

Long Term Care of the Elderly: Shaping the Future

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Why we have come together

Reform of the way in which we fund long-term care for older people in England is long overdue. To be effective, such reform needs to be based on cross-party agreement, so that those needing care, their families, and care providers can be confident that changes will survive any changes of government. For these reasons, this issue is unsuited to partisan divide and sudden changes of policy. People need to be able to plan for the long term with confidence.

The fact that people are living longer is a cause for celebration, but also means that demand for social care is rising. Without reform the ability of the social care system to deliver high quality outcomes will continue to deteriorate. Demographic changes mean there is simply no time left to treat the long-term care funding system as too difficult to fix. Even to maintain the current inadequate system of support would, over time, require public funding to be increased beyond the 2% p.a. real increase now provided for.

In July 2009, the Government published its Green Paper, *Shaping the Future of Care Together*, which sketched out three potential new funding options for long-term care: *Partnership*, *Insurance* and *Comprehensive*. That document represents a useful summary of the nature of the underlying problems. Now the challenge is to move quickly to construct proposals for reform.

Recent proposals from the political parties only address parts of the current system when integrated and comprehensive reform is required.

This statement, therefore, seeks to reinvigorate the reform agenda by highlighting where common ground on key elements of reform already exists across most stakeholders. We set out the principles on which a programme for change could be implemented over the next parliament.

Why reform is imperative

The English social care system is under severe strain. It:

- May deliver poor quality outcomes;
- Results in severe rationing in some areas with support only available to those with the highest levels of need and no support to those with significant needs;
- Penalises those who have built up even only modest levels of savings, but experience care needs, and leaves many individuals who pay for care themselves exposed to the risk of 'catastrophic' care costs;
- Provides entitlements to publicly-funded care which vary substantially by local authority, creating an arbitrary 'postcode lottery';
- Results in services that are frequently not well designed to match the needs of those who require them; and
- Leads to an intolerable burden on informal carers – who provide the majority of adult social care in the UK – leaving many isolated, stressed, suffering poverty and poor well-being.

Many of these problems are a direct result of an inadequate overall level of social care funding from both 'public' and 'private' sources. Without funding reform, the strains on the system will increase, resources available will trail behind need and outcomes will deteriorate as the numbers of those needing care continue to rise.

These problems can only be addressed by far-reaching reform to the funding system for social care to provide increased levels of overall funding on a more robust and equitable basis. It must be understandable; it must be sustainable.

Over the next few years, public spending will be constrained by ongoing fiscal consolidation. However, reform of long-term care will require at least one full parliament to introduce. As expenditure constraints begin to lift, then long-term care can, and indeed, should be a priority for appropriate funding. Drawing on public and private resources, reform must provide additional funding commensurate with predicted long-term need; without it the necessary resources to deliver acceptable future services will not be available.

Principles for reform

The following principles represent common ground that exists on reform.

- **The funding of social care in the future will need to be a partnership between the state and individuals.**

This is because universal state-funded free care, funded through general taxation, is not achievable: it would place an unacceptable burden on the working age population (mainly because of the large increase of the elderly as a proportion of the whole population). There are many ways in which such a partnership could be constructed. The options should be judged by their ability to provide total funding at the levels required to satisfy the expected levels of need at the appropriate quality, while satisfying the requirements for sustainability and certainty for individuals. The pace towards the eventual structure will need to be dictated by the fiscal position and the ability of the delivery system to use the additional funding wisely.

- **Risk-pooling is the only credible basis of reform.**

The cost of care for an individual can be extremely high. The only way to achieve the increased funding required to improve outcomes, without increasing the financial burden on vulnerable adults and their families, is to share at least part of this risk widely. That could be achieved by pooling risk across the entire population, both young and old, whether through general taxation or social insurance, or by obtaining contributions from a wide pool of potential users of social care through the development of an insurance scheme. As both the Government and recent Conservative proposals recognise, pure private market solutions to long-term care insurance are not feasible as a mechanism to ensure mass participation. As a result, it is clear that providing insurance options for today's retirees would have to include active state participation, most likely as part of a hybrid public-private social insurance scheme. Such a scheme could be underpinned by the state in various ways; for example, by adopting some of the burden of longevity-risk. Any such solution would need careful design to avoid creating perverse or unintended consequences and should cover care in all settings.

- **A national system of funding, assessment and entitlement is required to reduce arbitrary variations in entitlement and enable a plurality of funding sources.**
This should ensure that all vulnerable adults have entitlements to acceptable services. Low-level care and support services provided to people in their own homes, such as telecare, help with washing and meals, must be increased. Integrated health and social care provision should be the aim to improve service and efficiency.
- **More help should be given to family carers if family carers are not to suffer for their contribution to supporting society's most vulnerable members.**
- **An increase in both the quantity and quality of all types of formal social care is needed.**
As a result, fee levels need to be set so as to enable care providers to earn a satisfactory return on investment to stimulate them to produce that result.
- **Individuals and their families should have access to a single point of information that can advise on the full range of services and entitlements available to them.**
- **Any new system must be predicated on choice.**
Individuals should not be expected to pay more for services in whatever form without more control and say over the services they receive. Individuals should have a choice of services (for example, whether to remain in their homes or move into residential care), as well as the choice of taking direct payments to source services for themselves. The funding system should not incentivise particular types of care or setting over others.
- **Individuals should have the right not to sell their home during their lifetime to pay for care, but be able to release value from this asset during their lifetime if they prefer.**
- **Those individuals with negligible means must be entitled to social care funded by the state.**
- **In the future, the potential integration of disability-related benefits, such as Attendance Allowance and Disability Living Allowance, should be reviewed. If these benefits are included in any reform, current recipients of these benefits should be offered the choice of having their entitlements protected, or of migrating to any new system.**

Overall, the objective must be to increase the availability and quality of social care provided to those in need of it by increasing the level of funding in the system on a more equitable basis. This new system should be flexible, personalised and give appropriate importance to the satisfaction and quality of life of those needing care.



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