net expenditure on social care for the over 65s would be £7.4bn – very near the Wanless figure for the amount local authorities spend on social care. In addition, the Wanless report also suggested that the first two thirds of a person's care package should be free of charge, and the final third would be means-tested based on their income.

19. A National Care Service would not only change the way in which social care was funded, but also address the issues of quality and standards. Care would be paid for through taxation – rather than being means-tested, and in addition, it would seek to professionalize the social care sector with improved training, staff conditions and regulation.

20. As a step towards this we could provide free domiciliary and residential care to all existing users at a cost of £5.1bn a year, but an improved National Care Service would also have to take account of the following unmet needs:

- Provision of services for up to 200,000 older people who have low or moderate care needs and are currently excluded from the system
- Improved terms and conditions for care staff
- Modernisation programme of residential homes<sup>15</sup>
- Improved regulation and monitoring

21. The total cost of such a social care system could therefore be estimated to be nearer an additional £10bn – or around 1% of total government spending. If however, a comprehensive National Care Service was truly inclusive, it could be argued that there would be significant savings from other areas of care expenditure that could help to reduce the tax bill.

22. The choice we face as a society is to therefore find the additional funding by diverting existing spending from one area to another, accepting the need to pay additional tax – if necessary through income tax, inheritance tax, a levy on wealthy estates or a combination of the various options. In this way the cost and risk of social care would be shared appropriately across those who are best able to pay, whilst removing means-tested care and the postcode lottery of charges, alongside the need to sell one's home to pay for care.

## **Conclusion**

23. Throughout the ongoing debate on the future funding of social care, we must continue to promote certain key principles against which any proposals must be judged:

- A public National Care Service which is delivered free at the point of need
- Funding that is shared across society as a whole and not based on either pensioners paying for pensioners or just those individuals that are affected
- A service which does more than the current system; widening access and improving the quality of care, especially in the area of dignity and safeguarding

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<sup>15</sup> £540m according to Calculating the cost of efficient care homes, Joseph Rowntree Foundation, September 2008