



THE COMMISSION ON LONG-TERM CARE FUNDING OPTIONS

A roundtable summary





THE COMMISSION ON LONG-TERM CARE FUNDING OPTIONS

A roundtable summary

Kindly supported by

PRICEWATERHOUSECOOPERS 

FIRST PUBLISHED BY

The Social Market Foundation, July 2010

11 Tufton Street, London SW1P 3QB

Copyright © The Social Market Foundation, 2010

The moral right of the authors has been asserted. All rights reserved. Without limiting the rights under copyright reserved above, no part of this publication may be reproduced, stored or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise), without the prior written permission of both the copyright owner and the publisher of this book.

THE SOCIAL MARKET FOUNDATION

The Foundation's main activity is to commission and publish original papers by independent academic and other experts on key topics in the economic and social fields, with a view to stimulating public discussion on the performance of markets and the social framework within which they operate. The Foundation is a registered charity and a company limited by guarantee. It is independent of any political party or group and is financed by the sale of publications and by voluntary donations from individuals, organisations and companies. The views expressed in publications are those of the authors and do not represent a corporate opinion of the Foundation.

CHAIRMAN

David Lipsey
(Lord Lipsey of Tooting Bec)

DIRECTOR

Ian Mulheirn

MEMBERS OF THE BOARD

Viscount (Tom) Chandos
Gavyn Davies
David Edmonds
Daniel Franklin
Martin Ivens
Graham Mather
Brian Pomeroy

INTRODUCTION

Reforming the system for funding older people's long-term care is one of the biggest public policy challenges confronting the UK. Multiple problems with the current social care system can be identified such as geographical variations in entitlement, and limited availability of advice and support. At its core, the challenge of long-term care funding reform is about how much individuals have to pay for the care they receive, whether as citizens, consumers or at the point of need.

The problem of long-term care funding has been repeatedly examined at different times in the recent past. In 1999, the Royal Commission on Long-term Care failed to reach consensus about funding solutions. In 2006, the King's Fund published the Wanless Social Care Review, which proposed a "Partnership model". The Labour government that held office until 2010 published both a Green Paper and White Paper on social care reform. However, while setting out an aspiration for a national system benefiting from much higher levels of funding, it could, in the end, only recommend the creation of an independent commission to examine the issue.

Following the 2010 general election, the new Coalition Government announced in its *Programme for Government* document that it would:

"establish a commission on long-term care, to report within a year. The commission will consider a range of ideas, including both a voluntary insurance scheme to protect the assets of those who go into residential care, and a partnership scheme as proposed by Derek Wanless."¹

In response to this announcement, the Social Market Foundation convened an expert roundtable on Monday July 12th, 2010 in order to:

- Draw lessons from the experience of previous commissions on long-term care funding; and
- Draw lessons from previous commissions on other policy challenges, notably pension saving, which shares many characteristics with the challenge of reforming social care funding.

Participants at the roundtable included:

Jules	Constantinou	Gen Re
Jeannie	Drake	House of Lords
Julien	Forder	Personal Social Services Research Unit
Andy	Harrop	AGE UK
John	Hills	LSE
Richard	Humphries	Kings Fund (<i>Chair</i>)
Richard	Jones	Association of Directors of Adult Social Services
Richard	Keers	Pricewaterhouse Coopers
Amanda	Kelly	Pricewaterhouse Coopers
Des	Kelly	National Care Forum
David	Lipsey	House of Lords
James	Lloyd	Social Market Foundation
Julie	Mellor	Pricewaterhouse Coopers
Derek	Wanless	
Norman	Warner	House of Lords

This document provides a summary of this roundtable discussion and draws out key messages and themes for policymakers.

¹ HM Government (2010) *The Coalition: our programme for government*.

COMMISSION'S CONSTITUTION

Timescale

The one year schedule to be imposed on the new commission could be interpreted as a very tight timescale. This raises several issues. First, the timescale set for the commission needs to be sufficient for it to be deemed a credible exercise. Despite the considerable analysis that has previously taken place on the options for reforming long-term care funding, it is important that the commission is perceived to have thoroughly interrogated the issue, and for it to have had sufficient time to do this, particularly the evaluation of different options for reform.

Second, a longer timescale may be desirable if it allows the commission to issue an interim report setting out the case for change, which could potentially be a key device in preparing public opinion.

Finally, producing a good quality report is ultimately far more important than meeting a strict deadline, so the Government should give the commission a degree of flexibility over its schedule if this is required.

Size

The size of independent commissions set up by governments to examine difficult policy questions has a crucial effect on their processes and outcomes. In particular, smaller commissions tend to be more efficient because in a larger group a single member can effectively "hide" and not be held completely accountable. In contrast, smaller commissions compel each member to be fully engaged, to fully consider every line and appendix of a final report, and this model may ultimately therefore be more productive.

In addition, a small commission that does not include large numbers of stakeholders, and does not attempt to be a 'representative democracy' in relation to social care funding reform, may enable the government to consider a final report on its own merits, rather than with reference to particular stakeholders.

Independence

It is very important that the new commission on long-term care funding be independent, and be seen to be independent. This is crucial for both the quality of its analysis and the credibility of its output. Ensuring that the commission operates independently and is seen to do so should be a key issue of concern to the commission, its secretariat, the government and Whitehall.

POLITICS AND ENGAGEMENT

Stakeholder engagement

Engagement with stakeholders is an important activity for the commission, whether care providers, care users or representative charities. However, a balance is required, particularly in the context of a fixed schedule. The commission should not be 'overloaded' with stakeholder engagement. Rather, the commission needs to implement a clear transparent process without overcomplicating this activity with excessive stakeholder contact and engagement.

It is particularly important the commission positively engage with those civil servants and public agencies, at national and local level, that would be responsible for implementing any new funding system. Positive engagement will increase the chances of a receptive and open response to the commission recommendations.

Interim report

The production of an interim report can be an extremely useful device. First, an interim report relating to factual and issues, evidence and difficult questions ensures that the content of the final report and recommendations are not a shock to stakeholders and the public, who are given the opportunity to understand and digest the nature of the policy challenge and the need for change. Second, an interim report is useful for consultations with stakeholders, providing a basis for discussion, showing how the commission has framed the policy questions.

Political feasibility

The final recommendations produced by the commission must be evaluated in terms of their political feasibility. It is ultimately of no use to produce a report that may furnish interesting and worthwhile content, but has no chance of being implemented by an elected government. A key implication of this is that some degree of consensus over the policy content or direction is necessary before publication.

It is also helpful for the commission to make a clear distinction between where consensus does exist, and where it does not, in order to focus discussion and engagement on those issues where consensus does not exist.

One useful result of the high-profile political debate on social care funding that occurred early in 2010 was that it effectively saw all stakeholders 'put their cards on the table' demonstrating, for example, that Labour stakeholders will be more concerned with equity and universal solutions. The Conservative Party showed itself particularly concerned with individuals who may be forced to sell their homes to pay for residential care. Critically, across the political spectrum, there was consensus that social care cannot be entirely tax-funded, with disagreement focused on the role of insurance, private sector and inheritance tax.

Engaging the public

Social care funding is a difficult issue to engage the public with, despite the creation of the commission effectively owing its existence to political pressure for consensus in this area.

First, social care can be difficult to define, given it can comprise many different types of service and support. As such, many people don't really understand what social care is.

Second, many people don't believe they will need social care and surveys suggest people vastly underestimate how long they are likely to have to spend in care. Nevertheless, because

not everyone will require social care, it is different to other, more universal, policy issues that have been the subject of policy reviews, such as pensions.

The result of these challenges is that politicians may see long-term care funding reform as “lose-lose” issue. The general public underestimates the risk of them needing it later in life, but does correctly observe the burden of paying for it.

ISSUES TO ADDRESS

Short-term issues

The commission must undertake its work against a difficult backdrop in which the scope for greater public funding of social care is declining, while simultaneously, demand for care is rising with a corresponding need for greater funding of social care now.

As such, the commission cannot ignore short-term funding issues for the social care system, and the issue cannot solely be regarded as one for the long-term. It is possible, and even likely, that short-term problems resulting from funding pressures in the current system are likely to impact upon the work of the commission.

Wider issues to examine

The commission on long-term care funding options should consider broader questions, in particular, how future patterns of care delivery may evolve, for example, care homes may merge with other types of housing, with implications for payment mechanisms. The recommendations of the commission should take account of these scenarios.

It may also be worthwhile for the commission to take a broader look at what it means to be an older person in the 21st century, and to set its deliberations and analysis in the context of a wider view of the lives of older people.



Reforming the system for funding older people's long-term care is one of the biggest public policy challenges confronting the UK. Multiple problems within the current social care system can be identified such as geographical variations in entitlement, and limited availability of advice and support.

Following the 2010 general election, the new Coalition Government announced in its *Programme for Government* document that it would establish a commission on long-term care, to report within a year, to examine options for funding reform.

This brief summarizes a roundtable discussion convened by the Social Market Foundation to draw lessons from previous independent commissions on the topic of both social care funding and other policy challenges.

Kindly supported by

PRICEWATERHOUSECOOPERS 

SOCIAL MARKET FOUNDATION

11 Tufton Street | Westminster | London SW1P 3QB

Phone: 020 7222 7060 | Fax: 020 7222 0310

www.smf.co.uk