



NEWSLETTER

Number 72

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Dear Colleague

FAIRER CARE FUNDING

The Dilnot Commission on Funding of Care and Support reported on 04 July 2011.

You can find the full report at

<http://www.dilnotcommission.dh.gov.uk/2011/07/04/commission-report/>

Key Findings

- *The current adult social care funding system in England is not fit for purpose and needs urgent and lasting reform.*
- *The current system is confusing, unfair and unsustainable. People are unable to plan ahead to meet their future care needs. Assessment processes are complex and opaque. Eligibility varies depending on where you live and there is no portability if you move between local authorities. Provision of information and advice is poor, and services often fail to join up. All this means that in many cases people do not have good experiences.*
- *A major problem is that people are unable to protect themselves against very high care costs. The current availability and choice of financial products to support people in meeting care costs is very limited. There is great uncertainty and people are worried about the future.*
- *Most people are realistic about the need for individuals to make some contribution to the costs of care in later life, but they want a fairer way of sharing costs and responsibility between the state and individuals and they want to be relieved of fear and worry. There is consensus on the need for reform.*

Main Recommendations

1. ***To protect people from extreme care costs we recommend capping the lifetime contribution to adult social care costs that any individual needs to make at between £25,000 and £50,000. We think that £35,000 is an appropriate and fair figure and have used this example throughout our report. Where an individual's care costs exceed the cap, they would be eligible for full support from the state. This change should bring greater peace of mind and reduce anxiety, for both individuals and carers.***

2. *Not everyone will be able to afford to make their personal contribution, and those currently just outside the eligibility for means-tested help are not adequately protected. To address this, **means-tested support should continue for those of lower means, and the asset threshold for those in residential care beyond which no means-tested help is given should increase from £23,250 to £100,000.***
3. *People born with a care and support need or who develop one in early life cannot be expected to have planned in the same way as older people. **Those who enter adulthood already having a care and to meet their care needs, rather than being subjected to a means test.***
4. *Universal disability benefits for people of all ages should continue as now. **We recommend that the Government consider how better to align benefits with the reformed social care funding system and that Attendance Allowance should be re-branded to clarify its purpose.***
5. *People should contribute a standard amount to cover their general living costs, such as food and accommodation, in residential care. We believe a figure in the range of £7,000 to £10,000 a year is appropriate.*
6. ***We recommend that eligibility criteria for service entitlement should be set on a standardised national basis to improve consistency and fairness across England, and that there should be portability of assessments.** In the short term, we think it is reasonable for a minimum eligibility threshold to be set nationally at 'substantial' under the current system.¹ **The Government should also urgently develop a more objective eligibility and assessment framework.***
7. ***To encourage people to plan ahead for their later life we recommend that the Government invest in an awareness campaign.** This should inform people of the new system and the importance of planning ahead. This campaign could be linked into the wider work to encourage pension savings.*
8. ***The Government should develop a major new information and advice strategy to help when care needs arise.** It is critical that the public has access to better, easy-to-understand and reliable information and advice about services and funding sources. This strategy should be produced in partnership with charities, local government and the financial services sector. As proposed by the Law Commission, a statutory duty should be placed on local authorities to provide information, advice and assistance services in their areas. These should be available to all people, irrespective of how their care is funded or provided.*
9. ***Carers should be supported by improved assessments which take place alongside the assessment of the person being cared for and which aim to ensure that the impact on the carer is manageable and sustainable.** We support the proposals set out by the Law Commission to give carers new legal rights to services and improve carers' assessments. In implementing our recommendations on information and advice, the*

Government should ensure that carers have better information and advice about support and available services.

10. In reforming the funding of social care, the Government should review the scope for improving the integration of adult social care with other services in the wider care and support system. *In particular, we believe it is important that there is improved integration of health and social care in order to deliver better outcomes for individuals and value for money from the state.*

*We think the reforms we have set out will help people to manage their contribution better, for example by helping people to plan and prepare, and by encouraging the development of new financial products. Individuals and families will need to consider how best to meet their contribution. Many of the people we have spoken to, and who submitted evidence to the Commission, have said that it is not unreasonable that people should plan and prepare to meet some care costs as they grow older. To support this, under our proposals, disability benefits will continue as now, **we recommend that there should be a more widely available deferred payment scheme, and we anticipate that new financial products would emerge.***

Paying for reform

The Commission estimates that its recommended changes would cost the Exchequer up to £2.2 billion a year.

The Commission believes that there are three possible ways for our recommendations to be paid for:

- *The Government may decide it wishes to raise additional revenue through general taxation. This is the way in which the current system is funded.*
- *It may choose to reprioritise existing expenditure, because it places greater value on this than other spending.*
- *It may decide to introduce a specific tax increase and, if it did so, it would make sense for this to be paid at least in part by those who are benefitting directly from the reforms. In particular, it would seem sensible for at least a part of the burden to fall on those over state pension age. If the Government decides to raise additional revenue, we believe it would be sensible to do so through an existing tax, rather than creating a new tax.*

In making its decision on how to pay for reform, we believe the Government needs to consider the impact of any funding mechanisms on different income and generational groups.

Alliance Comment

The report has been generally welcomed by the major charities, as heralding a marked improvement in the current arrangements. The comment on funding has been wrongly interpreted by some of the media as calling for national insurance to be imposed (at least in part) on pensioners. However, in this year's Budget statement the Chancellor said "**the**

Government will not extend NICs to individuals above State Pension Age or to other forms of income such as pensions, savings and dividends.” So, imposition of national insurance does not seem to be a real possibility but we will keep an eye on that.

Current Alliance policy is that social care should be funded entirely from general taxation but, if that is not possible, from a percentage levy on estates above a certain threshold after the death of the surviving spouse or partner. Your Executive Council will be going through the report in fine detail to see to what extent it moves towards current Alliance policy and whether any change in Alliance policy is desirable. We will be seeking views from our Groups and we will report our conclusion to our Annual General Meeting in October 2011.

Yours sincerely

John Amos

John Amos
Deputy General Secretary