

Fairer care funding

Conclusions and recommendations of the
Commission on Funding of Care and Support

4th July 2011

The Commission's remit

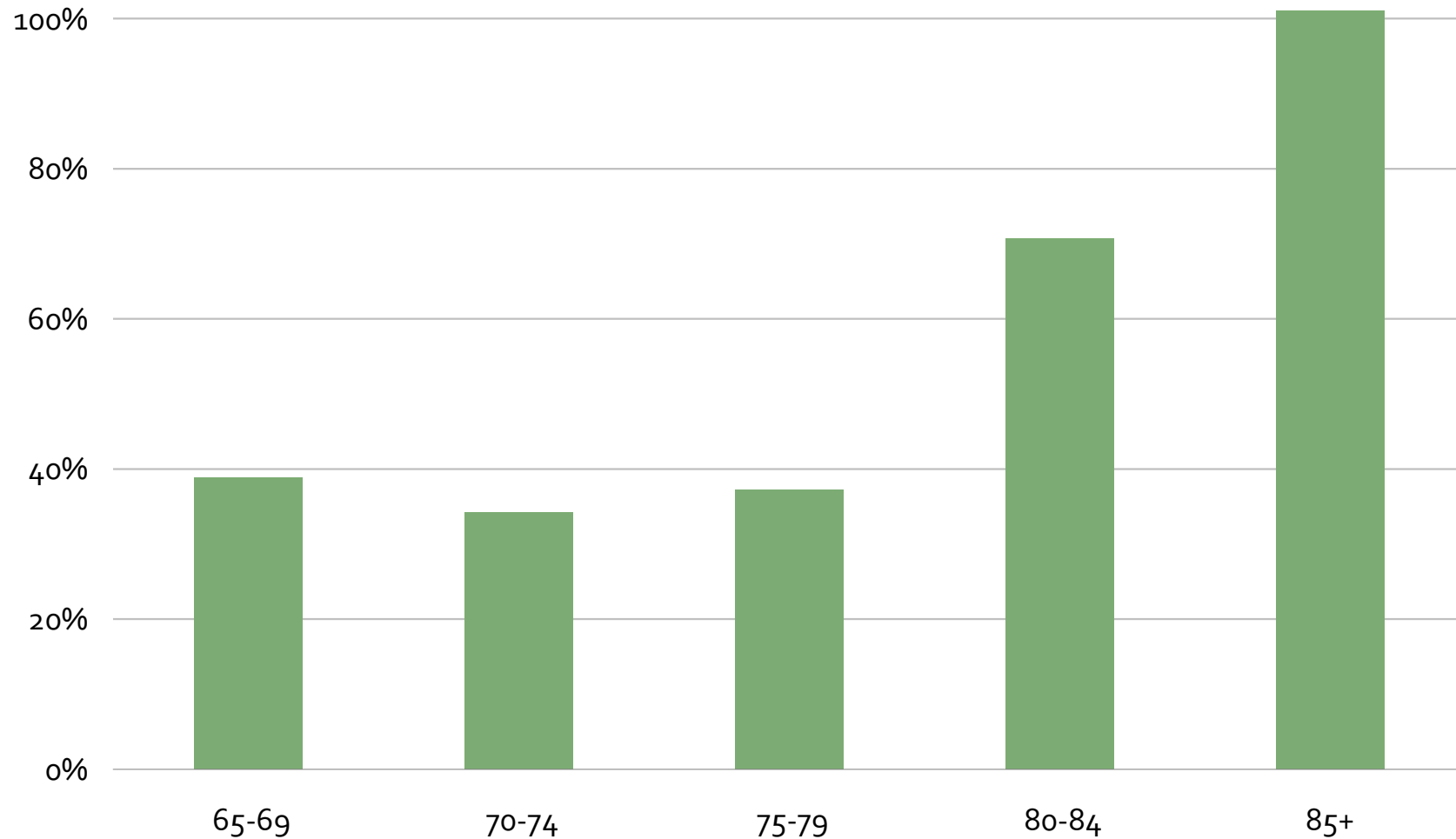
The Government asked the Commission to recommend:

- how **best to meet the costs of care and support as a partnership** between individuals and the state;
- how people could choose to **protect their assets**, especially their homes, against the cost of care;
- how, both now and in the future, **public funding for the care and support system can be best used to meet care and support needs.**

Setting the context

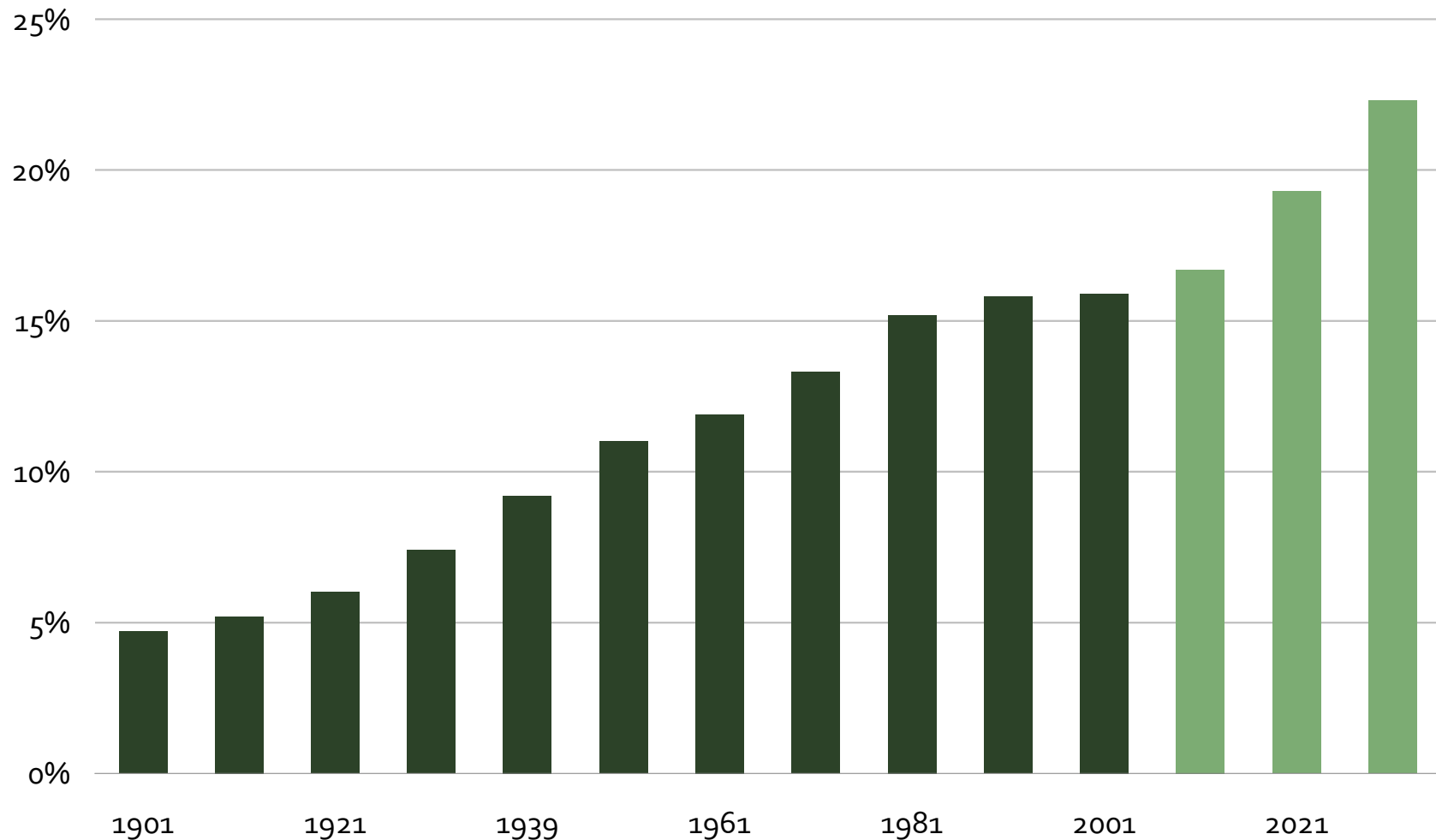
The number of older people is increasing

Growth in the number of older people in England 2010-2030



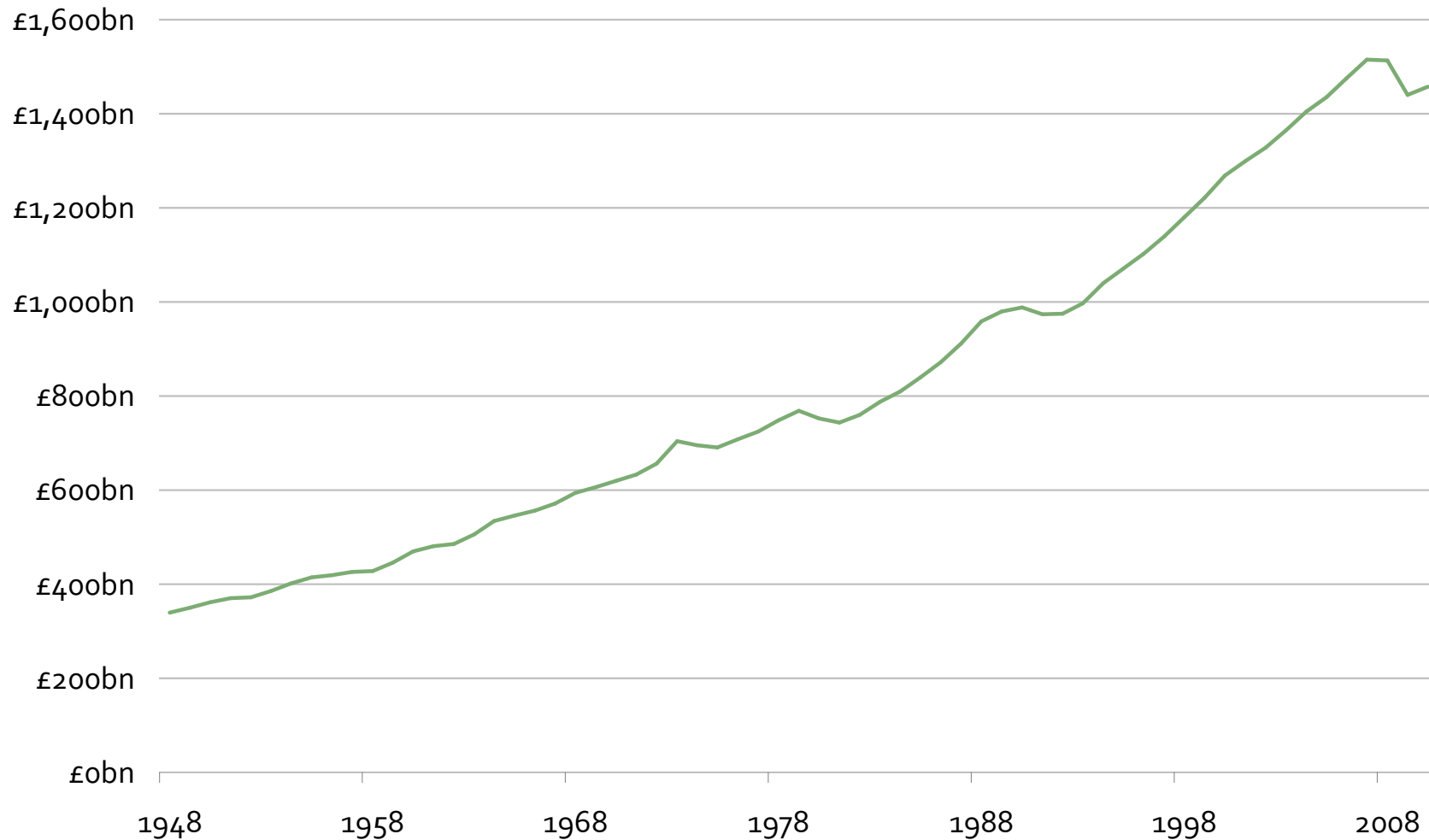
Flexible societies are good at adapting

Proportion of UK population aged 65 and over



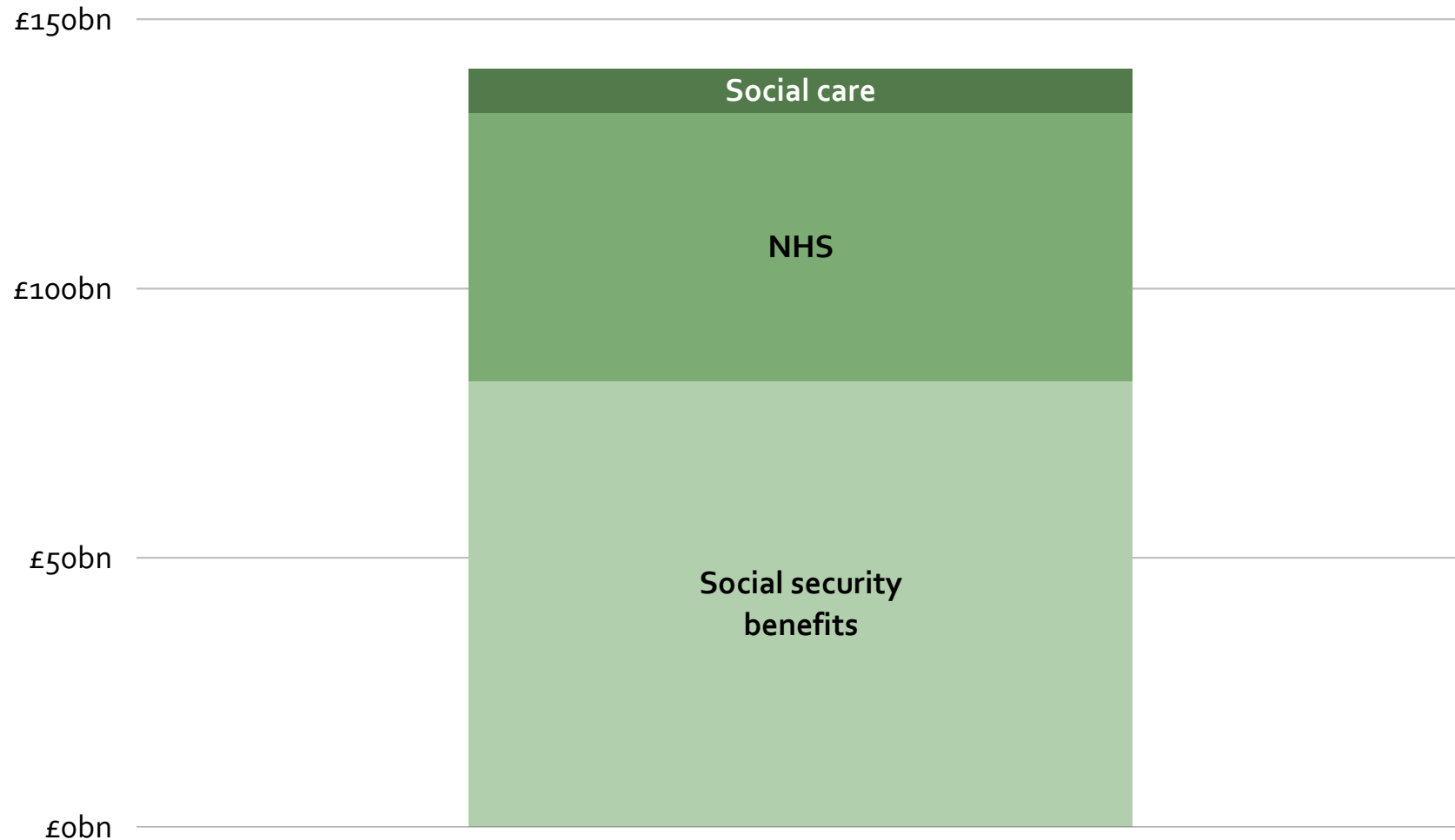
We are four times richer than in 1948

Gross domestic product, UK



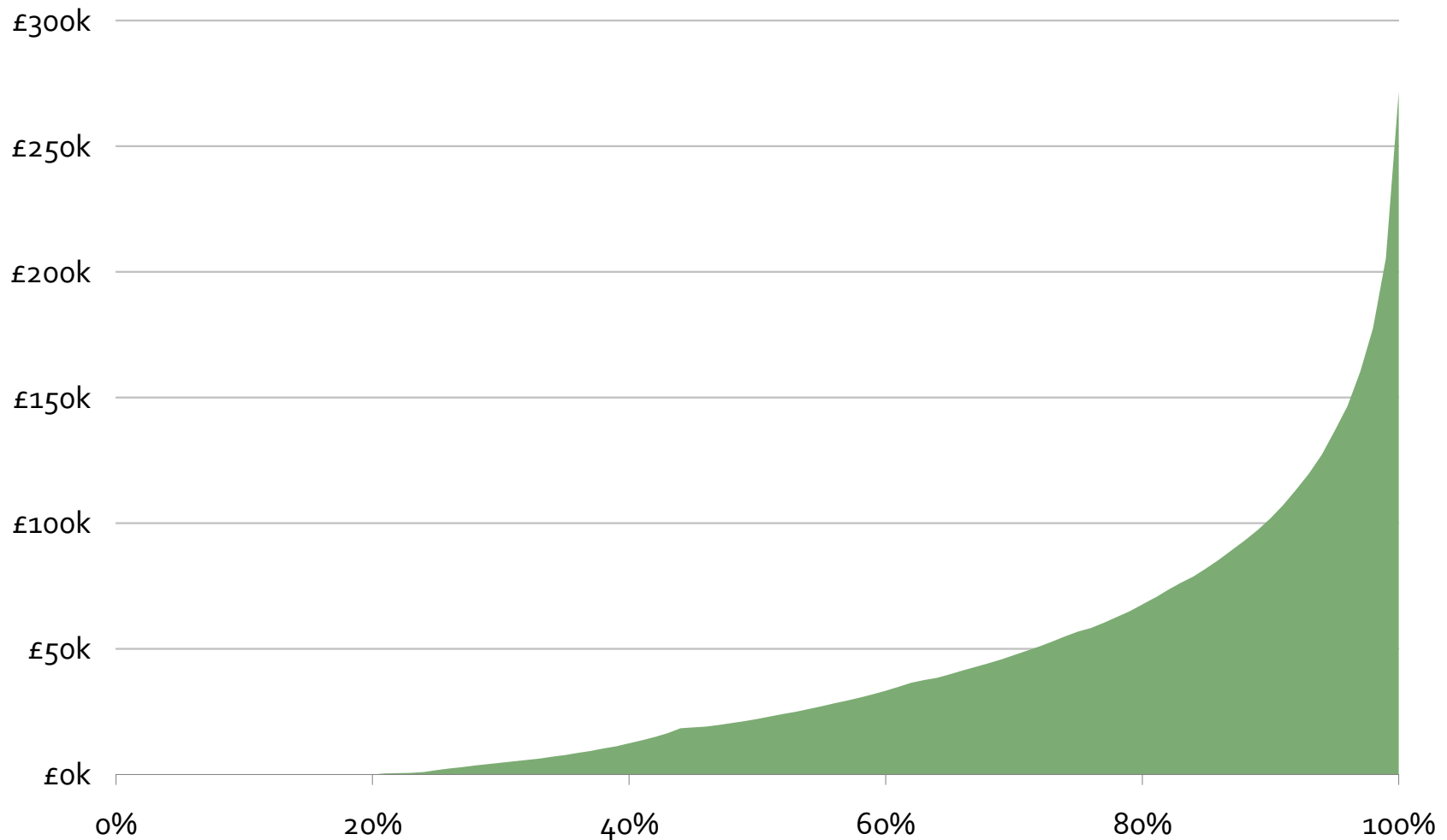
Social care is one element of state support

Public spending on older people in England 2010/11



Care costs are uncertain and can be very high

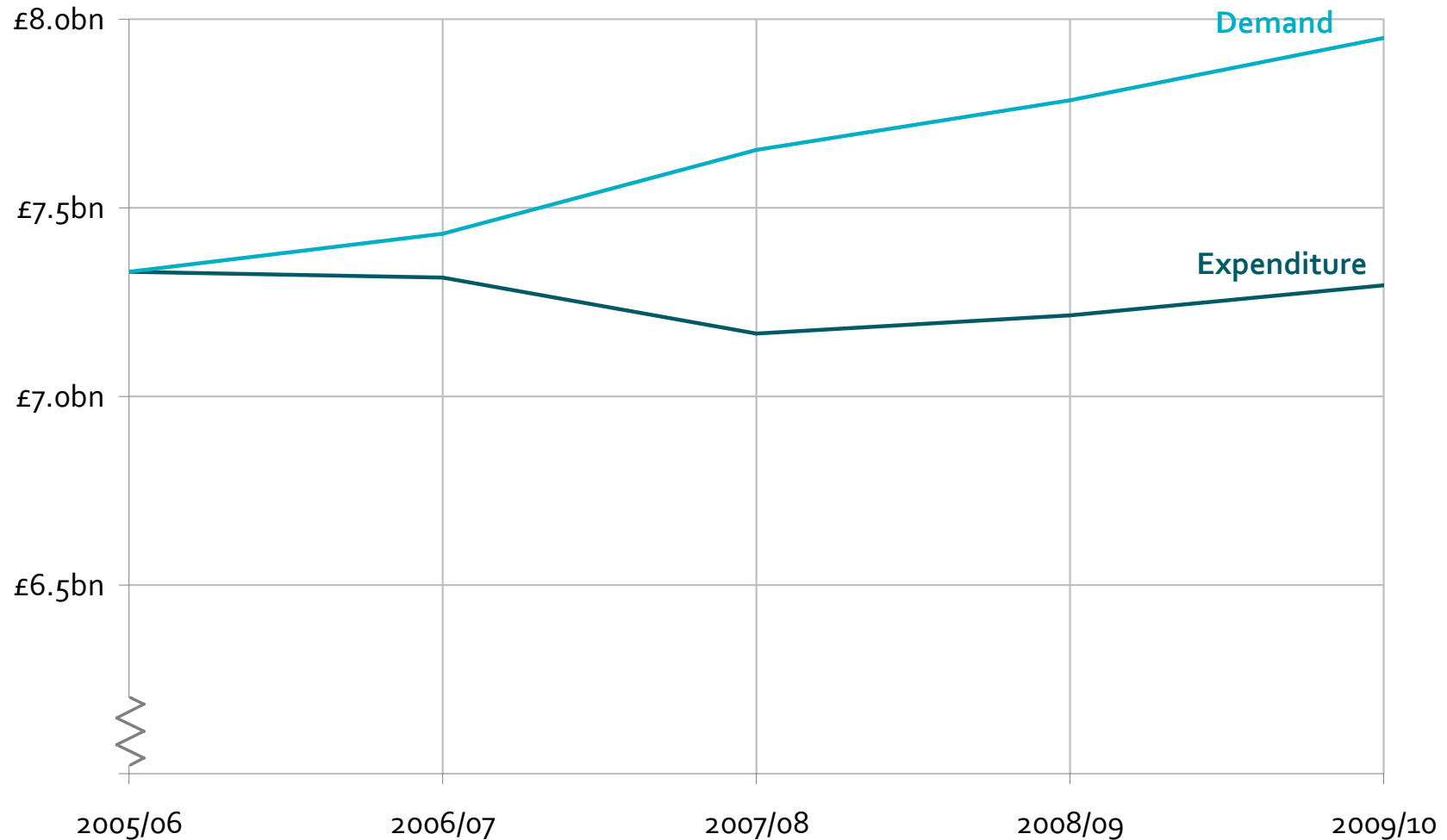
Expected future lifetime cost of care for people aged 65 in 2009/10



Problems with the current system

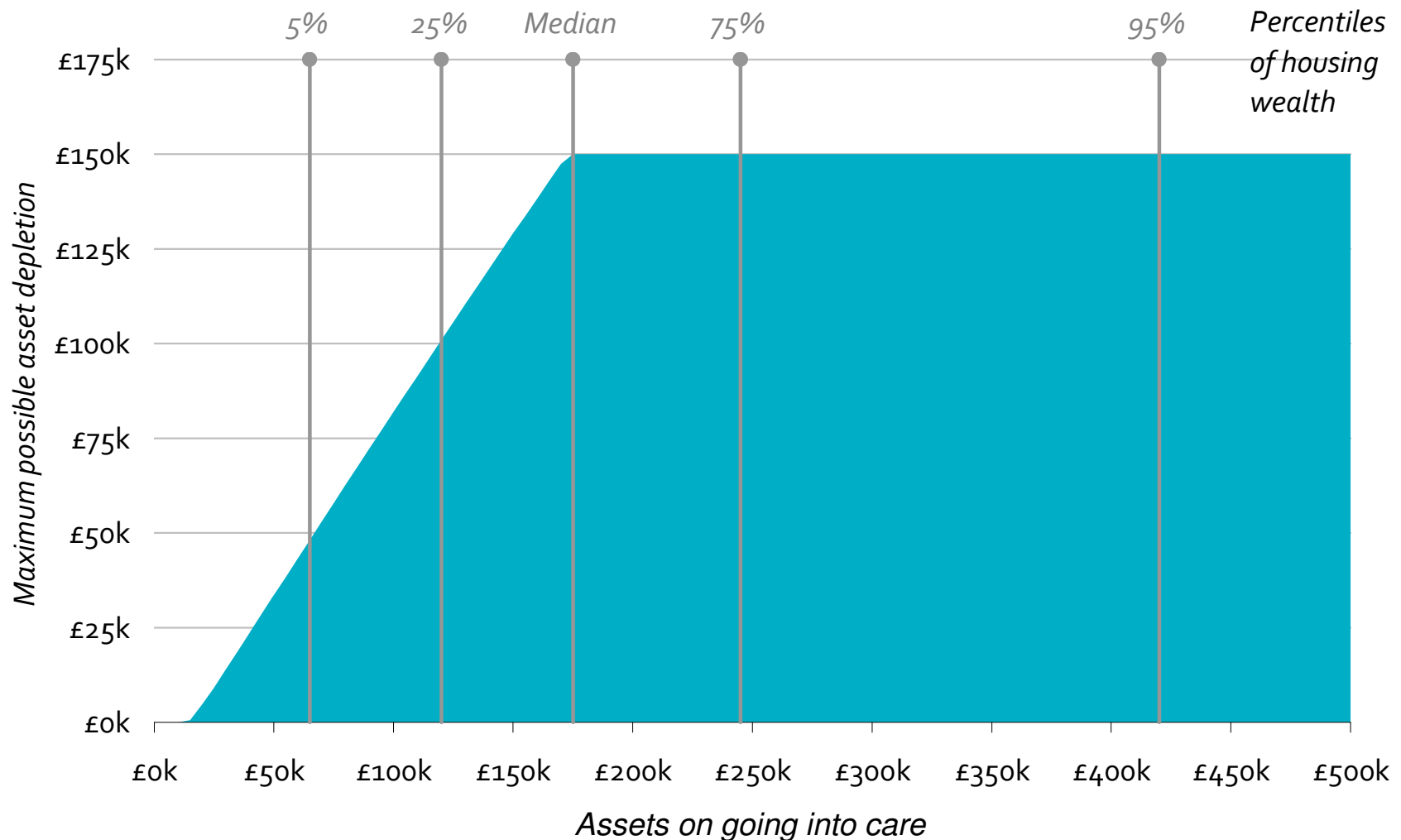
Funding has not kept up with demand

Expenditure and demand: older people's social care (2009/10 prices)



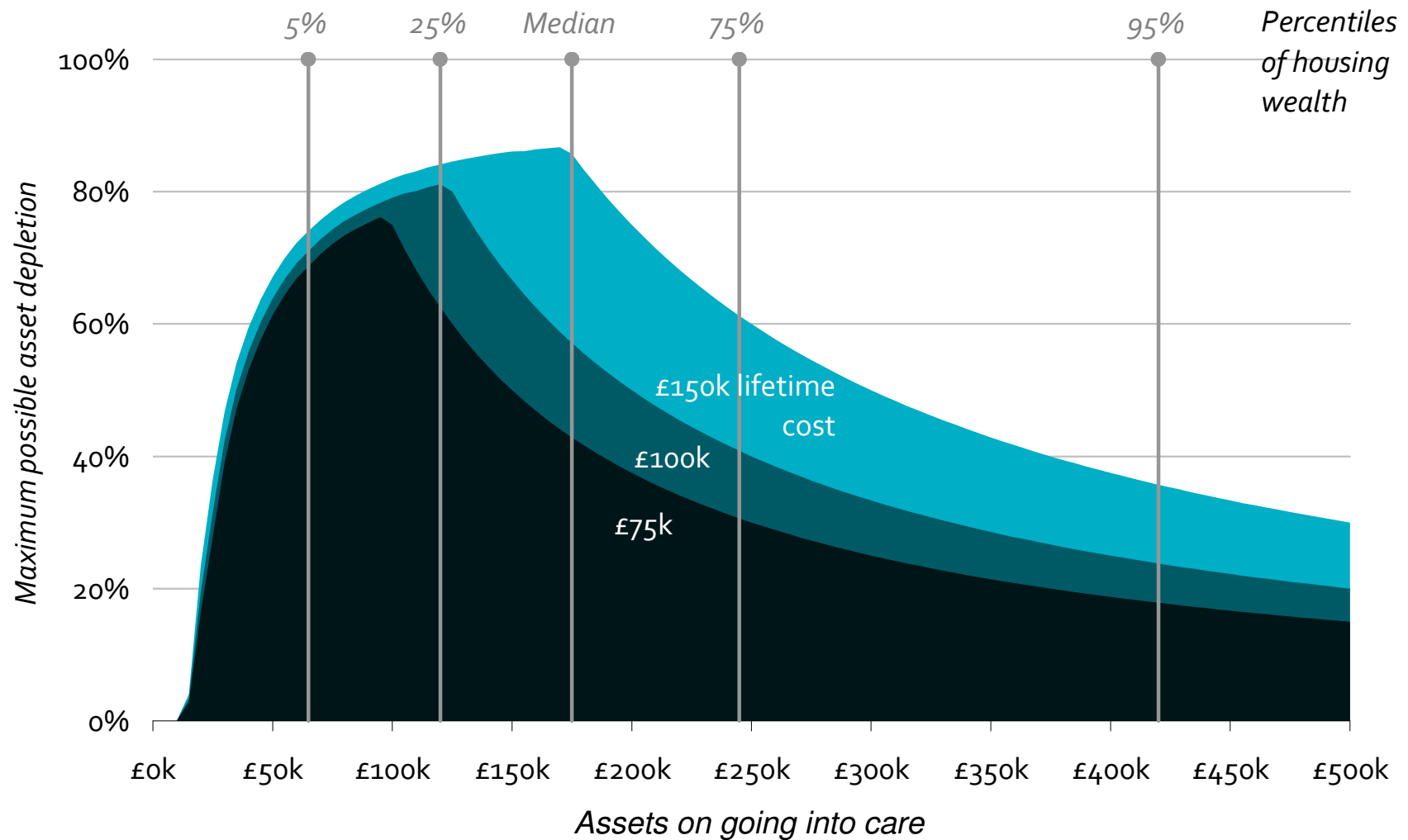
People face high costs in the current system

Maximum possible asset depletion for people with £150k residential care costs



Some people can lose most of their assets

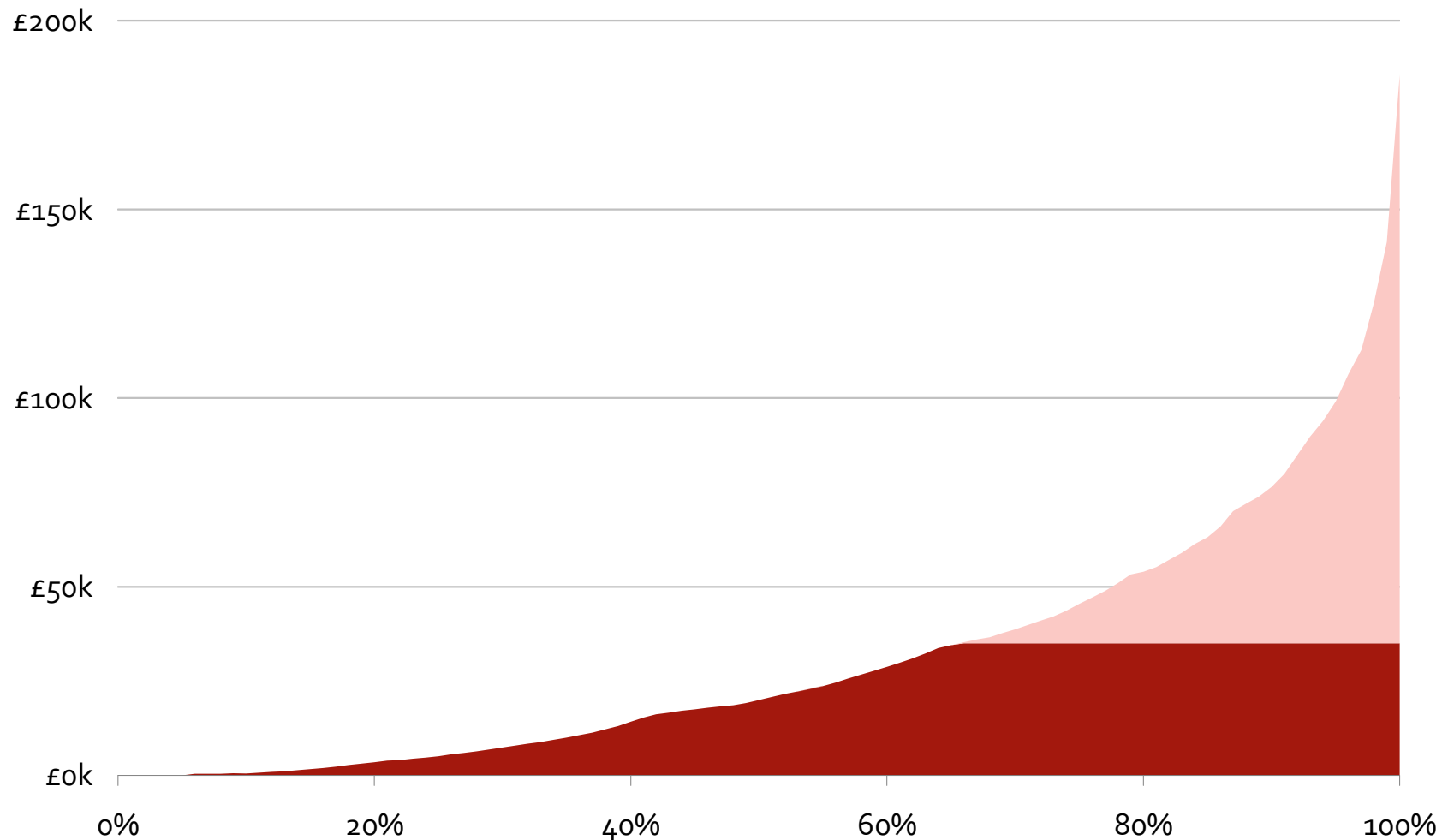
Maximum possible asset depletion for people in residential care



Capping the cost of care

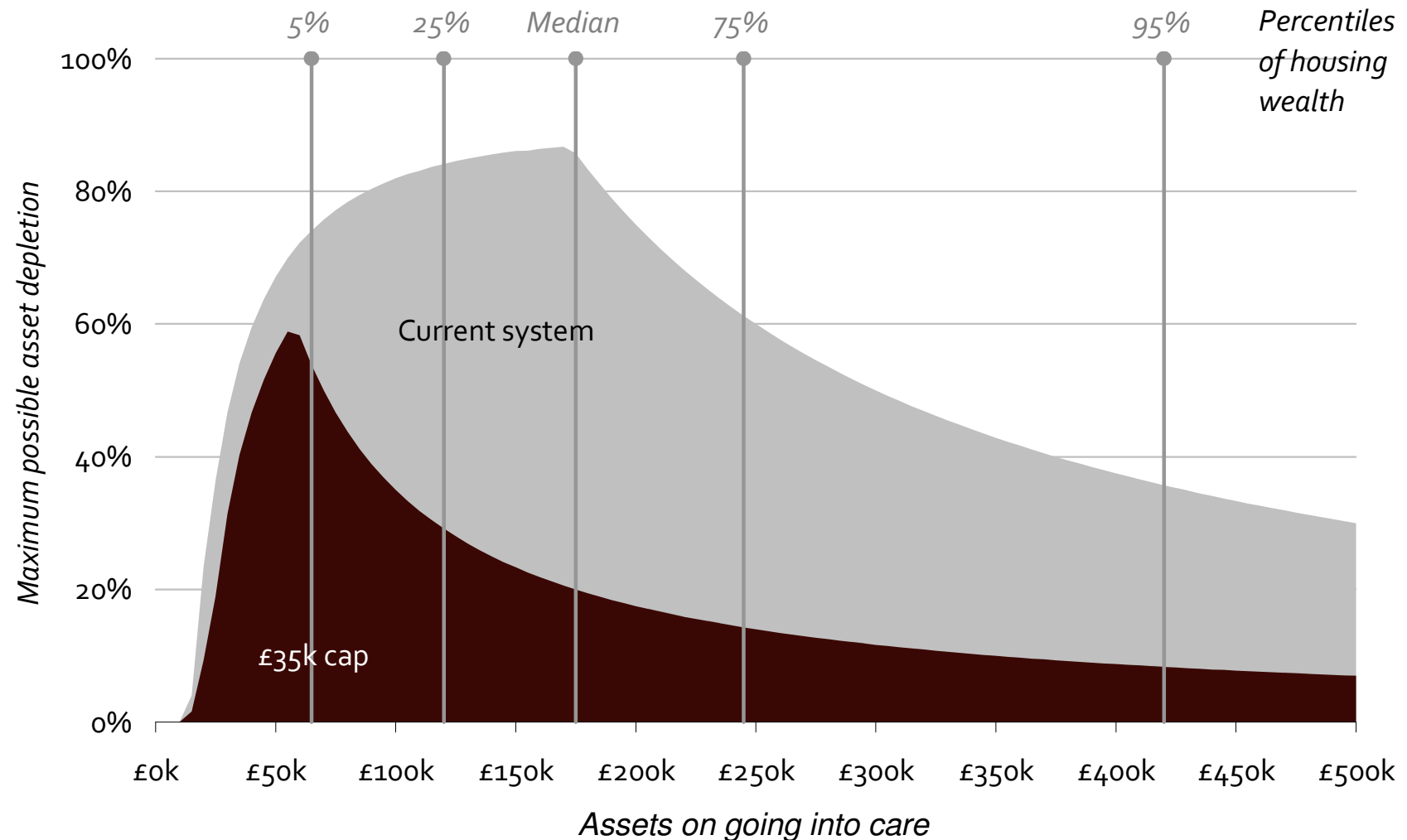
A cap removes the risk of very high costs

Expected lifetime costs for people going into care in 2010/11, by percentile



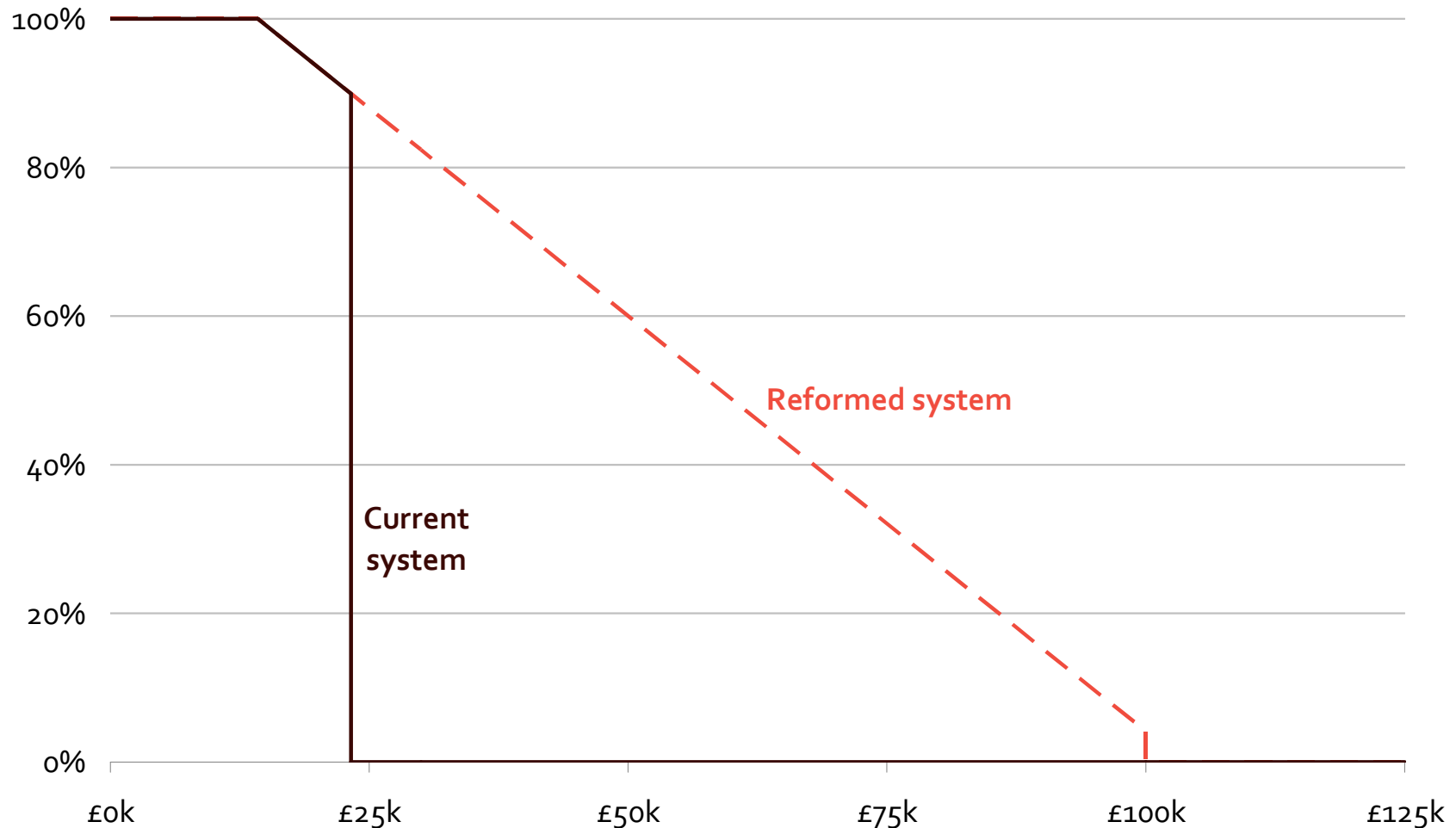
And offers significant asset protection

Maximum possible asset depletion for people with £150k residential care costs



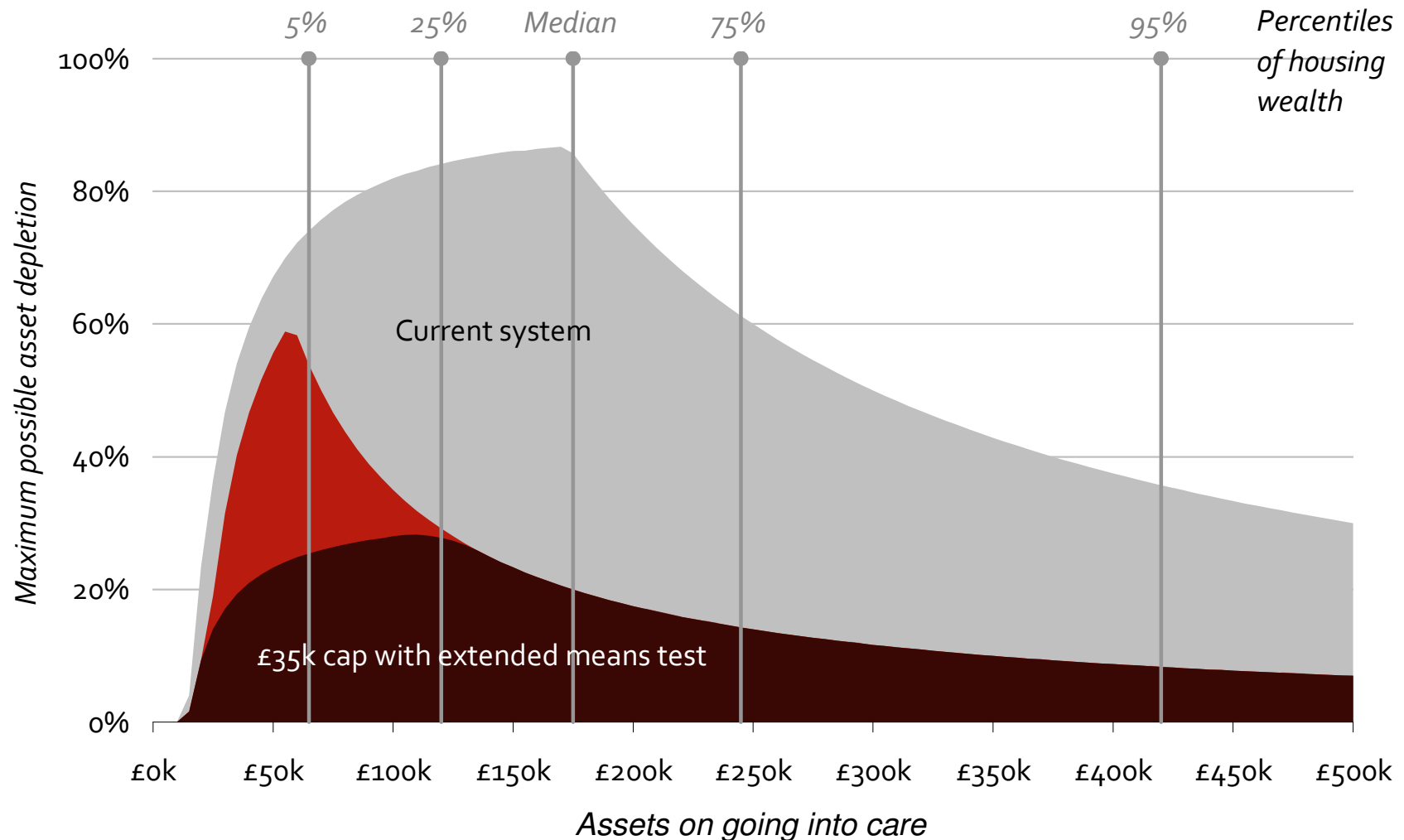
But we also need to reform the means test

The effect of extending the means test on the amount of support people receive



Extending the means test helps the poorest

Maximum possible asset depletion for people with £150k residential care costs



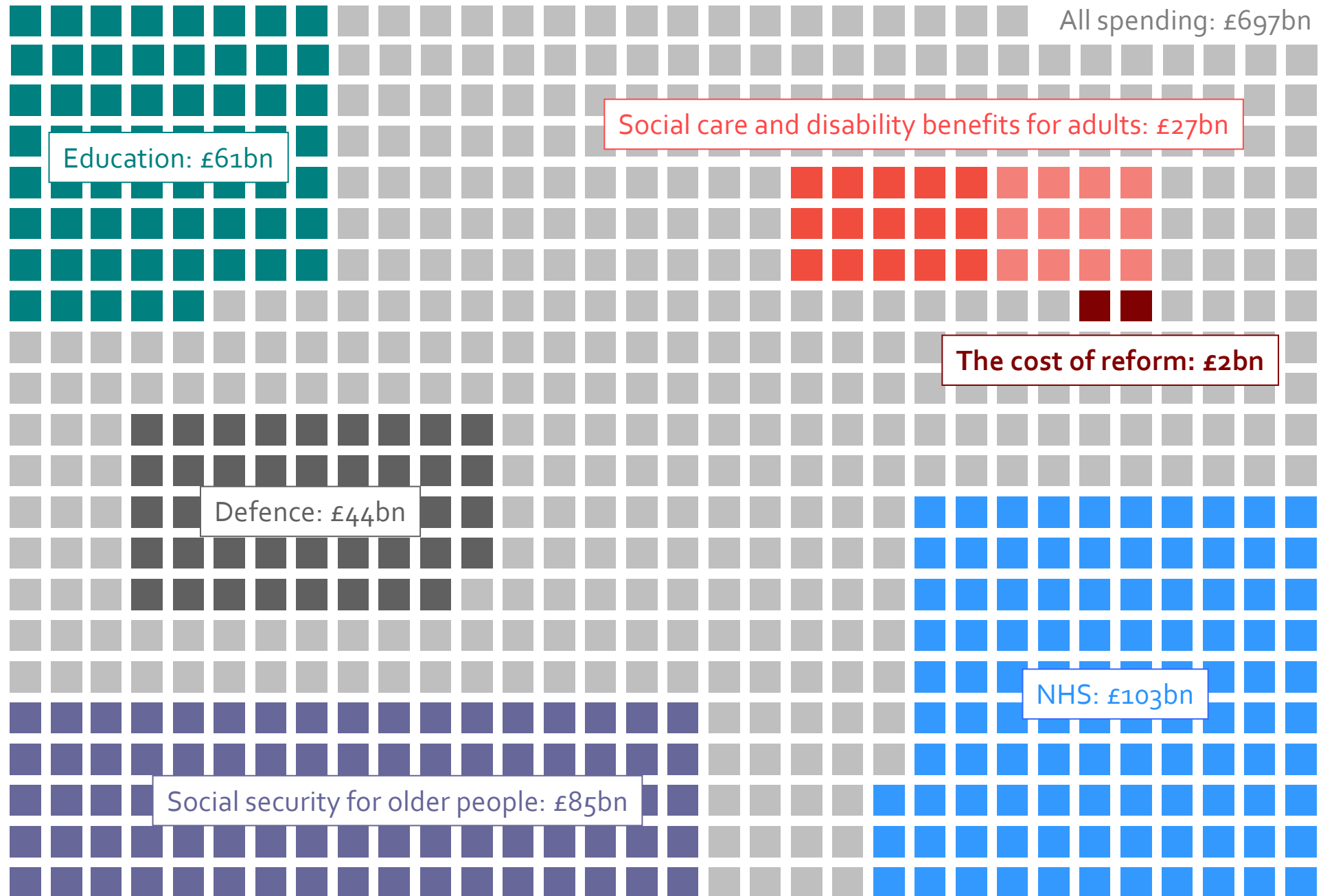
The reforms reduce the costs individuals face

Initial level of wealth	Maximum spend on care
£40,000	£9,000
£50,000	£12,000
£70,000	£18,000
£100,000	£28,000
£150,000	£35,000

General living costs

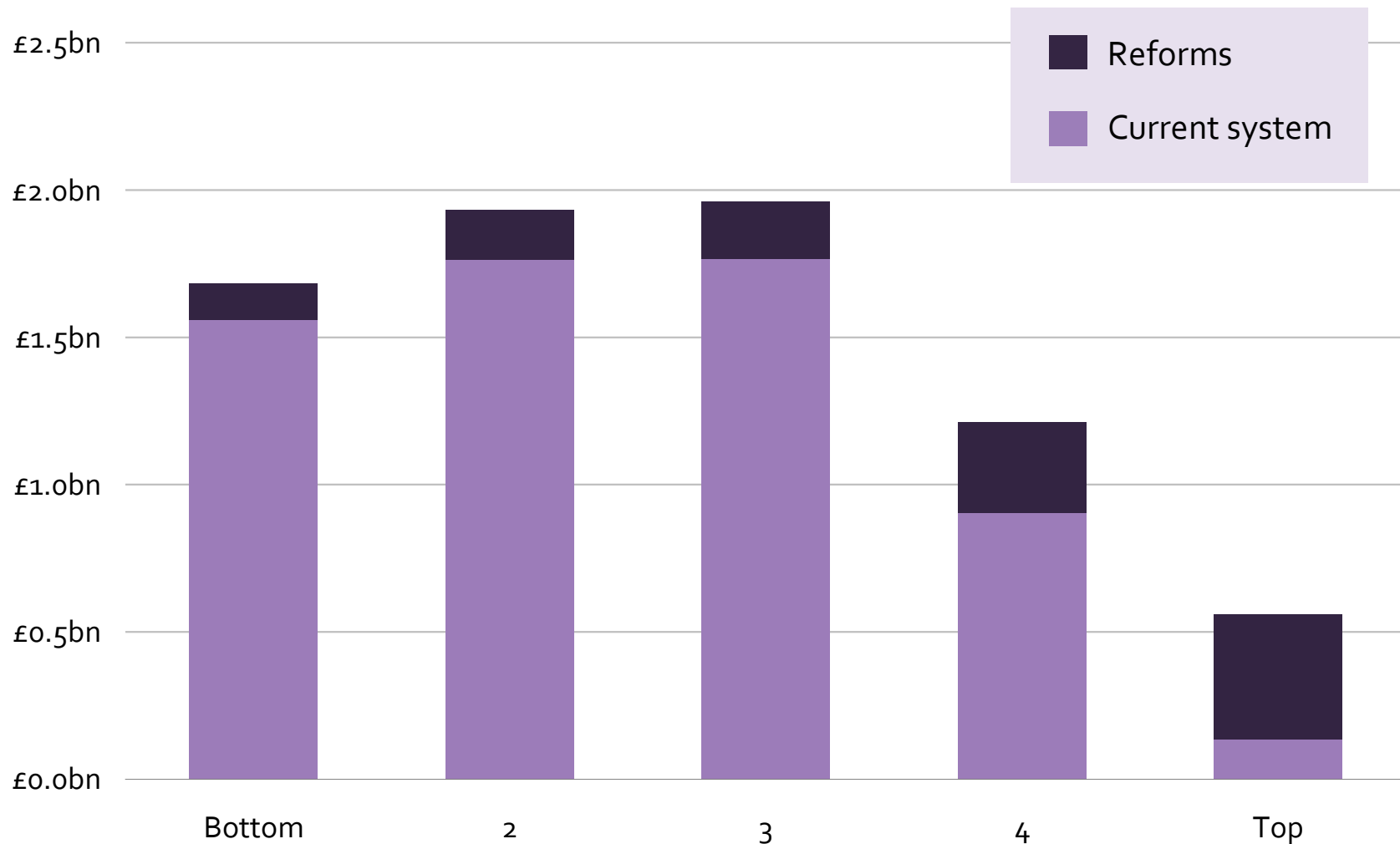
- People in residential care would need to make a contribution towards their general living costs (such as food and heating).
- People have to pay these costs if they live at home.
- Believe this contribution should be fixed - recommending **between £7,000 and £10,000 p.a.** (as the maximum possible contribution).

The cost and impacts of reform



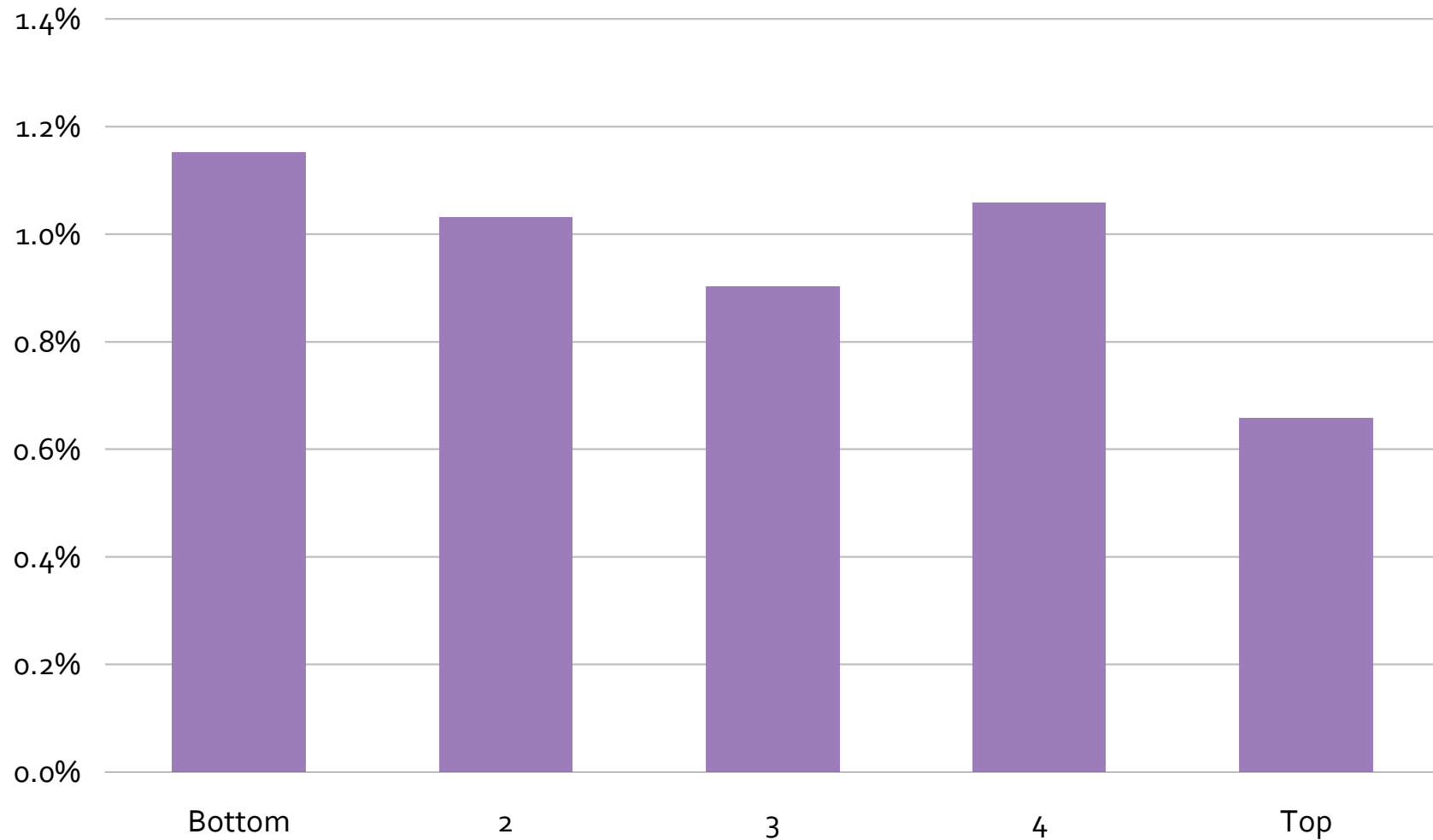
Who benefits from the reforms?

Public expenditure on social care, by income quintile



Who benefits from the reforms?

Additional public expenditure as a proportion of income, by income quintile



Preparing for living longer

People are not planning and preparing

- **People do not think they need to prepare**
 - Do not understand how the current system is funded; and
 - Do not want to think about the issue - and have differing attitudes to and understanding of risk.
- **If people do want to plan ahead, there is no real action that they can take.**
- **Information and advice provision is very poor.**

Encouraging people to plan

We want a system that people understand. We are calling for:

- A **major campaign** so people are aware of how any reformed system works
- A new **information and advice strategy**, providing trustworthy and joined-up information, covering:
 - how the system works and information on services;
 - signpost people to further advice; and
 - financial information.

Building a better system

Better support for carers

- We believe a better funded system for social care will bring benefits to carers, as well as those with a care and support need.
- We believe the valuable role played by carers should continue – but their contribution needs to be appropriate and fair.
- We are proposing there should be:
 - improved **carer's assessments**; and
 - better **information and advice** for carers.

Improved assessments

- For lasting reform, we think there needs to be an improved eligibility and assessment framework.
- We are calling for:
 - **national eligibility threshold;**
 - **portable assessments;** and
 - the Government to develop a **new, more objective, assessment scale** as the basis for the future system.

More coherent and aligned care and support

- The whole care and support system should work better together.
 - Supportive of **integration** between health and social care
 - Want to see **better alignment of assessment** processes between social care, disability benefits and health.
 - Recommending **AA is re-branded**, to make its purpose clear.

Wider implications

Wider implications and the future

- Capping people's costs should free up people to **spend some of their resources earlier** (e.g. on home adaptations).
- We think there is potential for **innovation in care delivery models** to really develop (e.g. extra care housing).
- There is a **new space for the financial services sector** to help people in meeting their contribution.

Thank you