HELP THE AGED WE WILL

Underfunded, Undervalued and Unfit

A fresh approach to social care for older people in England

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Executive summary

Underfunded, Undervalued and Unfit is not another assessment of the sorry plight of social care in England. There have been plenty of those, and the clear message from all of them is that the programme is failing to deliver against the vision for social care (there have been plenty of vision documents too).

Instead, this paper is a call for action, on three fronts.

The first focuses on our desire to get the debate about the future of social care into the public domain. We want to engage the public in a vigorous discussion, but we believe the discussion needs to take place within a particular framework. Our starting point is an acceptance of the rigorous analysis which shows that care is going to cost a good deal more in the future if it is to be provided at an acceptable level, in terms of both quantity and quality. How it is paid for is therefore fundamental.

Help the Aged sets out some key principles to shape the debate, and offers our conclusion – which is that the partnership model which emerged from Sir Derek Wanless' review for the King's Fund[1] represents the best way forward.

Getting there is a major task, so our second front is a raft of short- and medium-term recommendations which could take us more effectively along that road. These seek to address some of the most grotesque elements in the current situation, but come at an affordable level in terms of public expenditure. These are issues which should be part of the Comprehensive Spending Review, which the Government has already acknowledged needs to take account of the opportunities and challenges of an ageing society.

Thirdly, we want to emphasise that care cannot remain an afterthought – the poor relation living in a silo at the Department of Health. If our care system is to deliver to its full potential, it needs to be seen in a much broader social context. Many players and partners can make a contribution to shaping a society where care can be successfully delivered within the community.

Help the Aged sees the energising of the debate, especially with the involvement of older people, as part of the process of getting a reform agenda started. Society has spent too long simply passing the parcel. The need for action could not have been more clearly spelt out, and it is time to get going.

Shaping the debate

Before entering into debate it is worth considering the evolution of our social care system in order to understand how it has reached its current state, and to examine the drivers of cost for the future. It is vital to be realistic about the forthcoming funding challenge, which will be driven not only by demographic change but labour force pressures and a desire to drive up quality.

We argue that before all else it must be acknowledged that the system is, in the words of the Joseph Rowntree Foundation, *'inequitable, incoherent and financially unsustainable'*,[2] and therefore an alternative needs to be found. Current options on the table include continuing with means-tested social care, providing free personal care, and the relatively new suggestion of a partnership approach. We argue that it is now time to renegotiate the 'deal' between individual and the state.

We outline six fundamental principles which we believe must underpin our drive to a new social care system. For us, the social care system must be:

(1) fair;

(2) based on a well-understood 'deal' which shares responsibility between the state and the individual;

(3) capable of delivering quality care;

(4) capable of offering individuals choice about the care they receive;

(5) adequately resourced; and

(6) sustainable.

On testing the three possible funding models against these principles we find that the balance

comes down on the side of the partnership model. This also seems to present the most politically viable option as the current system is grossly failing and England does not seem to have the same political appetite for free personal care as Scotland. A key element in the partnership model is setting a balance at a fair level between personal funding and state funding, in which respect Help the Aged accepts the further Wanless proposal that a 20/80 split feels approximately fair. Some elements in the Wanless model need further attention – such as the ability of the benefits system to play the role he proposes, and the absence of preventative policies in his consideration – but broadly we can accept his direction of travel.

However, Help the Aged is anxious to see reform on a more tighter timescale than the 20 years Sir Derek Wanless envisages for implementing his new system. We examine each of the above principles and suggest measures for moving in the right direction both in the short term (the next two to three years) and the longer term. Key areas for reform include streamlining the assessment system, providing clarity about which elements in the public sector are responsible for what services, and working with the voluntary and community sector to develop improved consumer information and advice. Thirty-three recommendations are made in total, including:

- the Government should introduce a national integrated assessment system for community care needs, which centres on the individual, not the available care solutions;
- the Government must clarify the limits of NHS responsibility to fund care;
- the Government should consider ending the policy of means-testing for smaller packages of care, to reduce the burden of paying for care borne by families;
- local councils should routinely record unmet need among their communities, to inform commissioning, so that all needs can be met in future;
- older people using Direct Payments and Individual Budgets must have a right to independent advice and support to enable them to exercise choice and control over their care;
- the Government should support the development of voluntary and community sector capacity to provide advocacy and information on care.

We then go on to consider the wider players who can make a contribution to care and to the quality of life of older people across the board. Help the Aged believes it is vital that a wider group of agencies start to see social care as their business. In order for this approach to be adopted:

- the need for advocacy and information must be generally acknowledged. The information requirement will be even greater given the inevitable frailty and vulnerability of some of those seeking to access the system. As choice within the system is broadened this information need will increase. Good information and advice must be planned into the system.
- care must be planned into our communities: communities need to be designed in a way that inherently promotes independence and inclusion, but which is also capable of accommodating the services which support this. Building decent 'lifetime' homes will be an important part of this. Thinking through transport and local services from the perspective of a vulnerable older person is also essential.
- a realistic role needs to be found for the voluntary and community sector: to some degree, its future will be shaped by the allocation of public resources, but the voluntary sector has its own unique role as providers of information and advocacy to consider, as well as an ongoing role as innovator and trailblazer.
- a realistic role needs to be found for the private sector. The financial services industry is keen to help people to use their assets,

whether in the form of insurance, equity release and/or a range of annuities, but it recognises the limits of the contribution it can make. These financial resources must not be ignored in debates about the funding of social care. The industry needs to be engaged in a serious way with discussions about the way forward.

- the role of families and carers must be acknowledged: far more care, in volume terms, is provided free and more or less willingly by families and friends than is ever provided by the professional and paid-for sector. Without this contribution, the whole system would collapse. Encouraging and sustaining this activity must be a vital part of the forward agenda.

The aim of Help the Aged in entering this debate is to drive forward change for older people who are currently underserved by services which are underfunded, undervalued and unfit for the future. We want to move forward to a new system and we believe the vital ingredients for making this advance are already available. The question is: what are we waiting for?

1 The care system

Foundations of the care system

Health and social care services share long roots going back to the Poor Law, the workhouses and the origins of local government, but a sharp distinction between the two emerged with the establishment of the National Health Service in the 1940s. Since then the provision of social care has remained a contentious issue.

While the NHS was established with a universal remit and a tax-funded base, the provision of care and social welfare in the wider sense was left to local agencies, such as local authorities and charitable and voluntary organisations. The lack of a solid tax base to spend on social care effectively meant that any publicly funded elements of it would have to be means-tested.

In the early decades of the welfare state, this mattered little: hospitals were in the business of providing long-term care on geriatric wards, and there were strong local and family-based networks. The territory of 'formal care' was much smaller. But by the 1980s reforms to the NHS were making a far sharper dividing line between health (NHS) and social care: thereafter the NHS withdrew from long-term care and the private sector was encouraged to take over the provision of care homes, largely funded by social security.

In recognition of the public expenditure challenges ahead, the Government commissioned Sir Roy Griffiths to deliver a new road map, which he did in 1988.[3] His conclusions forced the Government to make a choice as to who should lead the provision of social care and, in the 1990 Community Care Act, it opted for local government. In doing this, it located social care provision in the same sphere as provision of the housing, transport and environmental services so vital to its success. The decision also sealed the deal, first laid out in the 1948 Act, that paid-for social care would be subject to the means test.

Social care today

The system established in the early 1990s remains largely intact, but the dividing line between health and social care continues to

cause confusion, and the means-tested system remains a subject of public dissatisfaction.

Recent reforms have done little more than apply sticking plaster to these points of haemorrhage, as amply illustrated by the ongoing débacle of eligibility for NHS Continuing Care.

Into this environment has been injected a high level of expert thinking. We have seen two major reviews by the Joseph Rowntree Foundation, a Royal Commission chaired by Lord Sutherland, and the recent report by Sir Derek Wanless. All have brought sharply into focus the scale of the long-term care issue in both the present and the future. Most recently Derek Wanless highlighted that the costs of care to the public sector were around £13bn (half being spent by social services, a quarter on disability benefits and a quarter on NHS nursing care). Individuals paid about £4bn (of which one-third was co-payments for care provided with some means-tested support). Carers UK estimates that the value of the voluntary care provided by families and friends could be assessed at roughly £57bn.[4]

As well as quantifying the currently vast scale of the care world, these reports have amply highlighted the enormous challenge ahead.

Drivers of social care expenditure

Demographics

The primary driver of future costs of social care is, of course, demographic change. Notwithstanding potential advances in preventative approaches, the increasing number and longevity of our older population can only exert upward pressure on the aggregate costs of care.

Service standards

On top of demographic pressure must be factored in the cost of improving standards – not only because there is a moral imperative to improve the services that fall far short of current aspirations for dignity and independence, but in response to the potentially more vocal and demanding 'baby boomer' generation, which is used to highly responsive services. With the shift to provision of care packages at home and an ever-greater emphasis on training and developing high-quality care staff to deliver highly personalised care packages, costs will rise.

Staff costs

Staff costs have always been a major driver of social care costs – 75 per cent of the cost of care is for labour – and these will rise over time not just because of the minimum wage, but because training will (and should) become an increasing priority. Staff costs will also be driven by competition in the marketplace: the number of unfilled vacancies in the care sector must be a cause for concern.

Employment policies

Current government policy is to encourage more older people to keep working. The impact of this policy on those who are available and willing to provide voluntary support services, or offer unpaid care to family members or friends, needs to be considered.

Meeting unmet need

In designing a system for the future, the reality of the high level of unmet need currently tolerated within the system cannot be ignored. The trend over the last decade has been to reduce the amount of care support to people presenting low-level needs in order to focus the available resources on those requiring a high level of support. Over the period 2000–2005 the number of contact hours of support provided by local authorities has grown by 28 per cent, but the number of people receiving support has fallen by 11 per cent (despite the growth of the older population, and therefore of those who are potentially in need). Skimping on those with low-level needs is counter-intuitive: neglected low-level needs are likely to grow into higher-level needs sooner rather than later.

Prevention and low-level services

Beyond those presenting needs is the issue of prevention. Preventative and low-level services are part of the same spectrum, but many of the most innovative preventative interventions have

yet to be proven against strict cost-benefit criteria. This lack of evidence led Sir Derek Wanless to leave preventative interventions outside his model for a funded care system, but in considering cost solutions for the future it is important to grapple with the intuitive logic of making provision for some of these extremely low-cost (in the grand scheme of things) interventions, even if they are based on a 'leap of faith'.

Service delivery technologies

In terms of savings, new technologies, such as telecare and telemedicine, may help to alleviate service delivery costs, but would require investment.

Biomedical advances

There is also enormous scope to make breakthroughs in key areas of ageing and age-related disease through research. Huge advances have been made in the area of cardiovascular disease (CVD), for example, and the potential of research advances to fundamentally alter the future we are projecting should not be underestimated. However, it is also important to acknowledge that it is the very advances in treatment and prevention which have led to the longevity which now presents challenges. As society increasingly keeps people alive who would otherwise have died, it becomes ever more important to return them, post-treatment, to live in the community with adequate and appropriate support for their continuing successful survival.

Redressing the balance between health and social care

A period of rapid expansion in health expenditure is now coming to an end. This expenditure has largely gone into acute services and high-cost, ever more sophisticated (and effective and accessible) elective surgery and treatment; it has also gone into similarly improved, but also high-cost, pharmaceutical products. However, as these advances have helped keep our population alive, little money has trickled down to the social care services which enable people to make the most of their preserved health in the community.

A crunch point is rapidly approaching: without a fundamental rethink, not only about *how* care is funded, but *what* is funded and what this can be expected to achieve, the care system will not survive the shocks it is about to undergo.

Responding to the future challenge

For many years now a state of denial about the inadequacy of current resourcing arrangements for social care has paralysed attempts to move forward. These arguments have been scotched by Sir Derek Wanless' review, which showed dispassionately how keeping the existing services running will cost a minimum of £24bn in 2026, and with modest improvements will cost £31bn. Those who have sought to argue that a means-tested system is sufficient to protect us from the future ignore the fact that an increasing majority are not rich enough to fund their own care; moreover, the level of service offered free to those poor enough to be eligible for it leaves much to be desired. The aspiration must be to move above the current baseline in social care expenditure to deliver acceptable standards at a politically and economically sustainable cost.

However, while the Government has recently set out a new approach to health care, the thinking on social care remains less clear. The Government has said that there should be a more effective and wider partnership between local authorities, the private and voluntary sectors and individuals and their carers in delivering social care. It has also set out repeatedly its ambitious vision for service improvement for the future. However, without clarity about the part central Government will be playing in the partnership – particularly as a funder of services – the other partners, as Griffiths wryly observed, *'like the ancient Israelites in captivity, are being asked to make bricks without straw'*.

Thankfully there are now signs of a willingness to move forward.

'I have to tell you, I think Derek Wanless' King's Fund report is right. The current funding method of social care isn't sustainable for the longer term… We have to stop playing pass the parcel with services people depend on to live their lives.'

Rt Hon Patricia Hewitt MP, speech to Association of Directors of Social Services, 20 October 2006

'Recent reports from Derek Wanless for the King's Fund, the Joseph Rowntree Foundation and others have made important contributions to the debate around the future of social care provision, which will also be informed by Individual Budgets, Partnerships for Older People Projects, direct payments and the In Control programme. In assessing proposals as part of the long term vision of the 2007 CSR, the Government will consider whether they are affordable, whether they are consistent with progressive universalism and whether they promote independence, dignity, well being and control in line with Improving the Life Chances of Disabled People, the White Paper Our Health, Our Care, Our Say *and the National Service Framework for Older People.'*

Pre-Budget Report, HM Treasury, 2006

The policy options

Over the past 20 years, there has been a largely academic debate about exactly where the line should be drawn between the responsibility of the state and that of the individual.

On the one hand, there are those who support the status quo, and who believe that means-testing in social care provides a mechanism for ensuring that the finite resources of local government are targeted at those in greatest financial need. On the other are those who argue that if the current system of risk-sharing within health care is considered to be the fairest and most equitable way of meeting health care needs, the same could be said to be true for meeting other care needs. Those people advocate strongly for universally provided social care services and an end to means-testing in social care altogether.

Somewhere in the middle of these opposing views are those who support the view that individuals should be better supported to be able to make their own provision for future care needs, through the increased use of personal insurance schemes, or other financial services, on either a voluntary or a compulsory basis.

More recently, there has been a growing consensus about the merits of what has come to be referred to as a 'partnership approach' to the costs of care; this approach makes explicit what happens within the current system (whereby the individual and the government share costs), then improves upon it.

The time is now

The basic contention of Help the Aged in putting forward this paper is that England's current social care system is bust and the challenge is therefore to find a way to fix it. Our basis for the assertion is not only the enormous body of financial evidence gathered by authorities including the Joseph Rowntree Foundation and Sir Derek Wanless, but also our own research among older people, which informs our understanding of their experience trying to access and pay for care, day to day. The current system is unfair, ill understood, and unsustainable. We want to solve these problems.

Our determination is to achieve a solution which not only secures an equitable arrangement for the present, but which also provides an evolving and improving system that can be ever more responsive to the needs of a growing ageing population, and ever more effective in delivering quality of life.

Society needs to face up to the fact that care will cost all of us more in the future, and the choice lies between whether we are prepared to pay for that out of private resources or collectively as citizens; if it is a combination of the two, it is important to determine where the balance should lie. In this paper Help the Aged seeks to scope a challenge both to the

Comprehensive Spending Review and to the next government. Both will need to take the hard strategic and financial decisions which will provide better care for our older generations in the second and third decades of this century.

While the National Health Service is based on a pooling of risk across individuals, the care system places significant responsibility on the individual (and the individual's family) for paying for care should it become necessary. However, the nature of the individual's potential contribution to their own care, and the boundary between what risks the state is there to handle and what is down to the individual, has never been openly debated. The net result of this is that it is frequently only at the point at which individuals develop a need for care and support that they discover what deal has been made on their behalf. Many of them are not happy.

Furthermore, exactly how much of a burden the individual (and their family) will bear depends not only on how much care they need, but a range of other arbitrary factors – including where they live, how well they are assessed and, sometimes, who they ask for help.

England's system is unjust, not just because it is a bad deal and fails to deliver consistent, quality care, but also because the deal has been made on behalf of the public without public participation. This needs to change. The debate about the future of care must come out into the open. This is our contribution and in the next chapter we set out the principles that should underpin that debate.

2 Principles for reform

Below, Help the Aged sets out some key principles which we believe should inform deliberations on the future of social care in England, in order to ensure that any future system delivers better outcomes for older people.

We argue that the future social care system must be:

(1) fair;

(2) based on a well understood 'deal' which shares responsibility between the state and the individual;

(3) capable of delivering quality care;

(4) capable of offering individuals choice about the care they receive;

(5) adequately resourced; and

(6) sustainable.

Fairness

Ultimately underlying all of our principles is a desire to make the system *fair*. If the system is not fair it will be incapable of delivering the other outcomes we desire.

The unfairness (both actual and perceived) of the current system is a key driver of the growing public interest in the issue of long-term care, and also a key motivating force for those organisations campaigning for change. But unfairness creeps into the current care system in many guises, some of which attract more public attention than others. Below we explore the various inequities and injustices manifest in the current system.

The 'unfairness' which perhaps most captures the public and the media imagination concerning the issue of long-term care, is the perception that the system **penalises those who have built up assets over a lifetime**. This issue provokes particularly strong reaction in the case of older people who are forced to sell their homes to pay for care, because they own assets of a value above the level of means-testing. Clearly no one likes having to pay for services, whether it be by selling their homes or through other means, but it is our view that the exceptionally strong reaction that this requirement to pay provokes is less a product of its inherent unfairness and more a result of the fact that most people who face having to pay for care did not know, prior to developing care needs, what the demand on their assets would be. This leads people to feel that they were not able to make rational decisions about how to approach asset accumulation over the lifetime. We deal with these issues below as part of our discussion on the principle of *shared responsibility*.

Related to this is the sense of unfairness which results from the heavy **burden of risk borne by the individual** in the lottery of developing future care needs. This contrasts starkly for many with the pooled-risk approach they have experienced in the National Health Service. Again, we consider these issues under the heading of *shared responsibility*.

Another aspect of unfairness within the care system results from the failure of the system to adequately provide services for those with more complex needs. There is a particular tendency for the system to provide less well for those with mental health problems as compared to those with physical health problems. The system is therefore unfair in its **failure to respond adequately to particular needs**. One specific area of weakness is the provision of non-residential care for those with dementia.

Similarly unfair is the fact that, in a world in which many services fall short of what most would consider an acceptable standard, there is a **wide discrepancy between the services available to those with independent means and those available to people reliant on the state**. Often, those without independent means with which to top up state provision have to rely on low-quality services which do not effectively meet their needs. Help the Aged considers that these issues are fundamentally questions of the *quality* and *resourcing* of the services. We consider these issues below.

However, some elements of unfairness in the system are fundamentally questions of inequity, and it is these issues we have in mind when we advocate a focus on *fairness* in deliberations about the future of social care.

One of the starkest manifestations of unfairness in the current care system comes in the **different prices paid by different users of the same service**. A classic example of this is the cross-subsidy of council-funded care-home residents by those who are self-funders. Another example of this is the inconsistent availability of some NHS services and the differing criteria for fully funded NHS continuing care, which can mean that people in one area pay for services which are provided by the NHS in another area. In our view this is the first dimension of *fairness* that needs consideration in this debate.

Another aspect of unfairness is the **different services offered to individuals with the same need**. Clearly some level of local variation in service is inevitable in a devolved service, but there is currently an unacceptable degree of variation in the level of needs that older people must have before they are able to access state support. Local variation in what is made available is acceptable only if it is clear what people will and will not be offered locally. In the current system there is a high degree of variation in the assessment systems and criteria that are used, but this is fairly opaque to the average citizen. We consider this to be second dimension of *fairness* needing consideration in this debate.

The long-term care system must be **fair**. That means it must:

- ensure that people pay a fair price for the services that *they* receive;
- be level and transparent in its methods of assessing care needs;
- reduce the level of geographical variation in access to services to meet care needs.

A clear 'deal' for sharing responsibility

The boundaries of responsibility for meeting care needs are very unclear. Not only is there a division between public and individual responsibility, but public responsibility itself is split across the NHS, local councils, housing services, etc. There is a high degree of uncertainty in where the NHS stops and local authorities start, and where local authorities stop and families, communities and individuals are expected to play a role.

Furthermore, in the present system there is little pooling of the responsibility for meeting care needs across society – either in terms of providing that care, or in terms of paying for it.

The burden of care falls squarely on the shoulders of the individual and their family.

Through clarification of how responsibility should be shared between the state and the individual, in terms of both provision and paying for care, people will be encouraged to plan more effectively for potential long-term care needs for the future. This would not only support individual financial planning, but also help people think through what their responsibilities might be in terms of *providing* care as an unpaid carer.

This will be a particular issue as there are likely to be increasing pressures on unpaid care, with a rapid growth in the numbers of people over the age of 85, and a corresponding reduction in the pool of individuals both as a result of demographics and the changing work patterns of older people.

Greater clarity is needed concerning who is responsible for what: this would stimulate planning and reduce the sense of injustice about the care system.

The long-term care system must **share responsibility**. That means it must:

- provide clarity for older people and their families as to where responsibility for meeting care needs rests;
- clarify the boundary of NHS responsibility, so that people can be clear about what they are being asked to pay for; and
- share responsibility fairly between the state and the individual/individual's family.

Quality

At present too many care services fall far short of society's aspirations for promoting dignity and independence. Cost is too often the driver for the provision of services, with too little attention paid to the question of quality of service. Budget pressures frequently result in services that are restricted, time-limited and hurried, such as the average 15-minute visit for home care. Certain conditions (such as dementia) are poorly provided for. In addition, the current system fails to adequately prioritise the objectives of rehabilitation and re-enablement, focusing instead on the management of an individual's condition. Perversely, the current financial systems for care actually reward dependency

It is vital that the long-term care system is capable of promoting improved quality of care and quality of life as well as pursuing greater efficiency. Too often, the relative success of long-term care policy is measured by the number of interventions, not by the extent to which older people's quality of life is improved. A key objective should be that all services reach at least the basic minimum standards of decency and that they guarantee the protection of fundamental human rights, including the promotion of older people's dignity.

The long-term care system must be capable of delivering **quality** services. That means it must:

- ensure all care users are provided with a decent standard of care;
- support services which deliver measurable improvements in older people's quality of life;
- support services which meet the needs older people themselves identify; and
- prevent ill-health and promote re-enablement and rehabilitation.

Choice

The current system of long-term care takes the solution or care intervention as the starting point, rather than a person's needs. This presents people, if they are fortunate, with a series of limited options. More frequently, individuals are presented with only one option. Those who lack independent means to top up state provision are particularly disadvantaged in terms of choice.

The Government's desire to introduce greater choice in health and social care services is to be commended, but choice must be meaningful. It is imperative that people are offered realistic and achievable options that will meet their particular needs. This will require clarity concerning entitlements and responsibility.

People must also have access to clear information about what their options are and how to access them.

The vulnerability of many older people who are receiving care, and the circumstances in which care needs often present, will also make advocacy essential to the making choice a reality for many care recipients

The current systems surrounding access to care and the financing of those services are too complex, leaving many people confused. This is a particular issue for those older people with a combination of health and social care needs.

The long-term care system must promote **choice**. That means it must:

- offer older people and their families realistic choices for meeting care needs;
- start from a clear expression of older people's rights in relation to care;
- introduce greater simplicity and clarity for older people and their families in relation to the systems for the assessment of need, delivery of services and funding; and
- simplify and streamline sources of information and advice;
- be supported by access to advocacy services, to ensure that choice is available to all recipients.

Adequate resources

Today's social care system is chronically underfunded. As a consequence of this underfunding, older people are frequently presented with little or no choice in care services, and providers of care services struggle to meet the needs of older people who are supported by the state. As a result, older people who are funding their own care in a care home, for instance, often cross-subsidise council-funded residents.

Care services for older people have been run on a shoestring for many years. There is now a consensus view that the amount of resource going into meeting care needs will increase in coming years, regardless of whether the system for long-term care is changed or not. It is vital that this increased funding is used to support individual recipients and providers of care to promote greater choice, equity and fairness.

The long-term care system must provide **adequate resources**. That means it must:

- provide adequate resources to deliver a quality service, promoting innovation;
- embrace best practice as well as best value;
- encourage preventative and early interventions;
- further develop the care market by providing adequate incentives to providers.

Sustainability

There is universal agreement that the costs of meeting care needs will rise in the future, driven by demographic change and increasing costs associated with chronic ill-health.

If individuals are expected to plan and make decisions for the long term, it is vital that the system is stable and that it will not undergo the kind of frequent change and uncertainty that has characterised the current system. This will be dependent on securing long-term political and economic sustainability.

In order to introduce greater sustainability to the long-term care system, a shift towards a more preventative model of care is necessary to reduce future demand for more costly services, and to free up limited resources.

It is imperative that the long-term care system is affordable, and provides adequate funds to providers of care services to deliver high-quality care.

The long-term care system must be **sustainable**. That means it must:

- be capable of being sustained over a much longer period of time to enable individuals to plan more effectively;

- be grounded in political reality, and capable of commanding widespread political support; and
- be affordable in the short and long term to both the state and to the individual.

Applying the principles to the policy options

The question which follows from these broad principles is, of course, how well the different policy options currently on the table – i.e. the 'free personal care' option such as operates in Scotland, the means-tested system currently operating in England and Wales, and the partnership model espoused by Sir Derek Wanless and others – meet these principles.

The table below provides a simplified and brief analysis of the three main policy options against our key principles.

Table 1 Assessing the policy options against the principles

Principle	Option 1 Free personal care	Option 2 Means-tested social care	Option 3 A partnership approach
Fairness	**Partially met** If all care needs are paid for this would remove unfairness in relation to different charging levels, but could not in itself solve the problem of differing eligibility criteria	**Not met** A means-tested care system which is also under-resourced leads to substantial differences in charges for individuals dependent not on service received, but on financial means	**Partially met** This option would clarify what services would be offered and at what level of need on a universal basis. By giving all users a basic minimum, funded at the same level by the state, this system, if adequately resourced, could potentially put an end to self-funders cross-subsidising state-funded individuals
Shared responsibility	**Partially met** This option would replicate the risk-pooling model of the health care system for social care services and would therefore provide clarity for older people as to what the state would provide. It would not answer the question of where the universal line would be drawn, leaving a lack of clarity concerning the role of the individual and their family in meeting care needs	**Not met** The existing system is widely perceived to be unfair as it effectively penalises older people who are unfortunate enough to develop care needs, and leaves many older people uncertain of where responsibility lies and what they must contribute towards their own care	**Met** This option would provide a universal minimum level of care that could be easily understood. The 'deal' between citizen and state would therefore be clear and the process of drawing up the minimum entitlement would help to clarify the boundary between health and social care. It does not, however, establish where the line for the minimum level should be drawn

Principle	Option 1 Free personal care	Option 2 Means-tested social care	Option 3 A partnership approach
Quality	**Not met** This option would not, on its own, deliver improvements in service quality for older people	**Not met** This option fails to promote quality; instead, it encourages restricted eligibility and poor outcomes. Lower-level preventative services are also squeezed out of existence	**Partially met** This option would allow people to top up the state contribution and would enable older people to exercise more control over the quality of their care
Choice	**Partially met** By removing the requirement to pay personal care costs, this option has the potential to allow people to exercise greater choice, but only if capacity within the long-term care system were increased	**Not met** Choice is limited in this scenario, with older people frequently being offered limited options. The starting point is frequently the available resources rather than the person's needs.	**Partially met** Under this option, by topping up from the basic level of care provided by the state, individuals would have greater control over how their care needs were met
Adequate resources	**Not met** This option would not result in any additional resources being invested in long-term care capacity or quality	**Not met** Without substantial investment to maintain the status quo, this option seems likely, over time, to result in relatively fewer resources to meet growing care needs	**Partially met** This option has the potential to help draw in additional sources of funding for social care, and would provide a more structured way of managing the implications of the inevitable increased costs of social care over time
Sustainability	**Not met** This option is unlikely to be financially sustainable, without compromising the ability to deliver improvements in quality of care.	**Not met** Recent estimates have shown this option to be financially unsustainable. It also lacks public support and its implementation has led to frequent and marginal changes to the system which make it difficult for people to plan for their future care needs	**Met** This option could provide some long-term stability to the care system, and is already commanding considerable support

On the basis of this analysis, Help the Aged confidently rejects the continuation of England's existing **means-testing system** for social care as being unfair and unsustainable, and incapable of delivering many of the Government's own stated objectives within social care, including greater choice and control.

The **free personal care option**, while attractive for its apparent simplicity and clarity, does not seem to present a realistic and politically supported basis for reform in England. While the principle of free personal care was welcome and widely supported across the political spectrum in Scotland, it seems unlikely to gain such support in England, where ageing issues have failed to attract such political commitment. Furthermore, in the context of an acknowledged need not only to continue to provide care at *current* levels of quality and reach but also to extend and improve the system further, the sustainability of this system is questionable.

Help the Aged therefore believes that the **partnership model**, as described by Sir Derek Wanless, and others, offers the greatest potential for the future of the long-term care system in England. It seems capable of providing a high degree of clarity and simplicity, making the boundary between the state and the individual much clearer.

There are, however, a number of deficiencies within the model proposed by Sir Derek Wanless, not least in its underlying assumptions about the adequacy of the benefits system to provide those on lower incomes with the ability to top up their care from the safety-net level that would be provided by the state, its rejection of the prevention agenda and the sheer timescale required to move to such a system.

However, we believe our aspiration can be rooted on his model, as part of a wider social care reform agenda which involves a much wider range of public services in acknowledging their role in addressing the care agenda, and which would include shorter-term measures alongside longer-term change.

If partnership is the answer, what is the balance of funding?

A key question arising out of the partnership model is, of course, what should be the balance between state and private funding of social care? What should the state provide and what should the individual be responsible for?

In today's means-testing system, the balance between the state and the individual is approximately 50:50 globally (and often individually either 100:0 or 0:100), despite the widely held misconception that the state will be there to meet care needs if and when a person develops them. The partnership model, as set out by Sir Derek Wanless, offers the potential of moving towards a system characterised by a split closer to 80:20 public to private.

We believe this represents a more reasonable division of responsibility and risk for long-term care between the state and the individual and presents individuals with a more palatable scenario for the future – one which might ultimately help to promote a more proactive approach among individuals toward planning for care. The current balance of responsibility and risk not only presents individuals with a future scenario almost too horrifying to plan for, but has also proved too hot for the financial services industry to handle.

Ultimately our goal must be to make planning for potential care needs normal practice for a responsible citizen, but if we are to do this we believe we must present people with a more realistic proposition. We believe an 80:20 funding split would help to achieve this.

In the next chapter, we set out what we consider to be the policy measures that are needed in order to move towards a fairer partnership model for meeting care needs in the future.

3 The road to reform

There is undoubtedly an emerging consensus about the relative merits of a partnership approach to meeting care costs. It scores well against the principles outlined in the previous chapter and seems to offer the potential for a more sustainable future funding system in the light of demographic change.

So, if we accept that the partnership model is where we want to get to, what steps are needed in the short and long term to turn that vision into reality? In his report, Sir Derek Wanless argued that his model would take up to 20 years to put into practice – well beyond the political radar of any government. But much can be done in the meantime towards creating a fairer long-term care funding system.

In this chapter, we return to the six principles that Help the Aged has put forward and explore what policy changes need to be made to help create a partnership model for paying for care. We cover options for the shorter term (i.e. the next two to three years) and the longer term (the period between now and the final delivery of a partnership model for care payment).

Policy change to deliver fairness

As discussed above, fairness is not just *a* goal of the care system, but in many ways *the* ultimate goal. But the particular ills we seek to address here are the discrepancies in the rates paid for care services, and the types of service available.

In the short term:

- The Government should introduce one single national set of eligibility criteria for fully funded NHS continuing health care, and end the practice of allowing individual Strategic Health Authorities to agree local criteria in their area. This would introduce greater fairness and would end the postcode lottery for obtaining fully funded NHS care.
- Those older people who fund their own care in care homes (so-called 'self-funders') should have the right to have their placement organised by the local authority. This would ensure that all care-home residents are properly assessed, and would ensure that self-funders were no longer disadvantaged

in negotiating individual contracts with care-home providers.

- The Government should introduce a national integrated assessment system for community care needs that centres on the individual, not the available care solutions.

In the longer term:

- The Government must address the cross-subsidy that self-funding residents of care homes provide for local authority-funded residents, by increasing resources to enable local authorities to pay a fair and proper rate for care-home placements.
- The Government should address the geographical variations in the care system by replacing the Fair Access to Care Services guidance with a direction on the minimum level of care that the state will provide, to remove the variability across local councils and ensure that the human rights of older people are not compromised.

Policy change to deliver a clear 'deal' for shared responsibility

The issue of responsibility for paying for care needs clarification, because this is at the heart of all discussion about the implied 'contract' between the individual and state and the system itself. It is also about making sure that where individuals choose to provide unpaid care to family or friends – and thereby save the state money – they are not disadvantaged by it.

In the short term:

- The Government should engage in a national debate on the role of care services, to include consideration of the balance of responsibility between the state and the individual.
- The Government must clarify the limits of NHS responsibility to fund care.
- The Government and local councils must provide better support to carers, and should recognise that some people who are carers are also disabled people.
- The Government should consider ending the policy of means-testing for smaller packages of care, to reduce the burden of paying for care borne by families.
- The Government should increase the capital limits to £42,000, as suggested by the Joseph Rowntree Foundation. This would reduce the call on older people's assets to meet care costs, and signal that asset-stripping is not an inevitable consequence of planning for and meeting care needs.

In the longer term:

- The Government must introduce incentives for carers to address the expected shortfall of informal carers in the future.
- The Government should remove means-testing for specific types of care, starting with respite care.

Policy change to deliver quality care

The main focus for reform of the social care system should be the provision of quality care. Our current system does not support ongoing improvement or enable authorities to identify and meet need. In fact, in many cases resource constraints are damaging the quality of care provided.

In the short term:

- Local councils should routinely record unmet need among their communities, to inform commissioning in order that all needs can be met in future.
- The Government must increase resources for social care to end the practice of older people being allocated care in 15-minute slots, as evidenced by the Commission for Social Care Inspection.
- The Government must take steps now to allocate resources in the next spending round for the mainstreaming of the Partnerships for Older People pilot programme, which is exploring the potential economic and outcome benefits of investment in preventative services.

- The level of personal expenses allowance for care-home residents should be doubled to £40 per week per resident, as recommended by the Joseph Rowntree Foundation, to ensure that individuals can maintain their sense of personal autonomy and identity.
- The Government must ensure that there is a level playing-field in social care services, and must close the loophole that allows privately provided social care services, either in the community or in a care home, to fall outside of the scope of the Human Rights Act.
- The Government should invest in the NHS Independent Complaints Advocacy Service to enable it also to support those with complaints about social care services. This should be part of a longer-term strategy to improve advocacy and support for older people using social care services.

In the longer term:

- In the forthcoming review of the National Minimum Standards for care, the Government must introduce a performance system for social care that is based upon measures of quality of life for older people, rather than the quality of the interventions provided.
- Local councils should receive incentives to deliver quality outcomes for older people using social care services.

Policy change to deliver choice

'Choice' may be a buzzword in today's policy environment, but too often it is a remote dream for users of social care. For choice to be a reality in the social care system it is essential not only to stimulate a more responsive market, but also to enable users who are often frail, vulnerable and bewildered by the system to exercise choice.

In the short term:

- Older people using Direct Payments and Individual Budgets must have a right to independent advice and support to enable them to exercise choice and control over their care.
- Government and local councils must ensure that older people have easy access to sources of information and advice on care issues. Government should fund a network of voluntary sector-run one-stop-shop advice and information centres to help to address the widespread confusion about the complexities of the current system.

In the longer term:

- The Government should grant all vulnerable older people a right to independent advocacy.
- In implementing the partnership model, the Government must ensure that there is adequate support to older people in making decisions about the care that they want or require to meet their expressed needs.
- The Government should support the development of voluntary and community sector capacity to provide advocacy and information on care.
- In delivering a partnership model for funding social care, the Government must ensure that the level of benefits paid to older people on low incomes is sufficient to enable such people to adequately supplement the minimum level of care.

Policy change to deliver adequate resources

Inadequate resources for social care have blighted the system and left many older people short-changed in terms of the care they receive. Any new system must be adequately resourced to meet not only current but also future growing, and changing, demand.

In the short term:

- The Government must ensure that investment in social care in the short term *at least* keeps pace with the changing demographics of the community.
- The Government must increase the proposed level of the new flat-rate payment to care homes that provide nursing care to cover the costs of registered nursing care.

In the longer term:

- The Government should help to support the social care market by introducing a tariff system within social care to mirror the system within the NHS.

Policy change to deliver sustainability

Incessant change in any system undermines confidence, creates confusion and leads to poor-quality services. The new contract negotiated between the state and the individual for providing care must be stable for the longer term, so that people can prepare with confidence for later life. That means securing the future not only of our paid-for care services, and the infrastructure that supports them, but also the stock of unpaid and voluntary care on which society will continue to rely.

In the short term:

- The public should be encouraged to engage with the national debate on the shape of social care.
- The Government should commit increased resources to support unpaid care

In the longer term:

- The Government and opposition parties should seek a new cross-party consensus on the future of the long-term care system, and should commit to a programme to implement a partnership approach to the funding of social care in order to introduce greater stability and certainty within the system.
- NHS, PCTs and local government must have clear guidance on their responsibilities and the funding to meet these adequately.

4 Social care in context

Current reform, fit for the future

Help the Aged has set out an ambitious agenda for change in the social care system for the future, but this needs to be implemented in the wider context of public services that are part of a coherent and viable care strategy.

The White Paper *Our Health, Our Care, Our Say*[5] and older people's strategies such as *Opportunity Age*[6] and *A Sure Start to Later Life*[7] have already set out an ambitious vision for reform. This is driven by a desire to streamline the care system and make it more responsive, but the reforms envisaged bring with them their own challenges, which need to be resolved if we are to build a solid future.

Central to the current reform is the Choice agenda, which, in the area of social care, has brought about the introduction of Direct Payments, and more recently the piloting of Individual Budgets. Both schemes are driven by laudable aims and, if effectively implemented, have the potential to increase the individual care user's control over their own care. This would make person-centred care more likely to move from rhetoric to reality.

However, the personal choice these schemes seek to promote will remain a fiction unless the right combination of service providers is established and equally accessible. Arguably, also, individuals presenting with care needs are often not well placed (perhaps vulnerable, confused, and unaware of possible solutions) to exercise this new freedom of choice, which brings into focus the issue of advice and advocacy. Thus far, both the Direct Payments and the Individual Budgets initiatives are floundering as a result of the failure to address these issues.

However, in the future care system we envisage, access to proper information advice and support for the most vulnerable, and access to a properly incentivised quality market, will be vital planks of the state's side of the bargain struck between individual and the state over care. So getting this right now is vital.

The broader context of social care

The debate about the future of social care to date has tended to examine the social care system in a near-vacuum, impinged upon only by a few variables – such as the state and reach of the NHS and the supply of willing unpaid carers. However, the success or failure of the UK's social care system relies upon much more than the system in itself. It relies upon the age-friendly functioning of our entire social fabric.

This means that on top of the confusing array of providers – which includes central and local government, public service agencies, and the voluntary and community sector, as well as private organisations in the commercial sector – anyone who really wants to improve the lives of social care users has to take an interest across a much wider array of policies, stakeholders and providers.

Preserving communities

We want people to live successfully in the community, but the current decline of our community structures, with bank branches, post offices, convenience stores, petrol stations and even public houses closing in startling numbers, is a major concern. At the moment there seems to be no vision of what the community of the future will look like once all these traditional props have been stripped out. Each service is being 'rationalised' by examining its own economic performance with no reference to the part it plays in supporting a community.

Consulting the service users

Similarly important will be the new arrangements for local government. With an ever-greater emphasis on communities determining their own destiny it will be vital that older voices are heard. This could create a real boost for social care, but to date change in social care has been driven by those purchasing care, not by those receiving it.

In the quasi-market economy in which our care services operate, it is unsurprising that the providers have responded to the purchasers of care rather than the needs of the consumers, and there is no strong lobby for change from older people themselves. Clearly, frail and vulnerable people cannot be blamed for their failure to take to the streets, but as a new generation of serial consumers moves into the care service economy we will need to find ways to listen to consumer needs and respond to them. A key challenge for the reform of local government is putting care users at the heart of our planning, not only for social care but also in terms of the community in which it is delivered.

'Lifetime' housing and energy efficiency

The state of our housing stock will also be a central issue. In this context the Barker Review of housing provision is of central importance, with its call to build some 4 million new homes in response to the impact of demographic change on the shape and size of households. Clearly, these new homes must be built to 'lifetime' standards, because over the period of their existence they are likely to be occupied by older people and must be able to satisfy their needs. Alongside the fabric and facilities of the new home we must consider the community within which we build it – its environment, transport links, shops and services and community facilities – and how these can support our social care system. The Energy White Paper links the need for energy efficiency to efforts to end fuel poverty and protect the less well-off, many of whom are older people and for whom the risk of poor health as a consequence of fuel poverty is high, debilitating and costly.

Digital technologies

An immediate and intriguing contribution to the development of our future social care system could come from the process of digital switchover. The market has been encouraged and allowed to drive the march to digital communications technologies, with all its potential advantages to providers and consumers alike. But older people have tended to fall behind in this march. The digital switchover programme gives us an opportunity to enable the older population to catch up – if it

is handled properly. For an older person who may be mainly housebound and largely isolated, having a device in their home with the familiarity of a television set but with an interactive capacity and access to the internet could herald a massive improvement. This improvement could be about quality of life across the board, but even just for care needs the potential is enormous. Internet access could provide people with the opportunity to evaluate their own health, and to seek out the many organisations that are offering web-based information, help and support. Above all, it would provide a facility for the development of telemedicine in all its many guises, and help to shape a whole new era of social care.

Voluntary sector involvement

A vital part of this broad agenda will be the outcome of the review of the third sector. The Government has for some time recognised the potential of the voluntary and community sector both as a direct link to communities and as a skilled delivery agency. Most recently, in the field of ageing, the Government has been harnessing the skills of the voluntary sector to build partnerships and reach out to excluded communities through the Partnerships for Older People projects and the LinkAge Plus pilots. The ambitions behind these – to join up and focus the best of local voluntary information and initiative on reaching the vulnerable and reaching them earlier – are proper, practical and praiseworthy. The potential they have to meet some of the demand for social care, and just as importantly to contribute to interventions which prevent the need for social care, is considerable. The challenge will be in creating a framework which can transform these from pilots to part of the mainstream.

As the voluntary sector is drawn ever more into service delivery, can it continue to play its traditional role acting as an advocate and nagging and cajoling the public authorities? The need for an information and advocacy role is clear, as our society increasingly emphasises the watchwords of choice and personal decisions. Information and advocacy can help make human rights real for older people.

Financial services

Also playing a key role in the future will be the financial services industry. For over a decade the insurance industry was keenly engaged in trying to popularise and sell long-term care insurance. This campaign was unsuccessful and there has been a withdrawal from the market. Long-term care insurance is seen as too expensive, and too unpredictable in terms of what it pays for. Moreover, research has revealed a high level of ignorance and wishful thinking among much of the population, who may be in denial about their potential need for long-term care and in any case believe that if the need ever arises the government will pay for it, as it does for most health care. As a different balance of risk is established between the state and the individual, insurance may become a more viable option.

Equity release has great potential, but it has had a roller-coaster history and is still poorly understood by the would-be consumer. Once it was sold as a home income plan, but despite house price inflation using equity release for this purpose is not a realistic option except for a fortunate few. Now, it is increasingly seen as a way to make home improvements, including energy efficiency measures, and fund other adaptations: this seems to be a more promising rationale.

The social care world is also looking at equity release, in terms of providing services for free today but putting an eventual charge on the selling price of the house. Though the regulatory side of equity release is now improved, the numbers of different players seeking to encourage homeowners to release equity are serving only to confuse the customer. Even with house prices averaging £208,000,[8] only a limited amount of work can be leveraged out of a house price of that order, and, by definition, many poorer people will have housing equity beneath that level. Equity release has a role to play, but it is likely to be neither a fair solution nor a universal one for most people facing social care needs.

Completing the jigsaw

In this document Help the Aged has argued that the future funding mechanism for social care should be based on a partnership model and a new, clearer contract between the individual and the state. We have also argued that along the route to this thoroughgoing reform action is needed to introduce fairness, shared responsibility, quality, choice, adequate resources and sustainability to our social care system.

However, as we have shown, our poorly functioning social care system will not be fixed without action to address the wider context of care. Below we outline some key actions that needed:

Acknowledge the need for advocacy and information

While no one is arguing for a complex system, there will always be a degree of complexity within any system of shared payment and multiple providers. The need for information will be even greater given the inevitable frailty and vulnerability of some of those seeking to access the system. As we increase the extent of choice within the system this information need will increase. We need to ensure that we are planning good information, advice and advocacy into our system.

Plan care into our communities

It is essential that in the design and development of our communities for the future proper account is taken of both current and likely future care needs. Communities need to be designed in a way that, in itself, promotes independence and inclusion, but which is also capable of accommodating services which support this. Building 'lifetime' decent homes will be an important part of this. Thinking through transport and local services from the perspective of a vulnerable older person is also important.

Find a realistic role for the voluntary and community sector

This rich (in terms of enthusiasm and initiative) but patchy (in terms of geographical spread and capacity) sector obviously has a role to play, but at present that role is unclear. To some degree, its future will be shaped by the allocation of public resources, but the voluntary sector has its own unique role as providers of information and advocacy to consider, as well as an ongoing role as innovator and trailblazer.

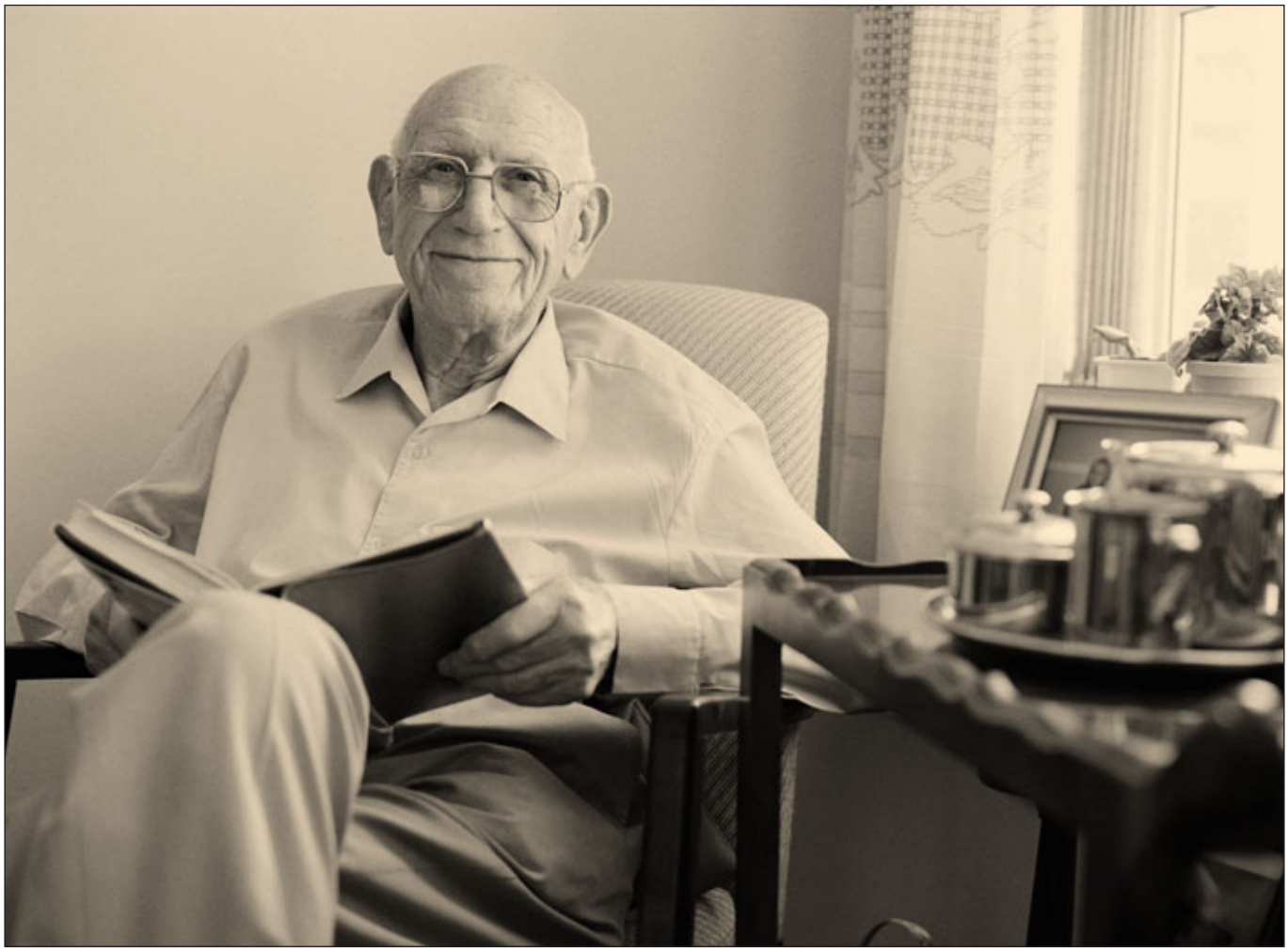
Find a realistic role for the private sector

There will always be individuals wanting to buy their own care, and perhaps with the extension of direct payments there will be more. Currently these people receive little in terms of information and advice, and arguably may get a poor deal. Furthermore, the financial services industry is keen to help people to use their assets, whether in the form of insurance, equity release and/or a range of annuities, but recognises the limits of the contribution it can make. These financial resources must not sit outside debates about the funding of social care. The industry needs to be engaged in a serious manner with discussions about the way forward.

Families and carers

Far more care – in volume terms – comes freely and more or less willingly from families and friends than is ever provided by the professional and paid-for sector. Without this family contribution, the whole system would collapse. Carers have been the subject of increasing legislation and attention in recent years, but they still bear a lonely and largely unacknowledged burden, so it is clear that encouraging this activity must be a vital part of the forward agenda.

5 A final word



Help the Aged wants to see a social care system for England which is fit for the future. We believe it is time for a fundamental rethink and a renegotiation of the contract between the individual and the state. The current system serves no one well.

From the perspective of the funding system we stand alongside the growing ranks who favour a partnership model.

But we want to set our social care system in a broader context – that of the wider community and our society.

In conclusion, we believe now is the time for change, and that the vital ingredients for a sensible debate are now available. We have:

- a robust evidence base for the current and future state of social care;
- a growing public interest in the future of care, particularly among the baby boomer generation;
- a government that wants to drive forward standards in care;
- a voluntary and private sector ready and willing to engage in constructive debate, playing a part in the solution.

The only question now is: what are we waiting for?

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Fighting for disadvantaged older people in the UK and overseas,

WE WILL:

COMBAT POVERTY wherever older people's lives are blighted by lack of money, and cut the number of preventable deaths from hunger, cold and disease

REDUCE ISOLATION so that older people no longer feel confined to their own home, forgotten or cut off from society

CHALLENGE NEGLECT to ensure that older people do not suffer inadequate health and social care, or the threat of abuse

DEFEAT AGEISM to ensure that older people are not ignored or denied the dignity and equality that are theirs by right

PREVENT FUTURE DEPRIVATION by improving prospects for employment, health and well-being so that dependence in later life is reduced

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