

**The Commission on Funding of Care
and Support**

**CALL FOR EVIDENCE ON THE
FUTURE FUNDING OF CARE AND
SUPPORT**

December 2010

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<http://www.dilnotcommission.dh.gov.uk>

Foreword

We were delighted to be asked by the Government to sit on the Commission on Funding of Care and Support.

Thanks to better lifestyles and improvements in health care, many people are now living much longer than in previous generations. This is something to be celebrated, but it does mean more people need care and support, and they often need it for longer periods of time. Making sure those needing care and support are supported properly is now one of the most urgent public policy issues facing this country.

Demographic change means that in the future more resources – private, public and voluntary – will need to be used in care and support. It is our task to ensure the provision of care and support for adults, in England, keeps pace with rising demand; and people are able to access the services they need and achieve the outcomes they want.

The Commission is looking at this issue afresh, and from a broad perspective. In recent years, there have been a number of different models of reform proposed by Government, a Royal Commission, think tanks and academics. We want to build on this work, whilst also analysing the issue independently and seeking new reform options.

To date the Commission has been focusing on analysing the strengths and shortcomings of the current system, and examining the demand pressures. We have reviewed the evidence base and spoken to external experts about the issues. This work has framed the direction of our work.

We would now welcome your views on the way in which we have started to think about our task and the direction of reform. It is extremely important for us to have access to new ideas and perspectives. All options are currently under consideration, and the Commission is keen to hear your views. We want to encourage everyone with an interest in this issue to submit their evidence and suggestions as part of this process.

However, we know that getting this right is going to be challenging. We ask those responding to this Call for Evidence to bear in mind the constraints the Commission itself faces. For example:

- Any recommended options must focus on how to reform the funding of care and support. Whilst the effective and efficient delivery of high quality care and support is the overarching aim of any reform, the Commission's remit is to offer recommendations specifically on the funding of the system.
- It is important to look at the issue in the round, considering the different ways people are currently supported (for example through the adult social

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care system, the National Health Service and the social security system) and look at how these funding streams and services interact with each other.

- Suggestions need to be sustainable and resilient – both in terms of funding and delivery. Public resources are scarce, and the complexity of the system means any reforms can have a significant impact on the financing and delivery of care and support.
- Suggestions need to be assessed against the Terms of Reference and criteria the Commission has agreed with Government. Inevitably, difficult trade-offs are going to have to be made.

Notwithstanding these constraints, this is a genuine opportunity to recommend an ambitious and realistic programme for reform, one which could make a real difference to not only the individuals and families using the system now, but everyone who may have a need for care and support in the future. We are confident that with your help we can make real progress.



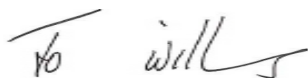
Andrew Dilnot

Chair of the Commission on Funding of Care and Support



Lord Norman Warner

Commissioner



Dame Jo Williams

Commissioner

Setting the Context

Introduction

The aim of this paper is to seek suggestions on the future funding of care and support in England. This document:

- Sets out our remit (the full Terms of Reference are presented at annex B);
- Explains the opportunities and challenges we see facing the future funding of care and support;
- Outlines our assessment of the current system;
- Sets out the direction of reform;
- Explains how we plan to appraise the options; and
- Sets out the questions we would like addressed as part of this Call for Evidence (these are summarised at annex A).

This formal Call for Evidence forms only one part of our wider engagement work, and there are other ways for people and individual groups to engage with and contribute to our work. In taking our work forward, we have already been drawing heavily on the findings of previous consultations and research. We will be conducting a formal review of previous public research on care and support, and plan to do further deliberative research with specific groups and members of the public early next year. People are able to write to us directly at the Commission with their views. This Call for Evidence is the opportunity for those who have an interest in future funding models to provide their view.

Format of your response

The Call for Evidence will be open until midnight on **28th January 2011**. Any responses received after this time may not be considered. All responses should be sent to dilnotevidence@dh.gsi.gov.uk.

Given the volume of responses we expect to receive, we ask that the **main body of any report is no longer than 30 pages**. If a submission is longer than five pages, we ask that it have an executive summary. We are happy to receive supporting evidence as annexed documents.

We reserve the right to publish any of the responses we receive. **If you do not want your submission to be published or quoted, please state this clearly on the front of your response.**

For further information on the Commission, please see our website (<http://dilnotcommission.dh.gov.uk>).

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Background to the Commission on Funding of Care and Support

The Commission was set up in July 2010, following a commitment in the Government's coalition agreement, Our Programme for Government¹. The Commission is to report by the end of July 2011. Andrew Dilnot chairs the Commission, with Dame Jo Williams and Lord Norman Warner as fellow commissioners.

The Commission's remit was set by the Government in our Terms of Reference (set out in full at annex B). We have been asked to make recommendations on how to achieve an affordable and sustainable funding system or systems for care and support, for all adults in England, both in the home and other settings. Specifically, we have been asked to examine and provide deliverable recommendations on:

- 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; and
- How any option can be delivered, including an indication of the timescale for implementation, and its impact on local government (and the local government finance system), the NHS, and - if appropriate - financial regulation.

Any suggestions should cover both working-age and older people – although it is possible to recommend different funding options for the different demographic groups. The Commission's remit does not cover care and support for children.

Scope of the Commission

In defining our work, we have taken a wide definition of care and support:

- We are looking at all the different ways in which people, of all ages, are supported by the state. This means that we are considering the role played by the adult social care system; the social security system; the National Health Service (NHS); housing support; and public health and prevention services. We are not forgetting the valuable contribution made by carers, families, friends and communities.
- We are considering the full range of different funding models, including past proposals and new ideas. No options have been ruled out, and we currently have an open mind about the best possible options for reform.
- We are examining the different ways care and support can be paid for in the future. This includes looking at ways of encouraging the private market to offer financial products to help people protect their assets; and looking at the different ways in which the state could contribute.

¹ The Coalition: Our Programme for Government, HM Government, May 2010

2. The current care and support funding system, and future challenges and opportunities

The current care and support system

By care and support, we mean all the things which help people stay active and independent, lead fulfilling lives, and build meaningful relationships. Some support comes directly from government, but families and communities play an equally valuable role.

Care and support assists individuals with certain physical, cognitive or age-related conditions in carrying out personal care or domestic routines. It helps people sustain involvement in work, education, learning, leisure and other social support systems. It supports people in building social relationships and participating fully in society.

Many different people and organisations - from individuals, families and communities to formal public, private and voluntary services – are involved in care and support. The Commission is specifically looking at the role of individuals and the state in the context of funding structures, but the contribution made by families and wider communities should not be overlooked.

Care and support is provided through a variety of different channels including the social care system, the NHS, the social security system, housing support, and public health. The role of, and interactions between, all the different streams of support is important when considering future reforms.

- The social care system in England provides care and support through a means-tested system delivered at the local level by local authorities. Very broadly, under this system, people with assets over £23,250 receive no 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.
- The NHS provides services to people with care and support needs. For example, around 60% of people with three or more long-term health conditions have problems performing their usual activities. The services overlap in a multitude of ways. For example, there are people with specific conditions, such as a learning disability or dementia, who require joint support from the NHS and social care services; and at the end of life, both services often need to play a role.
- There are also universal disability benefits for both working-age and older people (Attendance Allowance and Disability Living Allowance), as well as means-tested social security benefits.
- Housing support, prevention and population wide public health services also play an important role in care and support. In particular, prevention

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and housing services can help people remain safely in their own homes, and prevent needs worsening.

Table 1 sets out some key facts and figures about the current care and support system. Figures on private activity and expenditure are rough estimates as reliable data in this area is limited.

Table 1: The current care and support system in England 2009/10: facts and figures		
	18-64	65+
Numbers (000s)		
Population (2010)	32,600	8,580
Needs help with one or more activities of daily living	Not available	1,000
Social care		
Publicly supported	60	170
- residential care		
- community care	390	610
Privately funded		
- residential care	Not available	120
- community care	Not available	400
Informal care	1,000	1,900
Social security benefits		
DLA and AA	1,400	2,160
Spend		
Social care		
Public expenditure (net of user charges and other income)	£6,370m	£7,390m
Private spend on social care	Not available	£8,300m
Social security benefits (DLA and AA)		
DLA and AA	£5,487m	£7,505m

Source: 2008 based principal population projection, England, Office for National Statistics; Community Care Statistics: Social Services Activity, England 2009-10 – provisional, The Information Centre; General Household Survey; Personal Social Services expenditure and unit costs: England - 2009-10 – Provisional Council Data, The Information Centre; Care of Elderly People – UK Market Survey 2010-11, Laing and Buisson; Commission Analysis of DWP Benefit Expenditure Tables; PSSRU; Commission analysis

Future challenges and opportunities

Changing Demographics

Looking to the future, demographic change is likely to lead to increasing demand for care and support. Whilst it is a great thing that more people are living longer, we need to recommend the best way to meet care and support needs. Not only do we need to sort out the optimal funding system for older people, but also ensure working-age people with a care and support need are receiving quality outcomes.

Evidence suggests that:

- The population of older people (here we look at over 65 year olds) is projected to grow by 50% over the next 20 years as a result of longer life expectancy and the 'baby boomers' ageing.
- Within this overall growth, the number of people who are very old will grow the fastest. For example the number of people over 90 is expected to nearly treble over the next 20 years².

As a result of these two trends, older people's demand for care and support will increase by around two-thirds over the next 20 years, assuming that disability rates by age will remain constant.

There will also be changes in the working-age (18-64) population. For example, the number of adults with a learning disability is increasing, primarily as a result of falling mortality. Modelling suggests that the number of working-age adults with learning disabilities will rise by around 30% over the next 20 years.³

These trends suggest that as a country we will need to be spending a greater percentage of national income on care and support. Projections from the Office for Budgetary Responsibility suggest that by 2029/30 government will be spending 1.7% on long-term care, compared with 1.2% in 2009/10, assuming unchanged policies.

In addition to the financial support from Government, private contributions and informal caring currently play a significant role and this is expected to continue in the future. Part of the Commission's work will be determining the optimal mix between these sources.

² 2008 based principal population projection, England, Office for National Statistics

³ Emerson E, Hatton C, 2008. Estimating Future Need for Adult Social Care Services for People with Learning Disabilities in England, CeDR Research Report 2008:6

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Table 2: Office for Budget Responsibility projections for age-related public expenditure (per cent of GDP)⁴

	2009-10	2019-20	2029-30	2039-40
Health	8.0	8.5	9.4	10.2
Long Term Care	1.2	1.4	1.7	2.0
Education	6.0	5.9	5.9	5.8
Pensions	5.5	5.3	6.1	6.8
Public Service Pensions	1.8	1.9	2.0	1.9
Total	22.5	23.1	25.1	26.6

Note: Figures are for UK. Long-term care covers social care expenditure on working-age and older people and excludes long-term care provided within the NHS which is included under health.

Changing care needs

We know age and certain conditions are closely linked to care and support needs. For people aged 65 years or older, the most common conditions are physical disability, frailty and sensory impairment, and mental health. About half of the spending on personal social services for older people goes on those aged over 85. Around 60% of state social care spending on the working-age population is on those with learning disabilities.

However, projecting future need for care and support is difficult. Future trends in prevalence of disability in older people are a major determinant of future demand, but also a major uncertainty. There is mixed evidence about what is happening to age-specific prevalence rates of disability in England, and future needs will be affected by changing patterns of disease and treatments.

Projecting future funding requirements will also require making some assumptions about the supply of informal care. Research suggests that the overall demand for care may rise more quickly than supply. In particular, research suggests that over the next 20 years the supply of care by adult children will grow by 13% (assuming unchanging propensity to care), whilst demand will increase by 55%⁵. It is critical that any future reforms support and nurture the immensely valuable contribution made by carers.

Changing wealth and assets

When looking at how to reform the current funding system, we need to investigate the trends in the incomes, wealth and assets held by individuals – both working-age and those currently over 65s.

⁴ Office for Budget Responsibility, November 2010. Economic and fiscal outlook

⁵ derived from Pickard L (2008), Informal Care for Younger Adults in England: Current Provision and Issues in Future Supply, England 2005-2041, PSSRU Discussion Paper 2513

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In the future pensioners are likely to receive more income from state pensions and more people are likely to have private pensions⁶. This will be augmented as 'baby boomers' retire over the next 20 years with many benefiting from generous defined benefit pension schemes (although as a result of changes to the private pensions market this trend is unlikely to continue in the longer term).

We know that the proportion of people owning property varies considerably by age group, peaking for those just coming up to retirement, and that total wealth holdings match this pattern – see Chart 1 below. 20% of 16-24 year olds own a property, compared to 79% of 55- 64 year olds and 63% for those aged 85 years or older.⁷ If we assume that the cohort of people currently in their 50s do not spend down their wealth any faster than preceding cohorts, our evidence suggests that wealth is set to increase amongst future 70 and 80 year olds.

However, it is very difficult to predict future wealth levels as it depends on house and stock market prices, as well as spending and saving behaviour. It is also possible that younger generations will have a very different wealth and asset profile from the 'baby boomers'.

The wealth and asset profile of those of working-age with a care and support need is very different to that of the older generation. Those born with a disability, or who have lived with a care and support need for many years, will not have had the same opportunity to accumulate wealth during their lifetimes. Some may have limited assets or income, for example through inheritance or through income accumulated from working, but this is likely to be far less than those who have worked their entire life, owned a home and had the opportunity to save. For example, the median level of total wealth for households headed by an employee is £217,500 compared to only £21,100 for households headed by someone who is sick or disabled⁸. Any reforms to the system need to take into account these different income and asset profiles.

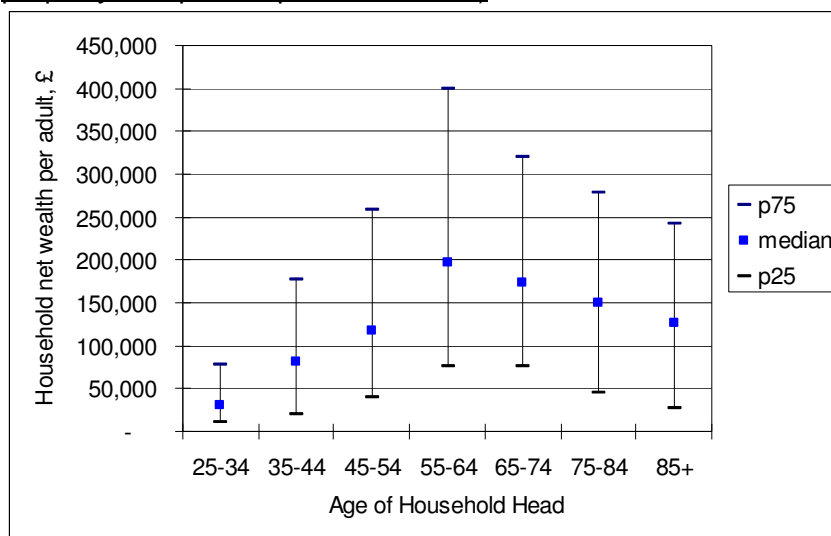
⁶ Pensions Policy Institute 2010, Retirement income and assets: outlook for the future

⁷ Wealth and Assets Survey 2006/8, Office for National Statistics

⁸ Wealth and Assets Survey 2006/8, Office for National Statistics

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Chart 1: Distribution of net household wealth per adult, by age (net financial, property and private pension wealth)



Source: Banks, Crawford and Tetlow 2010 using Wealth and Assets Survey 2006/8, 'What does the distribution of wealth tell us about future retirement resources?' DWP Research Report Number 665

Changing social and technological trends

Our society is constantly evolving, and people's needs and expectations will change. There are key trends within society - women's increasing participation in the formal labour market, increasing numbers of single people, greater numbers of people choosing not to have children - which could all have a significant impact on both the funding and delivery of care and support.

As well as societal change, we can also expect technological change. Technology is developing rapidly, and we anticipate it will have a significant impact on the way care and support is delivered in the future. New technologies are already making their way into care and support – from sophisticated telecare equipment to more simple devices such as “talking” food tin lids. These technologies already have the power to transform the lives of individuals and carers, and more opportunities will open up in the future. The care and support system needs to be sufficiently flexible to take advantage of these innovations.

Given the uncertainty over the future, we believe any reformed funding system for care and support will need to be resilient to change. It will need to be able to flex and adapt to changing pressures and demands, and meet the needs of different populations and groups.

Question 1: Do you agree with the Commission's description of the main challenges and opportunities facing the future funding of care and support?

3. Our assessment of the current system

Strengths of the current system

Whilst any reforms proposed will seek to address the shortcomings of the current funding system, it is also our intention that wherever possible, reform should build on existing strengths. The Government's vision for care and support, launched recently⁹, builds on many of these strengths.

Below we outline the critical aspects which we, as a Commission, believe should be maintained and supported by, any future funding system. This is a summary, focused on the areas which we believe could be affected by our proposed reforms.

1. The current system provides a 'safety net' for those with the lowest means and highest needs

It is highly progressive, and although it can seem unfair to those who have to run down their assets, the system does seek to protect those who would otherwise be unable to support themselves. Many working-age people currently fall into this 'safety net'.

We believe any future system must continue to provide a 'safety net', but are open to whether this continues in its current form or is reformed.

2. The drive for personalisation has given people choice and control, and power to determine the outcomes they want

Personal budgets and certain disability benefits, such as AA, can give many people greater independence over their lives. Although not always appropriate for everyone, personal budgets have the power to empower individuals, putting those using service in control of their lives.

We believe any reforms to the funding of care and support should support personalisation.

3. Focusing on prevention activities should prevent (or slow) needs escalating

Likewise, the policy focus on preventative and public health services - keeping people as well as possible, for as long as possible - should deliver better outcomes for individuals, whilst being efficient for the state.

We would like to see the focus on prevention maintained.

⁹A Vision for Adult Social Care: Capable Communities and Active Citizens, Department of Health, 16th November 2010

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4. The current system can already be described as a partnership between the state, the private sector and individuals and their families

The current care and support system is reliant on private contributions, informal care and state provision. We know the contribution of informal carers is vital to our system now, and will be so in the future.

The current means-tested social care system leads to some people fully funding their social care and others having to contribute almost all their income and assets. However, there are elements of state support that everyone receives, including access to the NHS and some social security benefits.

We believe any reformed system will continue to be a partnership in its broadest sense - with both individuals and the state continuing to contribute to the costs of care and support. We want any system to support carers, acknowledging the valuable contribution they make.

5. The current system is responsive to local needs

Local authorities are well-placed to understand the needs of their population – not just for direct social care services, but also for housing, health, education services, employment and leisure services. Local authorities, therefore, should be able to commission services which match the needs of local people. Local priorities are also able to determine the response to demand and allocation of resources.

There are however, tensions between this local responsiveness and the general public's notion of fairness. One of the key concerns people have is the 'postcode lottery' of care, where entitlement to services differs across the country¹⁰. We know there is some variation in the services people receive in different areas – this offers flexibility and responsiveness to local conditions, but it can be perceived by some as inequitable.

We will be looking at how to best balance locally responsive support with national access in any reformed funding system.

Shortcomings of the current system

Whilst we want to build on the strengths of the current system, we also want to explore, and if possible, address a number of potential shortcomings.

Here we have focused on the issues relate directly to the funding of the system. We know there are other issues (such as portability of assessments, the quality of the workforce and the need for more joined-up services) which are important and will need to be considered as part of the delivery of reform.

¹⁰ Summary of the 'Big Care Debate' Consultation, Department of Health, 2010

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The Commission has identified the following issues to date:

1. Whilst the current system acts as a safety net, those who face very high care costs can lose the majority of their income and assets

The current care and support system provides support to those on low incomes, with high needs. However, it is a means-tested system and this does leave many, mainly older people, exposed to high costs. Those with assets are required under the current system to support themselves until they run down their assets to a certain level.

In particular, many people face very high costs when they enter residential care. We know that on average around one in three women and one in five men aged 65 will enter a care home at some point in the future¹¹; and the risk of entering residential care increases as people get older. The average cost of an older adult residential and nursing care home place is £26,000 per year (including care and accommodation)¹². The overall costs to entrants to residential care depends on how long they stay. Although the average length of stay for older people is believed to be around 2 years a significant proportion stay more than 4 years¹³, and there is considerable uncertainty about the distribution of completed lengths of stay of those entering care. Small changes, even months, in the distribution of length of stays in residential care have the potential to have a significant impact on the average cost of care.

Some people may also want, and choose, to live independently in their home for as long as possible. With people increasingly having more choice over their care through personal budgets, this is likely to increase. Home care costs on average £8,000 per year¹⁴, but intense care and support within a domiciliary setting can be as expensive as residential care and can still see people using up large proportions of their income and non-housing assets.

Some people have chosen to take out private financial products to help with the costs of care. For those entering residential care, there are immediate need annuities which can help cover the costs, and equity release products can also help people manage the cost of care. Between 1995 and 2009, new long-term care business written by Association of British Insurers (ABI) members was 1,129¹⁵. According to the ABI there are around 36,000 long-term care insurance policies in force at the end of calendar year 2009¹⁶. However, there are currently no new pre-funded long-term care insurance products being sold in England (although these do exist elsewhere in the world).

¹¹ Lifetime risk of entering residential or nursing home care in England, PSSRU discussion paper 1230/3

¹² 2008/9 PSS EX1 (Personal Social Services Expenditure Tables, NHS information centre)

¹³ 1996 Survey of Care Homes for Elderly People, PSSRU discussion paper 1423/2

¹⁴ 2008/9 PSS EX1

¹⁵ Care of Elderly People: UK Market Survey 2010-11, Laing and Buisson.

¹⁶ Care of Elderly People: UK Market Survey 2010-11, Laing and Buisson.

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2. Evidence suggests significant levels of unmet need in the current system, but this is difficult to quantify

Establishing the absolute level of unmet need is notoriously difficult - as unmet need is difficult to define and measure. But trends in expenditure and demand can give us an indication of whether unmet need is increasing or reducing. We can hypothesise that rising unmet need in the future is likely to lead to some people not having the quality outcomes from the care and support system which we might ideally wish.

For older people, increases in the unit cost of care and in the number of older people, would imply an increase in demand of around 3% per annum since 2004/5. However, real net expenditure on social care for older people has only increased by 0.5% per annum between 2004/5 and 2009/10.¹⁷ We also know that local authorities have been tightening eligibility over time, and that in most local authorities people with moderate needs do not receive public support. Taken together, this suggests there is currently some unmet need.

Social care expenditure on the working-age population has increased by an average of around 4% in real terms over the last five years, but we are aware that there have been significant pressures here too.

These pressures may mean that increasing, potentially unsustainable, demands are also placed on informal carers. We know that there are many carers who already face challenging pressures in supporting those they care for; and any reforms in the future will need to consider how best to support and value carers.

3. There is a question over whether the current spending on care and support delivers value for money

Again, there is limited evidence on value for money within care and support services. However, there are a number of questions, relating both to working-age and older people, on which will be doing further research.

Firstly, there is a question over whether society places the right value on care and support. Currently of all the public spending on older people in England, personal social services represents around 6% (see Chart 2 below). There is a question over whether this is the right proportion, or whether increased investment in social care could reap even greater rewards across in the system.

Secondly, there are significant overlaps between the different public funding streams. It is important that we consider whether public support is being delivered in the most efficient and effective way for both working-age and older people. For example:

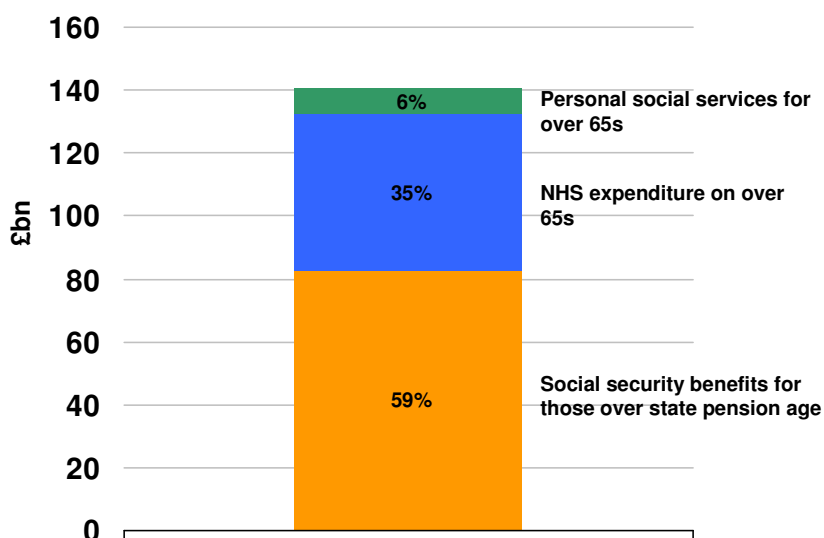
¹⁷ Personal Social Services expenditure and unit costs: England - 2009-10 – Provisional Council Data, The Information Centre

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- We know that around 80% of people receiving social care also receive Attendance Allowance (AA); but 29% of those receiving AA receive neither informal nor formal care¹⁸. We therefore need to consider the role of the different streams of state funding and their effectiveness in meeting these aims.
- The evidence from the Partnerships for Older People Projects (POPP) run by the Department of Health also suggests that joint investment in health and social care could offer savings to the state overall. The National Evaluation of the programme¹⁹ indicated that investment in prevention in social care can result in savings for the NHS, suggesting potential savings in the range of £0.73 to £1.34 for every £1 spent, depending on the assumptions made.

Finally, there is a question over how money within the care and support system is being invested in areas which offer the greatest value for money. For example, does the current system put sufficient emphasis on prevention and supporting those with lower level needs? We do know certain interventions work, and further work is underway to improve the evidence base. For example, the Whole System Demonstrator project is looking at the opportunities presented by telecare and telehealth. However, there is currently quite limited evidence over the most cost-effective interventions.

Chart 2: Estimated public spending on over 65 population 2010/11 in England (£bn)



Source: Commission Analysis

4. There is low awareness of how the current system works, and when people need care and support, it is complex and difficult to navigate

¹⁸ Securing Good Care for Older People, Taking a Long-Term View, Derek Wanless, 2006

¹⁹ National Evaluation of the Partnership for Older People Projects, PSSRU, January 2010

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The evidence suggests that many people do not understand how the current system works and that they may need to pay for their care (under the means-tested system). There is confusion over the role of different parts of state support – for example why the NHS is free, disability benefits are universal, but social care is means-tested.

Once people start to need care and support, there are often complicated and multiple assessment processes and the different parts of the care and support system do not always work very together. There are also varying charging regimes across local authorities. Assessments have to be done again if someone decides to move house or is relocated through work, and a new local authority has to pay for the care.

5. Many claim the current system is 'unfair'

Fairness is a complex concept, difficult to define and measure. It means different things, to different people, at different times. Looking at the current system, some claim it is unfair because they feel it penalises those who have saved all their lives. However, others view it as extremely fair, given it is means-tested and highly progressive.

As a Commission, we will weigh up and evaluate a number of different aspects of fairness, in terms of both outcome and procedure, including:

- Fairness by income and wealth (including the running down of assets and the merits of means testing versus universal entitlements);
- Fairness to those with different types and levels of need;
- Fairness by gender and age;
- Fairness to those caring for others;
- Intergenerational fairness; and
- Geographical fairness (including the 'postcode lottery').

It is also important for us to analyse how different groups could be affected by any proposals. Any reform to the funding of care and support needs to ensure that people are able to access the care and support they need, and that no one receives poorer services on grounds such as race, disability, gender, age, sexual orientation, religion or beliefs. Everyone should have the opportunity to reach their full potential, lead fulfilling lives and be protected from inhuman and degrading treatment.

Conclusion

We have outlined above the elements of the current system which we believe it will be important to maintain, and those areas which we want to consider as part of our work.

Question 2: Do you agree with the Commission's description of the strengths of the current funding system, and its potential shortcomings? Do you think there are any gaps?

4. Direction of reform

Having assessed the current system, we have agreed that there are four key priorities to address in order to recommend a sustainable settlement for the future. These are:

People should have the opportunity to be protected against the future cost of care and support

We believe any reformed funding system of care and support should ideally offer people the opportunity to be protected against the risk of future care and support costs.

The majority of people in England have to cover the costs of care themselves – a form of self-insurance. There are some financial products available, especially for those at point of need, but few are purchased. The result is that many people have to use up large proportions of their income and assets at point of need. They are also unable to benefit from any sort of risk pooling, which could reduce the overall costs people face by sharing the risks across more people.

However, tackling this is far from simple, as the risks associated with care and support are difficult to define and measure. There is a great deal of uncertainty – linked to longevity risk and the difference between life expectancy and healthy life expectancy – which means it is currently very difficult to price the risks involved in care and support. This is a challenge for both public and private sector provision. The risks also span very long periods of time, and are notoriously difficult to predict.

People need to understand how the care and support system works and be encouraged to plan accordingly

The situation is complicated further by the lack of awareness many people have of how the care and support system works. Many people believe they will receive free care in later life – because they mistakenly believe that they have been paying for this through the National Insurance system or that it is part of the NHS. This leads to inertia, and a lack of planning.

This lack of awareness means people are often shocked when they discover the scale of their financial liabilities at the point they, or a family member, need care. This can often be a very difficult time; and not ideal for making significant and complex financial decisions.

If we want people to be better prepared there needs to be far greater awareness of how the system works, across the whole population, and better information and advice for those using the system. This advice needs to come not only from local authorities and third sector organisations, but also from financial advisors and consumer organisations able to support people in their financial planning.

People need to be clear about the role of the wider system of public support (including the NHS and social security)

We believe it is important that all the various public funding streams aimed at supporting those with a care and support need are clear and well-defined. In the current system there is considerable overlap between social care and the NHS and benefits system. As a result, people are often confused about the role and funding of social care vis-à-vis other streams of public support, which can lead some to think the current arrangements are unfair. It is important that the different streams are coherent and aligned, and that they work together effectively.

Increased resources – public, private and voluntary – will need to be dedicated to care and support in the future

Given the challenges that we have outlined in this document, we believe greater resources will need to be devoted to care and support in the future. This is necessary because of the clear demand pressures on the system.

However, there is also a judgement to be made as to whether the resources devoted to the current social care system are sufficient, and whether further resources (on top of the increase required by demand pressures) are required to deliver quality outcomes for people.

We must then define the optimal mix between these three sources, whilst designing a system that can flex in response to changing contributions by each. This will require weighing up some difficult trade-offs.

5. Appraising the suggestions

To evaluate different suggestions, we will be using the set of criteria we agreed with Government. However, any proposal must be deliverable, and so we will also assess suggestions against key aspects of implementation.

Criteria

The Commission was asked by Government to agree criteria by which different reform options would be judged. The agreed criteria are outlined below, in no particular order:

- **Sustainable and resilient:** ensuring the costs to the state are sustainable in the long-term, and the care and support system is able to respond to demographic, economic, political, and societal change
- **Fairness:** for individuals, families, carers and wider society
- **Choice:** offering an affordable choice to individuals, carers and families across a range of care settings, and helping people to prepare and plan for their future
- **Value for Money:** securing the highest quality care outcomes with the available resources
- **Ease of use and understanding:** making the system as clear and simple as possible for people, supporting people to take responsibility for their future wellbeing

As a Commission, we also decided that there are two underlying principles which must underpin any care and support system. These are:

- **Promotion of the well-being of individuals and families** – enabling people to maintain their dignity, protecting those in the most vulnerable circumstances, and helping everyone to participate in the wider community.
- **Recognition of the valuable contributions of everyone involved in care and support**, including individuals; carers and families; volunteers and professional carers; private, public and charitable sector organisations; tax-payers and wider society. As outlined in the Terms of Reference, our recommendations will cover all adults in England – working-age and older people.

The Commission also understands the importance of ensuring any reformed system respects an individual's human rights. We want a funding system where no one is invisible or disadvantaged; and no particular group of people face extra barriers to protecting themselves from the risk of needing care and support. We therefore ask that you consider the impact that any suggestions you put forward will have on different groups of people.

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Implementation

The Commission has also been asked to provide advice on the delivery of any reforms.

This requires consideration of how care and support will be funded in the future. This means we will need to look at the possible mechanisms for funding any increased role for the state. We are also going to examine the different financial service products, which might be offered by the private market to individuals.

It is also important that we think through the practical details of any proposal, including issues such as:

- The scope of reform – for example whether accommodation costs are included within the scheme
- How any reforms will be delivered – for example whether any new assessment processes are required
- How any private products will interact with any state support
- The impact any suggestions could have on local government and the local government finance system
- How costs will be managed and controlled within the system
- Any new regulation that may be required
- The cost of any new administration
- The impact that any suggestions will have on the Devolved Administrations

Evidence

Finally, throughout this document, we have drawn on a variety of evidence from different sources. We are also utilising different models, such as the PSSRU micro-simulation model.

However, we are concerned that there is limited data in this area and are very keen to have more evidence on key areas, including:

- Length of stay in residential care
- Risk of needing care
- Measurement of unmet need
- Demand for formal care services
- Changing expectations
- Value for money in different elements of the care and support system

We would welcome the submission of any further data or evidence as part of this Call for Evidence.

Conclusion

We know that these are highly complex areas, which the Commission will be working through over the course of next few months. However, we ask that

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you bear in mind the criteria, implementation issues, and the available evidence as you develop your suggestions.

Question 3: Given the problem we have articulated what are your suggestions for how the funding system should be reformed? How would these suggestions perform against our criteria that any system should be sustainable and resilient, fair, offer value for money, be easy to use and understand and offer choice? Please also take into account the impact that your suggestions will have on different groups.

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Annex A: Questions

We are interested in your suggestions on the future funding of care and support, given the challenges the current system faces and the future pressures ahead. Below are the questions we would like addressed.

In formulating your answers, please consider:

- The Terms of Reference
- The criteria by which we have agreed funding models will be assessed

We understand that this is a complex area and you may not feel able to answer all the questions set out below. We are interested in any suggestions that might help with our work.

The Call for Evidence will be open until the midnight 28th January 2011. We ask that you provide a summary to your response (if longer than 5 pages), and that the body of your response is no longer than 30 pages. We are happy to accept supporting evidence as annexes.

Also please remember to note on the front cover of your response if you do not want your response or part of your response made public.

Please e-mail your response to dilnotevidence@dh.gsi.gov.uk

Questions:

Question 1:

Do you agree with the Commission's description of the main opportunities and challenges facing the future funding of care and support?

Question 2:

Do you agree with the Commission's description of the strengths of the current funding system, and its potential shortcomings? Do you think there are any gaps?

Question 3:

Given the problem we have articulated what are your suggestions for how the funding system should be reformed? How would these suggestions perform against our criteria that any system should be sustainable and resilient, fair, offer value for money, be easy to use and understand and offer choice? Please also take into account the impact that your suggestions will have on different groups.

Annex B: Terms of Reference

The Terms of Reference set out by Government for the Commission on the Funding of Care and Support are as follows:

The Commission is asked to make recommendations on how to achieve an affordable and sustainable funding system or systems for care and support, for all adults in England, both in the home and other settings. The Commission should build on the extensive existing body of work in this area and provide advice on how to implement its chosen options.

The approach recommended must be affordable and sustainable in both the short and long term. It must be consistent with the Government's deficit reduction plan as set out in the June 2010 Budget and the Spending Review, and be sustainable for the public finances in the long term in the context of an ageing society. The Commission should present its initial views to the Secretary of State for Health and the Chief Secretary to the Treasury in order for these to be taken into account in the upcoming Spending Review.

The work of the Commission should support reform of the whole system, ensuring the right care is available at the right time, and in the right place, for individuals and their families. It must also be compatible with the Government's vision for care and support - supporting personalisation, prevention and partnership and offering protection for people. It should take into account how appropriate housing and related services can better support people with disabilities and in later life.

Furthermore, the Commission should consider the relationship its work has with the conclusions of the Government's wider work on welfare reform later this year. Based on these conclusions, the Commission will then be able to examine the interaction between the social care system and the GB-wide benefit system, and consider the impact of its proposals on savings and work incentives.

The Commission is asked to examine and provide deliverable recommendations on:

- 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;*
- how its preferred option can be delivered, including an indication of the timescale for implementation, and its impact on local government (and the local government finance system), the NHS, and - if appropriate - financial regulation.*

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The Commission should judge funding models against set criteria, which it should agree, and present to the Government for approval, within the first two months. The assessment should include the following criteria:

- **Choice:** offering an affordable choice to individuals, carers and families across a range of care settings, and helping people plan and prepare for the future;
- **Fairness:** for individuals, families, carers and wider society;
- **Value for money:** securing the highest quality care outcomes with the available resources;
- **Sustainability;** ensuring the costs to the state are sustainable in the context of an ageing population.

In assessing options, the Commission will also be expected to take account of:

- earlier work carried out on the issue, including the Green Paper, *Shaping the future of care together*, the King's Fund Report, *Securing good care for more people*, the proposals for a Home Protection Scheme published in October 2009, and other academic research, international experience and public consultations;
- evidence from stakeholders - the Chair should consider convening an external reference group which includes, as a minimum, those representing older people, working-age adults with disabilities, carers, those commissioning and delivering care (including the views of local authorities) and the financial services sector;
- the views of those using services and the wider public on the trade-offs associated with achieving a sustainable funding system; and
- the interests of the Devolved Administrations, where appropriate.

The Commission should present its recommendations for consideration by the Chancellor and Secretary of State for Health by the end of July 2011 at the latest. The Chancellor and Secretary of State for Health will then consult with the Departments for Work and Pensions and Communities and Local Government, and relevant colleagues before presenting their recommendations to the Prime Minister and Deputy Prime Minister.