

Funding social care

Manjit Gheera

As the population ages, can we find a fairer system of paying for care so older people do not have to sell their homes?

In 1997 Tony Blair told the Labour Party conference “I don’t want [our children] brought up in a country where the only way pensioners can get long-term care is by selling their home.” Local authorities have been able to require people to sell their homes to pay for residential care since 1948. Thirteen years after Tony Blair’s speech, local authorities continue to do so.

The impact of demographic change (including an ageing population, expanding numbers of very old people and changes in the willingness of family members to provide informal care for elderly relatives) has placed a strain on social care services and increased demand for residential care. This demand is expected to continue to grow: the number of people in care homes is projected to rise from 345,000 in 2005 to 825,000 in 2041. Public expenditure on long-term care is projected to rise by more than 300% in real terms over that period.

PROBLEMS WITH THE CURRENT SYSTEM

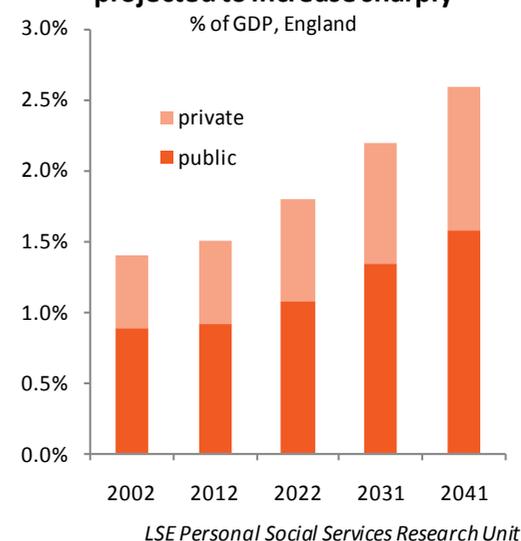
Help with residential care costs is currently means-tested. Individuals with assets of over £23,250, including the value of their property, have to fund their own care. Social care recipients with less than £14,250 have all their care home costs paid for by social services. Individuals falling between the two thresholds will have a proportion of the care costs paid for by the state. **The system is seen as inherently unfair, penalising those who have saved for their old age, whilst those who have been less prudent are eligible for state-funded care.**

The number of people who have to sell their homes to pay for care is unknown, although it is estimated that 155,000 people, or 41% of care home residents, are self-funders, up from 35% in 2006. With care home fees averaging £25,000 a year, those with modest amounts of capital will be making a disproportionate contribution to their care. And continued state-funding for increasing numbers of individuals who cannot afford to pay the high cost of care is financially unsustainable.

THE POLITICS OF SOCIAL CARE

Given the need to reform the current system to cope with demographic changes and the emotive issue of older people having to sell their homes to pay for care, it is no surprise that social care has become a key political issue. The three main political parties, social care experts and organisations representing the elderly have failed to reach a consensus on how to fund a more equitable system. Labour’s proposal to introduce a compulsory £20,000 levy on people’s estates was dubbed a ‘death tax’ by the Conservatives. The subsequent White Paper proposed a complete overhaul of the social care system by introducing a National Care Service built on NHS principles by 2015, coupled with free accommodation costs after two years in a care home. With the average care home stay at 18 months to two years, many would not benefit from the policy. Those whose stay extended beyond two years would have paid an average of £50,000 in fees before they qualified and therefore could still have to sell their homes.

Long-term care expenditure projected to increase sharply



The Conservatives proposed a voluntary one-off payment of £8,000 from every pensioner on retirement in return for free residential care. This was criticised by care groups as insufficient. The Liberal Democrats called for a cross-party commission to consider ways to fund care. An attempt at cross-party talks earlier this year went ahead without the Conservatives, who do not support a compulsory levy.

The Personal Care at Home Act 2010, which received Royal Assent before Parliament dissolved, may go some way to averting the need for some elderly social care recipients to enter residential care by increasing the numbers who receive personal care in their

SOCIAL CARE DEFINITIONS

- **Care home:** any establishment providing accommodation with personal or nursing care.
- Care homes registered to provide **nursing care** are sometimes referred to as ‘care homes that provide nursing care’ or ‘nursing homes’ to differentiate them from other homes. Nursing care in care homes is provided by NHS registered nurses.
- The provision of **personal care** services varies between local authority areas but usually covers help with personal hygiene, continence management, assistance with eating, personal assistance and simple treatment.

own homes. But with only 130,000 people expected to benefit from this policy, should it be rolled out, and a lack of consensus on how to pay for those who still need residential care, many older people will have to keep waiting for the future envisaged by Tony Blair 13 years ago.