



CCC Position Paper: Response to *With Respect to Old Age*

The Report of the Royal Commission on Long-term Care of the Elderly

June 1999

Introduction

The Continuing Care Conference (CCC) is a unique coalition of commercial, charitable and public service organisations with a common purpose to ensure that the public and private funding of long-term care needs of elderly people meets their reasonable expectations and preserves their dignity in old age.

Since its formation in 1992, CCC has grown to encompass all parties directly involved in long-term care – from companies providing financial solutions to local authorities and other organisations delivering care at the sharp end. CCC is a partnership whose members have demonstrated a willingness to work together, with other organisations and with all political parties to develop viable and imaginative solutions to the issue of long-term care.

- **CCC is keen to bring its diverse resources to bear to assist the Government in formulating policy options that meet its promise of developing a ‘long-term and viable system’ of funding long-term care.**

This paper is CCC’s response to the report of the Royal Commission on Long-term Care of the Elderly, *With Respect to Old Age*. It was prepared following a full meeting of CCC held on 21 April 1999 to discuss the Royal Commission’s report, and further consultation with members. It highlights the many areas of the report which CCC supports and, where there is less than complete endorsement, offers constructive comment and additional options that could contribute to better funding and delivery of care.

The message from our members is strong and unequivocal:

- **the Government needs to act *now* to end the uncertainty many older people face.**

Nothing less than a coherent and comprehensive policy framework will deliver the care that is needed. Whilst there may be scope for further debate, debate must not lead to delay and indecision.

- **CCC calls on the Government to put in place a coherent and comprehensive policy framework for long-term care, within the lifetime of this Parliament.**

General Principles and Values

The following statements summarise CCC's general principles and values.

The need for leadership and action:

- The funding of long-term care requires immediate attention.
- Long-term care needs a coherent, national framework within which to develop a range of solutions for different needs.
- The high degree of uncertainty over the future costs of and demand for long-term care, as recognised by the Royal Commission, cannot be used as an excuse to delay action. Rather, it reinforces the need for a complete and robust framework that will be workable over the next ten years and will have both the durability and the flexibility to adapt to changing circumstances in the longer term.

Care standards and delivery of care:

- Standards of care are of paramount importance; mandatory national care standards must be applied. Regulatory standards must be the 'floor' rather than the 'ceiling' to which management and staff work.
- People should have maximum choice in deciding what care they receive, where they receive it and from whom.

Eligibility criteria:

- Eligibility criteria for access to care should be consistent across the country and consistently applied.
- The public should know from the outset:
 - what care they can expect to receive from government;
 - how their needs are assessed;
 - what limitations, if any, exist in the provision of care, and
 - what they are responsible for providing for themselves.

Funding issues:

- Responsibility for the funding of long-term care should be the responsibility of both the state and the individual. To echo the words of the Prime Minister on pensions, we believe that those who can contribute towards their well-being in retirement have the responsibility to do so, and the State must provide effective security for those who cannot.
- The current funding arrangements are, overall, driving down standards of care and are wasting valuable resources through lack of clarity. Furthermore, current funding levels are not sufficient to deliver the standard and quantity of care that people need now. Without additional funds this situation will only worsen.

- However, CCC recognises that there are, and there will be, constraints on public funds, whatever fair and transparent public funding system is put in place. CCC welcomes the Royal Commission's definition of 'personal care' as the boundary for public provision, but suggests ways in which additional funding can be made available to complement state-funded care.
- CCC urges the Government to consider long-term care funding policies within the emerging wider policy context, notably pensions, welfare reform, Housing Benefit reform and closer working between health and social services.
- CCC believes that there are multiple funding solutions for long-term care and that the independent sector has a valuable role to play.
- Innovation should be encouraged, but underpinned by the security of regulation.
- Pensions and long-term care funding options should be given equivalent tax treatment.

CCC's Detailed Response to the Royal Commission Report

- CCC broadly welcomes the conclusions of the Royal Commission.

Funding of Long-term Care

General position

- The view of CCC's members is that 'personal' care should be free at the point of delivery; however, it is for the Government to establish how the taxpayer will fund this obligation and the timescale of any transition period. A certain minority of our members would prefer only nursing care to be free at the point of delivery.
- CCC does not accept the proposal that the *only* way to fund long-term 'personal' care is out of general taxation. Other options for public funding can, and should, be explored.
- Whereas CCC agrees that funding from public taxation is the primary way forward, it acknowledges that there will be constraints on public funding, with consequent limits on the amount and quality of care capable of being delivered, albeit in a fairer way than at present. The framework for long-term care funding should therefore also encourage ways of providing *additional* care according to individual needs. CCC is keen that the entire range of public and private funding options is given full consideration.
- CCC believes there are many options for funding those costs not included within the category of 'personal' care costs. Such options include equity release and better use of housing stock, pensions, partly hypothecated inheritance tax and long-term care insurance on the stakeholder concept. One example of a specific, low-cost proposal is mitigation of inheritance tax where a house can be remortgaged to meet care costs. Regrettably, the Royal Commission has failed to take account of the full range of options open to the Government.

Demographic Uncertainty

- CCC believes that there is no excuse for the funnel of doubt (i.e. uncertainty over the future costs of long-term care) to be used as a reason for failure to address this important public policy challenge.

Personal Care

- CCC agrees with the Royal Commission that, in the longer term, personal care should be free for all at the point of delivery, wherever it is delivered. CCC accepts the precise definition employed by the Commission, which includes nursing care. The Government needs to consider how this transition should be managed.

Disease States

- CCC believes that all disease states (including Alzheimer's disease) should be treated equally.

The Role of the Insurance Industry and Private Sector Solutions

- CCC foresees a much wider role for the insurance industry than the minor role envisaged by the Royal Commission. CCC believes that the sector can provide part of the solution, for instance in providing insurance for the aspects of care subject to means testing.
- The insurance industry can also deliver a number of other services (see separate paper).
- The provision of private solutions should not be a substitute for state solutions. The insurance industry has never proposed that it can provide a ‘universal solution’ to the funding of long-term care.

Pensions

- In the long term, combining pooling of risk and long-term saving and pensions would enable people to fund their long-term care needs in an affordable way.
- In particular, we suggest that long-term care benefits are made an allowable benefit for approved pension schemes, including stakeholder schemes.

Equity Release

- CCC is critical of the failure of the Royal Commission to consider properly the *potential* role of safe equity release products, particularly when CCC figures demonstrate that, for the current generation of older people, housing assets are the only significant potential source of *new* funding for long-term care for two thirds of the population.
- CCC is committed to statutory regulation of all long-term care financial products. CCC would support any initiatives that enable product providers to develop innovative and attractive equity release products to fund long-term care. These require only limited changes to the existing regulatory framework to enable effective innovation to take place.
- By combining the release of housing equity and the pooling of risk, many people would be able to fund their care needs and retain the vast majority of their housing and financial assets.
- CCC believes that many people would rather release a small part of their equity to ensure that, if the worst happens to them, the rest will still be available to their heirs.

Means testing for costs other than nursing and personal care

- On the assumption that ‘personal’ care will be made free for all at the point of delivery, CCC supports the retention of the means test for both living and housing costs. This is an important source of continued funding for the long-term care system.
- CCC does not support the Royal Commission’s alternative recommendation that the limits of the means test should be increased from £16,000 to £60,000. Such an increase in the means test limit would result in demonstrably unfair regional disparities, given the

significant variations in house prices. However, CCC acknowledges that such disparities would not apply to savings - which should be given every encouragement.

Long-term Vision

- Society has an obligation to meet the established expectation of the present generation of older people that 'personal' care and nursing care will be free at the point of delivery. CCC recognises that such costs are unlikely to be affordable by the state in future, and therefore middle-aged and younger people should be given every encouragement to adapt or form their expectations to include some measure of self-provision and to plan to meet any such costs.
- The wider policy framework should be such that innovative, affordable, cost-effective solutions may continue to be developed to meet the changing needs of each generation.
- A robust framework for long-term care provision and funding will enable adjustments to be made in line with changing circumstances. The sooner the framework is established, the better equipped we will be to meet changing needs in both the short and long term. Demographic change over the next ten years will be limited.

Role of the National Care Commission

- CCC warmly welcomes the Royal Commission's proposal to establish a National Care Commission.
- The National Care Commission should be an independent body.
- CCC believes that the National Care Commission should have a strategic role, partly because of the fact that long-term care is a quasi-managed market place.
- CCC agrees with the Royal Commission that the National Care Commission will have an important role to play in helping to develop information and research to help narrow the funnel of doubt. It should keep a watching brief on all relevant research areas.
- CCC welcomes the Royal Commission's recommendation that the National Care Commission should be responsible for benchmarking but would suggest that its remit should include housing-based care services in addition to residential and nursing care.
- CCC believes that the National Care Commission should be responsible for making and publishing projections about the overall need and demand for, and consequently the costs of, long-term care – this will assist 'in-flight' corrections based on up-to-date information.
- The National Care Commission should also comment on the funding of long-term care and make recommendations.
- The National Care Commission will also require a consumer arm to protect the interests of consumers. This could be similar to the consumer group of the Financial Services Authority (FSA).
- It is critical that all Government initiatives for older people are effectively co-ordinated. The National Care Commission could play such a co-ordinating role. It could also maintain links to other key organisations, eg the National Institute of Clinical Excellence (NICE).
- The National Care Commission has a role in the provision of information and in providing clarity and helping to develop a transparent system.

Provision of Services

Working Together and Organisation

- CCC welcomes and encourages all initiatives that result in better co-ordination and delivery of services for older people, and the bridging of the 'health and social care divide'.
- Primary Care Groups, Health Improvement Programmes and Health Action Zones have the potential to play a significant role in delivering the services that people need, and CCC very much hopes that this potential can be fulfilled.
- Unfortunately, the current budgetary structure does not encourage prevention or rehabilitation. This could be addressed by giving appropriate bodies a long-term budget so that there is the incentive to invest now for reduced costs in future.

Prevention

- CCC has advocated the importance of preventive measures, notably in its report, *Fit for the Future: the prevention of dependency in later life*. CCC supports the Royal Commission's recommendation that the National Care Commission should supervise longitudinal research to evaluate the process, and track the outcomes, of preventive interventions and policy changes, and to assess their impact on both the cost of care and quality of life.
- CCC supports the increased use of aids and adaptations to allow people to remain in their homes should they wish to do so.
- CCC supports the Royal Commission's proposal of consultation on which aids and adaptations should be free of charge. The aim of this consultation should be absolute clarity in the arrangements.
- CCC recommends that, wherever possible, aids and adaptations should be re-used and recycled and that efforts should be made to ensure that aids and adaptations are in place as soon as they are needed.
- CCC supports the Royal Commission's proposal that local authorities should be able to make loans for aids and adaptations for individuals with housing assets.

Rehabilitation

- CCC strongly believes that rehabilitation should form an integral part of long-term care.
- CCC agrees with the Royal Commission that the Government should develop a national strategy on rehabilitation as a priority.
- CCC welcomes the Royal Commission's proposal that the value of the home should be disregarded for *up* to three months after admission to care in a residential setting. We fully agree that the opportunity for rehabilitation should be included as an integral and

initial part of any care assessment before any irreversible decisions on long-term care are taken. The extensive experience of our members leads us to recommend that this disregard for three months should be mandatory, with a further period of discretion of up to twelve months (reflecting the current rules on temporary stays), for those residents who need a longer period of recuperation.

- CCC also believes that there should be equivalent treatment for people who are living in rented accommodation.
- CCC agrees with the Royal Commission that the NCC should supervise further research on the cost effectiveness of rehabilitation.

The Importance of Carers

- ‘Informal’ carers play a vitally important role in the provision of care – both for the people they care for and as part of the bigger picture. CCC believes that the future framework for care provision should not discourage the role of informal care.
- CCC agrees that ‘better services should be offered to those people who currently have a carer’ and welcomes the Government’s initiatives to date.

Other issues

Specialised Policy Areas

There are a number of other proposals that CCC believes should be taken forward by the Government, though member organisations may be better placed to comment in detail.

For instance:

- ***Residential Allowance***: the resources that underpin the Residential Allowance in Income Support should be transferred to local authorities, and ring-fenced.
- Our members are nevertheless concerned about the position of people who rely upon the allowance to assist them with their funding whilst waiting for properties to sell.
 - One option would be to apply CCC’s proposal on a time-limited disregard of the value of the home so as to reduce the burden on those with a house to sell.
 - Another option would be for Local Authority home residents to be allowed to receive the Residential Allowance and for all residents to be entitled to Attendance Allowance with Income Support. This would reduce the pressure on Social Services’ budgets and enable central government to allocate additional funds to provide the means to pay a normal market rate for care home placements.
- ***Shortfall in ‘preserved rights’ payments***: the Government should consider as a matter of priority whether ‘preserved rights’ payments in social security should be brought within the post-1993 system of community care funding, or whether some other solution can be found to address the shortfall in funding experienced by this group.

Conclusion

- CCC has promoted debate on long-term care issues since its inception in 1992. Debate will continue, but debate must not lead to delay and indecision. The time has now come for the Government to act. To echo the words of the Chairman of the Royal Commission, ‘We need to change. The *status quo* is not acceptable.’
- CCC calls on the Government to build upon the work of the Royal Commission and to put in place a coherent and comprehensive policy framework for long-term care, within the lifetime of this Parliament.
- CCC is keen to bring its diverse resources to bear to assist the Government in formulating policy options that meet its promise of developing a ‘long-term and viable system’ of funding long-term care.

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