Consultation response

The King's Fund response to the government's Green Paper *Shaping the Future of Care Together*

13 November 2009

The King's Fund seeks to understand how the health system in England can be improved. Using that insight, we help to shape policy, transform services and bring about behaviour change. Our work includes research, analysis, leadership and service improvement. We also offer a wide range of resources to help everyone working in health to share knowledge, learning and ideas.

Our 2006 review of social care funding – *Securing Good Care for Older People*[i] – was instrumental in securing the commitment made in the 2007 Comprehensive Spending Review to bring forward proposals for reform. We are delighted that in publishing a Green Paper the government has honoured that commitment.

Prior to *Shaping the Future of Care Together* The King's Fund set out four key tests against which proposals for reform should be judged – they should be fair and affordable, understandable, effective and enduring.[ii] We urge that these are used as benchmarks to guide the evolution of further proposals.

The Green Paper offers a compelling analysis of why radical reform is needed, recognising funding pressures, demographic change, higher expectations and widespread dissatisfaction with the current system. We warmly welcomed its publication, representing an important milestone on the journey towards a reformed system. However, the need to begin change is immediate and urgent. We have cautioned that any new settlement should last for at least a generation, and this requires a degree of political consensus. The challenge now will be to achieve this, for example, through an all-party road map for reform, and to sustain the momentum provided by the Green Paper. It is disappointing that the government and the main opposition parties are each bringing forward their own proposals. If we are to deliver major and sustainable reform in this area, we will need both an end to the point-scoring and the attempts to gain short-term political advantage and also much stronger political leadership.

Before responding to the specific questions for consultation, we would like to make three overarching observations.

First, it is vital that reform addresses the significant overall underfunding of adult social care and the high levels of unmet need. It not clear how much additional resource each of the funding options would bring into the social care system. The Green Paper acknowledges the spiralling costs of the existing system. It is vital, therefore, that the financial modelling which underpins the very limited figures in the impact assessment is published in full without further delay. It is unreasonable to expect people to compare different options without the data and without the ability even to compare the options with the unavoidable costs of an unreformed system.

Second, the challenge is not simply about responding to additional numbers of older people. It is also about addressing the escalating pressures on services for adults with disabilities and long-term conditions. Across all sections of the population, expectations

and aspirations in terms of standards, quality and choice are rising – the challenge is qualitative as well as quantitative.

Third, much more work is needed on developing the aspirational content of the Green Paper into specific, costed and practical proposals. This will be needed if the proposed White Paper is to take this issue forward. In particular, more detail is needed on some of the components of the proposed national care service, particularly arrangements for national assessment and eligibility, fair funding, and joined-up services.

Below we set out our response to the specific questions raised in the consultation document.

'1. We want to build a National Care Service that is fair, simple and affordable. We think that in this new system there are six things that you should be able to expect: prevention services, national assessment, a joined-up service, information and advice, personalised care and support, fair funding.

a) Is there anything missing from this approach?
b) How should this work?'

Our interpretation of the term 'national care service' is that it refers to a set of national entitlements and a consistent provision of services – rather than a formal and distinct organisation in its own right analogous to the NHS. The Prime Minister's recent pledge to 'bring together the National Health Service and local care provision into a new National Care Service' created further ambiguity in an already muddled area. Without clarity about the nature of what is being proposed, it is difficult to address the question of how it should work.

Four of the six elements of the proposed new service – prevention, advice and information, personalised support and joined-up delivery – are already being implemented by local authorities as part of the 'Putting People First' programme. In this sense the Green Paper makes a helpful and indeed essential connection between funding reform and improved delivery – the objective is not just to find a better way of funding 'more of the same' but to provide a different and much more individualised way of responding to people's needs. The rhetoric around personalised care and support needs to be reflected in service delivery to ensure that additional resources are geared towards individual preferences and aspirations.

We welcome the proposal for a national assessment process in which help is determined on the basis of what people need rather than where they live. Current variations in assessment procedures between local authorities are unfair and are regarded as such by the public.[iii] The argument for local flexibility cannot justify 152 local authorities with social care responsibilities each having their own different assessment arrangements.

In shifting towards a national approach, however, the experience of the NHS offers a salutary reminder that achieving geographical consistency is not easy even in a nationally managed service.

'2. We think that, in order to make the National Care Service work, we will need services that are joined up, give you choice around what kind of care and support you get, and are high quality.

a) Do you agree?
b) What would this look like in practice?
c) What are the barriers to making this happen?'

These are the right aspirations for a reformed system of care and support. The challenge is how they can be implemented in practice. The Green Paper helpfully identifies several local examples of successful practice. Closer working between health and social care has been a major policy objective since the 1980s and it is right that wider interfaces, for example, with the pensions and benefits system are now considered too.

There is some evidence that successful partnership working – including some of the examples cited in the Green Paper – have been driven more by strong local leadership and local innovation and less by central guidance or exhortation. More could be done to capture evidence of what works locally, and to identify examples of where collaboration has been much less successful. This could be a valuable role for the proposed independent organisation that would advise on evidence of what works – a proposal we support.

Previous initiatives to encourage closer working have been concerned with organisational structures (eg, care trusts), resources (eg, pooled budgets, integrated commissioning), processes (eg, single assessment process, care programme approach). Some of these approaches have produced useful local improvements but have not achieved a national transformation of people's experiences of services. The fact that joint expenditure accounts for only 3.4 per cent of NHS and social care budgets reflects how little has been achieved overall.[iv] It may be more fruitful to consider a person-centred view of integration in which the objective is to ensure people have an integrated experience of different services working together. This could be achieved by redesigning services and processes around care pathways and the journey that ideally people should make through the health and care system. The organisational tasks of aligning resources and services would flow from this rather than being the primary focus of attention as at present. This accords with the conclusion of a recent Audit Commission study that joint working should focus on outcomes for individuals rather than on the mechanics of funding. [v]

An area for further work could be examining the comparative arrangements for financial flows and the extent to which these incentivise collaboration and the best use of resources, especially across the different funding systems for local government and NHS. There is little reward for local authorities to invest in preventive services, for example, when the financial benefits are reaped entirely in the form of reduced hospital admissions. Emerging evidence of the benefits of re-ablement, telecare and preventive approaches make it imperative that local organisations, especially commissioners, are able to look at the system as a whole. The national incentives also need to be aligned to encourage joint working and not to stimulate one part of the system at the expense of another. For example, the NHS Payment by Results (PbR) has ramped up acute hospital activity and in effect locked large amounts of resource in to one part of the health and social care system; as a single policy lever it does not encourage a broader view of resources across care pathways or the boundaries of different organisations.[vi]

At a wider and more strategic level, the Total Place initiative may offer promising prospects for achieving a more coherent allocation of public money. It would be useful to see more health- and care-related themes selected for inclusion in this programme; this would help to encourage the engagement of NHS colleagues in this process.

'3. The Government is suggesting three ways in which the National Care Service could be funded in the future:

- **Partnership – People will be supported by the Government for around a quarter to a third of the cost of their care and support, or more if they have a low income.**

- **Insurance – As well as providing a quarter to a third of the cost of people's care and support, the Government would also make it easier for people to take out insurance to cover their remaining costs.**
- **Comprehensive – Everyone gets care free when they need it in return for paying a contribution into a state insurance scheme, if they can afford it, whether or not they need care and support.**

a) Which of these options do you prefer, and why?
b) Should local government say how much money people get depending on the situation in their area, or should national government decide?'

As we have indicated earlier, we find it is difficult to make a considered judgement about the options without clearer estimates of the additional resources each would bring into an underfunded system and of the impact of their redistribution.

The Prime Minister's recent commitment to introduce free personal care for those with the highest need has further clouded our understanding of the options, especially as the option of free care funded through general taxation was explicitly rejected by the Green Paper. It is not at all clear how the 'free care' policy announced by the Prime Minister would work alongside the other options in the Green Paper. It is also not clear how it could avoid creating a perverse incentive to send older people into residential care. There is also a need for specific clarification on a range of issues and implications including how 'highest needs' would be determined, and how 'personal care' would be defined and funded.

The Fund has long taken the view, repeated by the government in the Green Paper , that free personal care funded through general taxation is unlikely to be sustainable in view of declining dependency ratios and the particular wealth profile of current cohorts of older people. However, before it is ruled out definitively it would be sensible to have all the figures and modelling available.

The implication of all three options is that the majority of working-age people would continue to receive care services free at the point of use through means-testing. This appears to be policy by default – because the comprehensive option is for retired people only, and it is hard to see how the insurance option would be relevant to most adults with disabilities who have not been able to acquire assets and savings. Taken together, all this makes it vital that there should an explicit statement about what the funding options would be for working-age people.

There are three compelling reasons why the needs and interests of working-age people should command greater attention in crafting a new funding system. The first is that local authorities are experiencing severe pressures on their budgets for learning and physical disability services; this will become more intense as a result of further improvements in life expectancy and survival rates. Demographic demand is not just about an ageing population, so the reform of social care funding should address resource needs across the whole age range. Second, historic demarcations between working-age and retired people will become blurred as conventional notions of retirement are eclipsed both by longer working lives and by more flexible lifestyle patterns. At the same time, new policies will be scrutinised for age discrimination. Third, care and support needs do not respect neat dividing lines based on chronological age. People of all ages experience disability, episodes of ill-health or longer-term health conditions ;a new system of funding requires sufficient flexibility to accommodate changing needs and circumstances over time.

The experiences of Australia and Japan suggest that difficulties may arise when long-term care funding arrangements specifically for older people are developed in isolation.[vii]

None of the options in the Green Paper deals specifically with a recurring concern about the unfairness of the current system – the plight of those with modest means who have saved prudently throughout their lives and face the prospect of spending down their assets, including the value of their house, to fund their care. [viii] The proposal for a basic entitlement in the partnership option will, of course, be of benefit to this group but The King's Fund original partnership model proposed that in addition to the basic entitlement, the state would match individual contributions pound for pound. This was designed to provide an incentive for individuals to contribute to the costs of their care and to avoid penalising those with modest means.

As we approach a period of severe pressure on public finances, all options to maximise resources available to meet growing care and support needs should be considered. With falling dependency ratios, it is difficult to ignore the scale of housing wealth enjoyed by people over 60 – almost £1 trillion pounds according to the Council of Mortgage Lenders, projected to rise to £2 trillion by 2026.[ix] In the absence of any proposals to draw down via taxation some of this wealth towards the costs of care and support, there could be a case for a one-off payment at retirement age, perhaps as part of a 'one-generation only' measure that captures the unique wealth profile of this particular cohort of older people.

In summary, it would be premature to express a preference for any of the three funding options without further clarification of the government's own new proposal around free personal care and a clearer understanding of the costs and further work on funding the care and support requirements of working-age adults.

In particular, a full assessment of the costs of each option, alongside the projected costs of an unreformed system, are essential to arriving at an informed view of the three options and of further permutations that may be possible.

To contribute to this process, we are revising our original partnership model to take account of developments and policy changes since our 2006 Review. We are exploring whether this has the potential to offer a credible and financially viable option that would also address current concerns about the extent of unmet need, including the impact of any changes to attendance allowance. This would then be evaluated and, as far as we are able, costed alongside the options proposed in the Green Paper.

'b) Should local government say how much money people get depending on the situation in their area, or should national government decide?'

Moving towards a wholly centrally funded service has profound implications for the role of local government and its relationship with central government and the NHS. The experience of the NHS suggests that whatever arrangements are adopted, there will always be trade-offs between national consistency and local flexibility.

We fully support the establishment of national arrangements for assessment and eligibility, so that individuals have a much clear entitlement irrespective of where they live. There is a major challenge to local authorities in tackling wide and unexplained variations in what people are offered.[x]

Even with nationally determined assessment and eligibility arrangements, it is likely that people will still receive different allocations of resource or services because of variations in spending between local authorities. Adopting a fully national system of funding, as well as assessment, would be a very ambitious undertaking. Almost 40 per cent of social care spending is financed through council tax[xi] so the financial architecture of the system would require extensive reconfiguration; this could raise the spectre of 'winners' and 'losers' that might weaken the overall thrust of reform.

There is also a risk that removing from local authorities the role of determining the level of local resources would weaken their capacity to commission services in response to local needs.

The arrangements chosen will depend significantly on the overall funding option chosen, and the extent to which general taxation will contribute to the overall costs of the system in future. We suggest that the priority should be given to achieve greater clarity on a range of fundamental issues that we have raised in this submission rather than plunging into a complex and premature reworking of central/local financial flows.

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[i] Wanless D (2006). *Securing Good Care for Older People: Taking a long-term view*. London: The King's Fund. Available at: www.kingsfund.org.uk/publications/the_kings_fund_publications/securing_good.html (accessed on 22 September 2009).

[ii] The King's Fund (2009) Parliamentary briefing: forthcoming Green Paper on funding social care in England, May 2009. Available at: www.kingsfund.org.uk/document.rm?id=8304 (accessed on 10 November 2009).

[iii] Caring Choices (2008). *The Future of Care Funding: Time for a change.* London: Caring Choices. Available at: www.caringchoices.org.uk/wp-content/uploads/the-future-of-care-funding-final-report-jan08.pdf (accessed on 11 November 2009).

[iv] Audit Commission (2009). *Means to an end - Joint financing across health and social care, Health national report*. London: Audit Commission. Available at: www.audit-commission.gov.uk/nationalstudies/localgov/pages/91029meanstoanend_copy.aspx (accessed on 10 November 2009).

[v] Audit Commission (2009). Op cit.

[vi] Liddell A (2008). *Making it Happen: Next steps in NHS reform* . London: The King's Fund. Available at:www.kingsfund.org.uk/document.rm?id=7717 (accessed on 10 November 2009).

[vii] Glendinning C, Moran N (2009). *Reforming Long-term Care: Recent Lessons from Other Countries*. York:
York University Social Policy Research Unit.

[viii] For example, Passingham A (2009). *Finding and Financing Care in Hard Times - The top issues reported to Counsel and Care's Advice Service in 2008*. London: Counsel and Care.

[ix] Holmans A (2008). *Prospects for UK housing wealth and inheritance*. London: Council of Mortgage Lenders. Available at::www.cml.org.uk/cml/filegrab/ResearchReportProspectsforUKhousingwealthandinheritance.pdf?ref=5975 (accessed on 10 November 2009).

[x] Department of Health (2009). *The Use of Resources in Adult Social Care: A guide for local authorities.* London: Department of Health. Available at: www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_107596 (accessed on 10 November 2009).

[xi] Local Government Association (2009). *Facing Facts and Tomorrow's Reality Today: The cost of care*. London: LGA.