Government proposals for adult social care funding reform

Purpose of Report

For information and comment.

Summary

This paper provides an overview of the Government's recent proposals for reforming adult social care funding.

Recommendations

Members are asked to note this paper as background information for the Board's discussion with Shaun Gallagher, Department of Health.

Action

LGA officers to progress activity in line with Members' comments.

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Government proposals for adult social care funding reform

Background

1. In its May 2010 document 'Our Programme For Government' the Coalition recognised the urgency of reforming adult social care. One of the Government's stated actions was to establish a commission on long-term care funding.

2. In July 2010 the Commission on Funding of Care and Support (the Dilnot Commission) was set up. It was tasked with making recommendations on how to achieve an affordable and sustainable funding system for care and support for all adults in England, both in the home and other settings. The Commission published its report in July 2011 and made ten recommendations.

3. The two core recommendations were to:

    3.1. Cap an individual's lifetime contribution to their care costs between £25,000 and £50,000, with £35,000 "an appropriate and fair figure"; and

    3.2. Extend the asset threshold in the residential care means test (beyond which no means-test help is given) from £23,250 to £100,000.

4. In July 2012 the Government published its response to the Dilnot Commission's report in its 'Progress Report on Social Care Funding Reform'. This was published alongside the care and support White Paper and the Draft Care and Support Bill. The progress report set out the Government's support for the principles of the capped-cost model but noted there were a number of questions and trade-offs that needed to be resolved.

5. In February 2013 the Government announced its intention to:

    5.1. Cap an individual's lifetime contribution to their care costs at £75,000; and

    5.2. Extend the asset threshold in the residential care means from £23,250 to £123,000.

The proposals for funding reform

6. The £75,000 cap is set in 2017/18 prices (which equates to £61,000 in 2010/11 prices) and covers the costs an individual will be expected to pay to meet their eligible care and support needs. The intention is that eligibility will be set nationally, with the minimum threshold to be determined in regulations. Once the cap has been reached the state will cover the individual's care costs.

7. For those individuals who turn 18 and have an eligible care and support need the cap will be set at £0. Adults of working age will also have a lower cap, though the details on this are still to be confirmed.

8. The upper capital threshold of £123,000 is set in 2017/18 prices (which equates to £100,000 in 2010/11 prices) and the lower threshold will increase to £17,500.

9. The capped amount only covers the costs of personal social care received at home or in a care home. It does not include 'hotel costs' for food and accommodation if an individual is living in a care home, which will be limited to £12,000 per year. Additionally, the contribution to the cap will be based on the council's prevailing rate for care. Therefore, if

an individual is in a care home that costs £1,000 per week but the council rate for that home is £600 per week, only the £600 will contribute to the cap. Hotel costs and the top ups individuals may pay would continue after the cap has been reached.

10. The Government's intention is for the capped-cost model to be operational from April 2017. However, it has also stated its commitment to implement other reforms from April 2015, including: universal deferred payment, a national minimum eligibility threshold, and new rights for carers.

LGA key messages

11. In our On The Day Briefing for the funding reform announcement we set out the following key messages:

    11.1. The Government has taken a significant step in committing to the capped-cost model.

    11.2. However, the proposals are just one part of the solution to reforming care and support and need to be taken forward alongside a commitment to:

        11.2.1. Put the system on a sustainable financial basis;

        11.2.2. Improve the individual's experience of care and support by simplifying the system, providing greater choice and control, and driving up quality through a diverse provider market; and

        11.2.3. Use all local resources to optimum effect by ensuring care and support is appropriately aligned with health and housing.

    11.3. In order for the capped-cost model to be effective the public needs to understand how it will work in practice. These are complex proposals and we are ready to play our part in helping to explain the new system.

    11.4. With the value of a person's house included in the financial means test for residential care we anticipate the impact of the proposals in financial terms will be greater for some councils than others. This is the result of regional variation in home ownership rates and house prices. We will be carrying out our own research to understand what the proposals will cost councils in different parts of the country.

    11.5. The level of the cap will make little difference to some of the other costs associated with the proposals, which councils may be exposed to. This includes, for example:

        11.5.1. Administration costs linked to tracking individuals' contributions to the cap;

        11.5.2. Increased assessment costs as more people enter the state system; and

        11.5.3. The costs of universal services that may be identified as beneficial to the individual when s/he approaches the council for an assessment to trigger the process of contributing to the cap.

Decisions

12. Members are asked to note this background report to inform the Board's discussion with Shaun Gallagher, Acting Director General for Social Care, Local Government and Care Partnerships, Department of Health. Any comments from Members will be fed into the Community Wellbeing team's on-going work in this area.