



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

# Paying for Care in Wales: creating a fair and sustainable system



Green Paper consultation on options  
for reform



Website: <http://www.payingforcareinwales.net>

Further hard copies of the Green Paper can be obtained by e-mailing [payingforcare@wales.gsi.gov.uk](mailto:payingforcare@wales.gsi.gov.uk) or by telephoning 029 2082 5681



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## Foreword

I am delighted to publish this first Green Paper for Wales on Paying for Care. We know that in Wales many more of us are living longer, healthier, active and engaged lives - which is to be celebrated - but that more of us will also live with needs for care and support in the future. We also, quite rightly, want to have accessible and high quality care services when we need them. As I have set out in Chapter 1, the current system will not cope with the pressures we know are building up and our ambitions for services can only be achieved if there is a radical reform of the care system and how we all pay for it – individuals, their families and the government together. This Green Paper is the next stage in the debate that we commenced last year and sets out principles and options for change – there must be wide ranging debate across Wales about how the solutions are finally shaped.

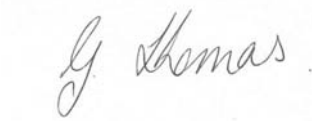
In our strategy “Fulfilled Lives, Supportive Communities”, we set out our vision for improved social services in Wales. We want to ensure that people are provided with more accessible, personalised care at an earlier stage, helping them to maintain their independence. I have announced that the Assembly Government will establish a Commission to consider how we meet the challenges facing social services over the next decade. I will ensure that the Commission considers the outcomes and conclusions of this consultation on Paying for Care in its deliberations so that a cohesive approach is taken in looking at the future of social care in Wales

We have already undertaken a wide ranging programme of consultation and engagement on Paying for Care in Wales, which included a public consultation, two stakeholder events and an Advisory Group. I am very grateful to all those who have contributed to this important debate so far. This Green Paper for Wales now sets out the basis for further dialogue with the people of Wales about how we can create a system for paying for care in Wales that is fair, simple and affordable.

In Chapter 2 of this Green Paper I set out the distinctive approach to social care that we have adopted in Wales, and the Assembly Government’s plans to improve the delivery of social services. However within this context, as the legislation on the system of paying for care is set in statute on an England and Wales basis, Chapter 3 outlines the proposals drawn up by the UK Government for reforming the way we pay for care. This is nevertheless framed to reflect the conclusions reached by our earlier engagement programme across Wales and the recommendations of our Advisory Group.

The UK Government has included in its Green Paper on reforming social care in England some ideas about how there might be a case to integrate some benefits with the social care system. This is only a proposal at this stage, and no final decisions have been made. I recognise that the issue of how this might affect paying for care in Wales is important to many people. Whilst benefits are a non devolved matter, the UK Government has given a commitment to work closely with the devolved governments to reach a shared view on how to ensure that we obtain the best possible outcomes for all people in the UK. I am committed to an effective dialogue with my Ministerial counterparts in the UK Government to help achieve this and ensure that the views of people in Wales made through this consultation are heard.

This Green Paper for Wales provides a stimulus for one of the most important debates we have seen in the last decade. These are vital services that many people rely on now and others will do so in the future. There are a number of difficult challenges and options about how we shape the care and support system of the future and how we pay for it. I would like to encourage you to join in this important debate over the next 3 months.

A handwritten signature in cursive script that reads "G. Thomas". The signature is written in a dark ink on a light-colored background.

Gwenda Thomas AM  
Deputy Minister for Social Services

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# Chapter 1

## The Challenge

### 1. Introduction

1.1. Any one of us may need care and support at some point in our lives, and the need for care and support services is likely to increase significantly over the coming decades as more of us live longer. Our attitudes and expectations are also changing, as we increasingly demand services of a higher quality and that enable us to live more independent and fulfilled lives.

1.2. The present system of paying for care and support will need to change to keep pace with increased demand and rising expectations. The current arrangements are complex and unsustainable in the long term. Our goal is to replace them with a system that is simpler, fairer and more affordable for individuals, their families and government.

### 2. What is care and support?

2.1. The people who need care and support in Wales are likely to be:

- people who have had an accident;
- people who have a long-term illness;
- disabled people; or
- older people.

2.2. 'Care and support' describes the range of practical, emotional and financial support that these people need in order to get on with their lives and contribute to society. It might include help with:

- personal care such as getting out of bed, washing and getting dressed;
- day-to-day tasks such as shopping, cooking or cleaning;
- keeping up with family and friends;
- looking after children and fulfilling parenting responsibilities;
- adapting homes and workspaces to suit an individual's needs; or
- teaching new skills such as how to use public transport with confidence or to manage your own finances so as to live independently.

2.3. This support may be provided formally by public sector organisations, such as local authority social services, housing support services, or through the welfare benefits system. As well as directly providing services, local authorities play an important role in commissioning other organisations to provide these services to people. Support may also be provided by private organisations, such as private care homes or homecare agencies, or by voluntary organisations. Much care and support is provided informally by families, friends or neighbours.

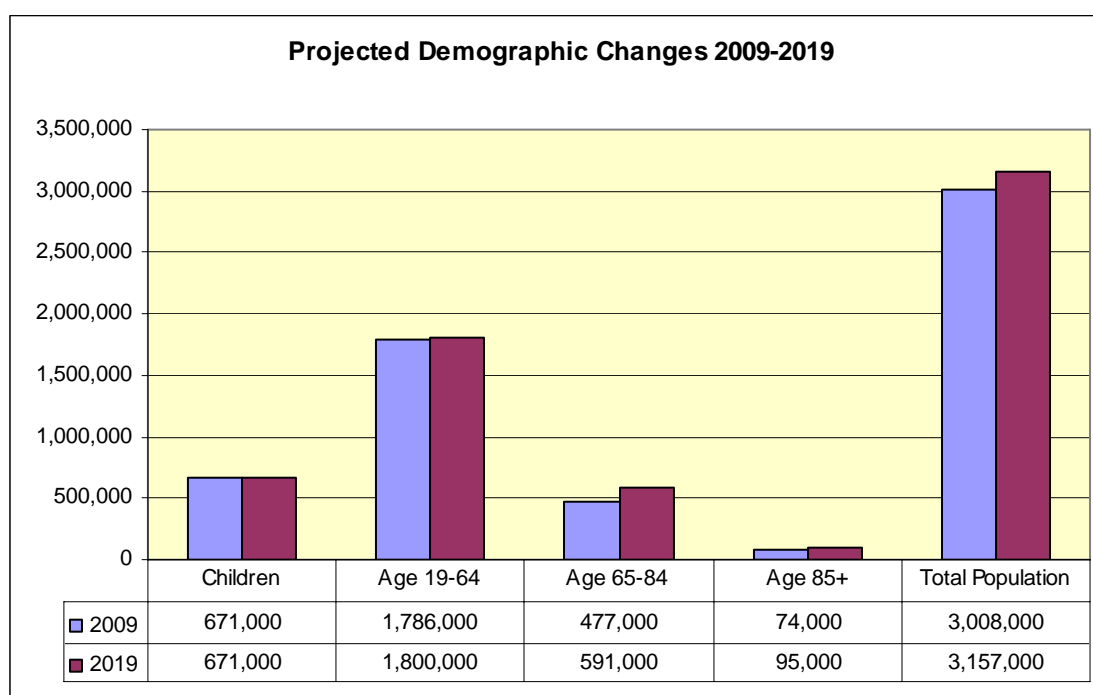
### 3. Why does the system of paying for care need to change?

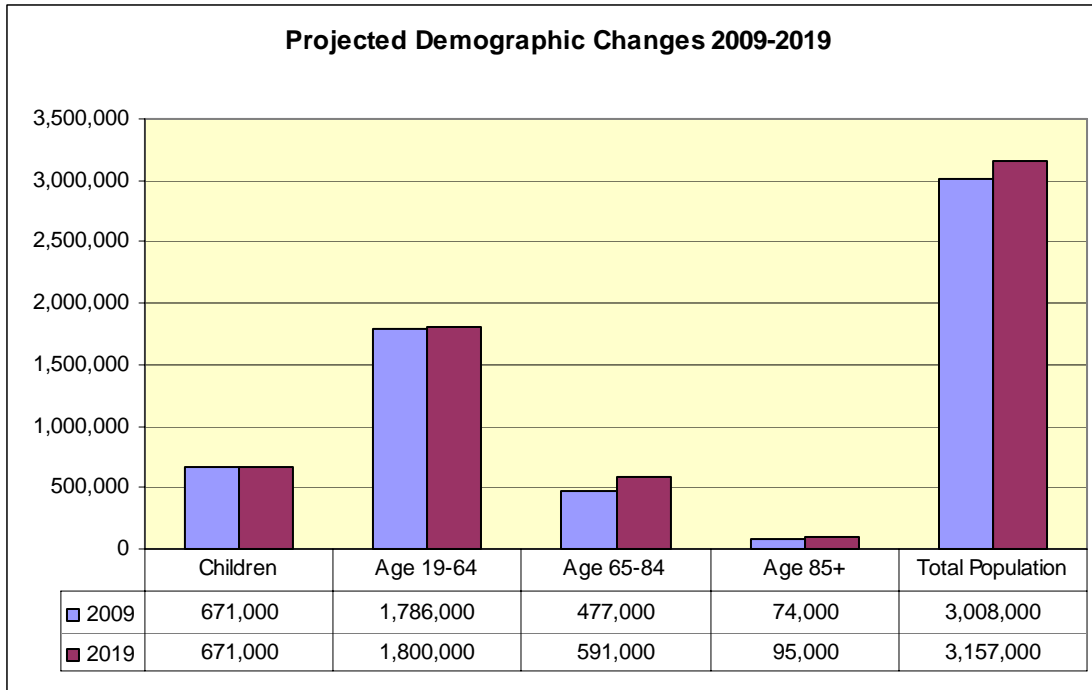
3.1. Demographic and other changes are expected to have a major impact on demand for care and support services over the next twenty years. The origins of the current system of paying for care go back to the 1940s and the beginning of the modern Welfare State, and it is already clear that this system is not going to be robust enough to cope with the increasing demands placed upon it. And although successive governments have sought to reform the way care services are delivered, particularly in response to evolving concepts of disability and ageing, the system for **funding** care and support has not kept pace with changing attitudes and expectations within society. We need to prepare now to meet the challenge posed by demographic change, while at the same time ensuring that we continue to respond to increased expectations about what the care and support system will deliver for individuals and those who care for them.

### 4. Demographic trends

4.1. There will be important implications for the demand for care services in Wales as fertility rates fall to below the level at which the population will replace itself, coupled with increases in life expectancy. By 2019 the population of Wales is projected to increase by 5.0% to 3.16 million. The number of children is projected to remain constant over the same period, while the numbers of those aged 85 and over are projected to increase by 29.0% from 74,000 in 2009 to 95,000 in 2019. The numbers of people aged 65 to 84 are projected to increase by 24% from 477,000 to 591,000.

4.2. The tables below illustrate the most recent projections of demographic changes across age groups in Wales over the next ten years.





4.3. The following key facts help to put the paying for care debate into perspective:

- About a third of all men and half of all women will develop the need for long-term care and support at some stage over the age of 65.
- On the basis of current user rates, we expect nearly 91,000 people over 65 in Wales to require the support of social care services by 2031.
- We have an ageing population. In the next 20 years, the number of people over 85 in Wales will more than double to 143,000 and the number over 100 will increase fourfold to more than 2,000.
- Life expectancy at age 65 has risen since 1981 by 5.1 years for men and nearly 3.5 years for women in Wales
- The number of working age people compared with the number over 65 has already decreased from 5.3 to 1 in 1951 to 3.2 to 1 in 2009.
- The ratio of people aged 20-64 to those aged 65 and over is projected to fall from its current level of 3.2 to 1, to a level of 2 to 1 in 2031.

4.4. Changing patterns of social mobility will also have an impact on care needs, particularly in rural areas. These areas face particular challenges as more older people choose to retire there, and as more younger people move to the cities for education and work.

## 5. Expectations of care and support

5.1. Changing expectations are also putting pressure on the current system of paying for care. In 1948, when the Welfare State was founded, social expectations around disability and ageing were very different to what they are today. Disabled people had fewer rights than they have now, and it was assumed that women would

stay at home to look after their families, including older relatives who needed care and support. For this reason social care was not included in the creation of the National Health Service (NHS). The state was expected to provide support only for people who had no family and could not afford to take care of themselves.

5.2. Family structures and patterns of care are very different today. Moreover, we have very different expectations of public services in general, and of social care in particular. People expect to have greater choice and more control over their own lives than previous generations did. Disabled people of all ages have campaigned successfully for greater rights, better support for themselves and their carers, and higher standards of services. People want a system that meets their needs whatever age they are and whatever their personal circumstances, and that recognises that people's priorities can change during the course of their lives.

## **6. Increased costs of care and support**

6.1. Demographic changes, coupled with the increased expectations and demands on the care system, are likely to result in an increased burden of funding over the next 20 years. HM Treasury's long-term fiscal projections show that the costs of long-term care are set to increase by 17% by 2027/08. The Department for Work and Pension's Forecasting Division has suggested that, in 20 years' time, the cost of disability benefits for people over age 65 in England, Wales and Scotland could increase by almost 50%. The additional cost of care and support is likely to be unsustainable unless we take the necessary steps now to ensure that future pressures can be met.

6.2. Failure to put the care and support system on to a more sustainable financial footing is also likely to increase the burden on unpaid carers, and also result in people missing out on care and support until their needs become critical. As well as impacting negatively on their quality of life, it could also increase the need for more expensive interventions later on.

## **7. What is the current system of paying for care?**

7.1. The care and support system in Wales has developed over many years, but is rooted in the Welfare State founded in 1948. Together with the foundation of the NHS, 1948 also saw the National Assistance Act, a landmark piece of legislation. Under this Act, local authorities had to provide basic residential accommodation for disabled and older people who had no family and could not afford to take care of themselves. However, social care was not included in the creation of the NHS. Further legislation over subsequent decades extended the scope of social care services for disabled and older people, but these services were always chargeable and not free at point of delivery as NHS services were.

7.2. The welfare benefits system has also developed over the past 60 years, but independently of the social care system. Whereas an individual's need for social care and support is assessed by local authorities, individuals have to apply for disability benefits through the benefits system, which is administered by central Government. Whereas social services are the responsibility of the Welsh Assembly Government, and delivered by local authorities, welfare benefits remain the

responsibility of the UK Government. This also means that the funding for social care and welfare benefits is allocated on a different basis.

7.3. The current system of allocating care and support services to individuals may be summarised as follows:

### **Assessment**

7.4. If someone appears to need care, local authorities are legally required to undertake an assessment of their care needs and decide whether or not they should provide them with care services. This will be a joint assessment between health and social care, which aims to identify a person's needs and how they will be met. Local authorities are also legally required to assess the needs of carers and to decide whether to provide them with care services.

### **Continuing health care**

7.5. Long term healthcare is provided where a person's needs are judged to be so significant, complex, severe or unpredictable that they are health needs which should be actively managed by the NHS. This is classed as 'continuing healthcare' and may be provided in hospital, in a care home registered to provide nursing care, or in a person's own home. Wherever it is provided the NHS will pay for the full cost of the care; where it is provided in hospital or in a care home with nursing, accommodation costs will also be paid.

### **Nursing care**

7.6. If a person is not eligible for continuing healthcare but requires care from a registered nurse in a care home, the NHS will provide a weekly contribution (£119.66 per week currently) towards the cost of the nursing care. Other aspects of a person's care and accommodation needs are assessed using the system described in the following paragraphs.

### **Residential care**

7.7. Local authorities are required by law to charge for the personal care and accommodation they provide to people who need long-term residential social care. This includes such things as help with bathing, feeding and getting around. The local authority undertakes an assessment of a person's ability to pay for their care in line with national guidance issued by the Assembly Government to ensure that charges across Wales are as consistent as possible. Under this guidance, the contribution people make to their accommodation and care costs is assessed by taking account of their income (including most benefits and pensions) and their capital (such as savings, investments and the value of any property owned). Where they have capital of more than £22,000 they will be expected to meet the full cost of their accommodation and care. If they have capital of between £20,750 and £22,000, they will make a contribution towards their care on a sliding scale. But those with capital at or below £20,750 will receive financial support from their local authority while contributing whatever income they receive, as deemed appropriate.

7.8 Individuals have the right to enter more expensive accommodation, or to choose higher quality accommodation or extra services, beyond what their authority would normally pay for. In such circumstances a third party (such as a family member) must be willing to pay the difference. This is known as a third party 'top up' payment. Top ups' cannot be requested to cover the cost of accommodation or services which are to meet an individual's assessed needs.

### **Deferred payment**

7.9 Property owned by a resident where no spouse, partner or dependent relative lives, forms part of the assessment of that person's ability to pay towards the cost of residential care. However, the property is excluded from that assessment for the first 12 weeks. A deferred payment scheme can be offered to individuals, so that the authority places a legal charge on the person's property and pays towards the costs of that person's residential care and accommodation for the duration of the scheme. When the property is subsequently sold, the authority recovers the amount it has spent on care costs.

### **Personal expenses**

7.10 Residents of care homes, who are funded by local authorities, contribute most of their income towards care fees, but they are allowed to keep a small sum (the Personal Expenses Allowance – currently £22.00 per week) for personal use.

### **Home care and support services**

7.11 The charging regime for home care and support services (sometimes called domiciliary care) operates in a different way to that for residential care. Historically, local authorities have had the discretion to decide whether to charge and how much, and this has meant that service users are charged at different levels according to where they live. However, statutory guidance in Wales requires that, after a person has paid a contribution towards the cost of their care, the amount of income that they are left with each week must be the same as the amount of income support, plus an additional 35%. People are also entitled to have an additional 10% of their income excluded from the charging assessment to help with additional living costs associated with a disability or health condition. The Assembly Government has recently introduced an Assembly Measure to create a more consistent and fairer approach to charging levels across Wales. If this new legislation is agreed, we are intending to introduce as a first step from April 2011, a package of improvements including a maximum £50 per week for all non residential services, free transport to day centres and disregard from financial assessment of certain disability benefits.

7.12 In addition, the UK Government provides a range of benefits - such as Attendance Allowance, Carers Allowance, Disability Living Allowance and the Independent Living Fund - that help support individuals to live independently, often with support from relatives and friends who are their carers.

### **Key facts about who receives care and support**

- Approximately 82,000 people receive local authority-funded social care. Of these, approximately 68,000 receive community-based care and 15,000 receive residential care. A further 12,000 people receive nursing care funded by the NHS.
- Roughly 59,000 (73%) of users are over 65, with physical disability or sensory impairment being the main reason for their need for care.
- Over 125,000 people receive Attendance Allowance in Wales.
- About 6,000 Disabled Facilities Grants are paid each year to adapt homes in Wales, totalling £38 million.
- There are currently around 2,000 people receiving Independent Living Fund support in Wales, currently set at £455 per week.
- Nearly 32,000 people receive Carers Allowance in Wales, which is currently set at £50-£55 per week.
- There are currently 42,000 people in receipt of care services at home or day care services in Wales. Around 14,000 of these are charged for the services they receive.

### **Carers**

The 2001 Census across England and Wales showed that Wales had nearly 340,000 carers (more than 1 in 9 of the population). Of these, around 89,000 are providing more than 50 hours of care a week.

Wales has a higher proportion of carers than any region of England (11.8 per cent or 339,833 carers). Wales also has the highest proportion of people with limiting long-term illness (23.3 per cent), and a level of permanent sickness and disability in the economically inactive population aged 16-74 which is higher than any region of England (at 9.2 per cent).

## **8. Paying for care in Wales: the debate so far**

8.1. Reforming a system that has developed over 60 years is not going to be an easy undertaking. It will involve making difficult choices, and a political consensus will need to be reached if any reform is to have a chance of lasting success. To help us achieve this in Wales, the Welsh Assembly Government held a major consultation and engagement programme earlier this year on the general direction that reform should take. The results of that consultation have helped to shape the Assembly Government's position on the proposals set out in this Green Paper.

8.2. The consultation and engagement programme ran from November 2008 to February 2009. There were two events for stakeholders, in Cardiff and Llandudno, and opportunities for the general public to respond by post, e-mail, or at events organised by local stakeholders. Reports of the stakeholder events and an analysis

of the consultation responses are posted on the website:  
<http://www.payingforcareinwales.net>.

8.3. The Welsh Assembly Government also established a Stakeholder Advisory Group to consider policy options for establishing fairer and more sustainable arrangements for paying for care. Membership of the Advisory Group consisted of organisations and individuals representing a range of stakeholder interests, including disabled people, service users and carers, local government and health, care home owners, and older people. The Advisory Group met four times between January and April 2009. Its report was published in July 2009.

8.4. The Advisory Group's members felt strongly that any new system of paying for care should be based on the principle that providing social care for all who need it is a duty of society as a whole. They recommended that care costs should, therefore, be a pooled risk across the whole population, and that any reformed system should be funded by payments from everyone in society, according to their ability to pay, primarily over the course of their working life. Out of the various models put forward in the paying for care debate, the Advisory Group favoured a fundamentally reformed National Insurance Fund, covering both health and social care, and focused primarily on promoting wellbeing and independence. National Insurance is, however, a non-devolved area, and any reform of this nature would need to be led by the UK Government and apply to the UK as a whole.

## **9. Principles**

9.1. The Welsh Assembly Government endorses the following set of principles which were drawn up and recommended by the Wales Stakeholder Advisory Group on Paying for Care.

9.2. We believe that any new system of paying for care needs to:

- be explicit about human rights;
- support the individual at the time when she or he needs the support;
- ensure that decisions about provision of care are made on the needs of the individual and not on the individual's financial resources or other assets or those of relatives;
- be simple, i.e. easily understood and operated by users and providers;
- promote social inclusion and independence;
- promote fair and equitable treatment;
- promote the participation and empowerment of the individual;
- ensure that providers are accountable and that those receiving the service can express views and complaints; and
- be affordable and financially sustainable, and demonstrate probity in the use of public funds.

9.3. In responding to the proposals contained in this Green Paper you are invited to comment on how far you believe each option reflects these principles.

**Consultation Question**

1. How far do each of the options for reform set out in this Green Paper reflect the underpinning principles recommended by the Wales Stakeholder Advisory Group?



## Chapter 2

### Transformation of Social Services in Wales

#### 1. Introduction

1.1. In Wales we have a distinctive social services model and believe that integrated social services authorities, rooted in local government are the way forward. Our vision for services is based on the idea of an integrated, family-based service that promotes independence, prevention and earlier intervention so that safe, high quality and flexible services are available for those who need them. This chapter provides the context for consideration of future models for paying for care in Chapter 3. It sets out the strategic and policy context for social services in Wales, legislation and policies being developed to improve service delivery, the key challenges ahead and how an Independent Commission will shape social services for the next decade.

#### 2. Strategy for social services in Wales

2.1. The Strategy for social services in Wales *Fulfilled Lives Supportive Communities* was published in 2007. It was developed in full collaboration with key stakeholders including local government.

2.2. The main themes of the Strategy are:

- the need for social services to have **strong accountable leadership** politically, professionally and managerially;
- developing the capacity to effect change and **strengthen the workforce** for modern needs;
- making the **voice of the user and carer** really count;
- streamlining **performance management** by focusing on outcomes, improving performance management and information, sharpening scrutiny, and reviewing regulation;
- promoting **stronger partnerships** that work across organisational boundaries and which put the citizen at the centre;
- using **collaboration** as a means of **gaining greater efficiency** and effectiveness in delivering services; and
- working to **strengthen communities**.

2.3. The Strategy sets out some key principles that underpin our position:

- social services will remain **the responsibility of local government** working with others to champion the vulnerable and promote inclusion;
- adults' and children's social services will **retain a single professional lead** so that families are properly supported;

- services need to be **rebalanced towards prevention and earlier intervention**, rather than simply concentrating on those with the most intense needs;
- local authorities should remain both purchasers and providers of services. However commissioners must take a more active role in **helping to shape the mixed market** of private, public and voluntary care;
- the Strategy acknowledges the need for a diverse workforce to deliver the new models of service but which retains **social work as a highly trained and skilled occupation** supported by a range of roles;
- **social services must work closely with other sectors** such as housing services, and especially with the NHS.

### 3. Striving for excellence and improvement

3.1. There is evidence of improvement in social services and social care in Wales – this has been the key message of successive Chief Inspector reports. It is also the message of *Learning from the Journey* (CSSIW/WAO 2009), the review of ten years of joint reviews in Wales published by the Care and Social Services Inspectorate for Wales and the Wales Audit Office. However that report also highlights that:

- assessment and care management need to improve, both in terms of timeliness and particularly in terms of the quality of the experience and the management of risk because they provide the gateway to help;
- although some good progress has been made in the **range of service provision and the capacity of these services to support independence well**, this needs to be more consistently achieved within authorities and across Wales; and
- there are welcome signs of improvements in the **leadership of social services and social care**, with important improvements in performance management arrangements in recent years. The focus on workforce issues is more consistent, but more progress is needed on commissioning, planning and performance management.

3.2. Improvement and change are driven by **political and professional leadership**, and the ability of leaders to translate vision into practicable policy and accountability. *Learning from the Journey* identifies the elements of leadership associated with continuous improvement:

- leaders **demonstrating the importance of social services and social care** to the community;
- leaders **reshaping services to meet the community's needs better** and building consensus for their vision;
- managers **translating the vision into priorities** and maintaining a focus on these;

- leaders and managers ensuring **financial plans are aligned to service strategies**;
- **modernising infrastructure to deliver the change** i.e. commissioning, performance, project and risk management skills and capacity;
- **tight quality assurance** to ensure good standards of care delivering positive outcomes for people;
- **focusing much more on what is to be done** as opposed to who does it;
- attracting and supporting **good professional staff** and dealing with incompetence;
- **learning from, and involving, people who use services and front-line staff**, with the support and advice of the National Policy Forum; and
- **operating in partnership** within and outside the council to deliver jointly commissioned services.

## 4. Leadership of social services

4.1. *Fulfilled Lives, Supportive Communities* set out our vision for Social Services as core services within local government and emphasised that leadership and accountability must be robustly discharged so that services have the clear management and strong professional leadership required.

4.2. Our statutory guidance on the role and accountabilities of the Director of Social Services (Welsh Assembly Government, June 2009) says that: “achieving the Assembly Government’s vision for Social Services will depend on strong, accountable, outward-looking leadership.” The guidance sets out the pivotal role of leadership of the service – in setting the culture of services, ensuring robust protection, leading an active outward-looking approach to learning from others and seeking opportunities for partnership and collaboration. It also means being visible in the wider networks on which collective development depends. Director of Social Services is a role that must carry credibility within the service and with partners and that is why we have broken with past practice and set out some competences for appointment.

## 5. Workforce

5.1. The social care workforce must be valued, appropriately trained and sufficient to meet the service demands. Social care needs to gain a higher profile, and with a range of training opportunities available to develop staff, recruitment and retention of good quality staff can, in time, become less difficult than at present. *Fulfilled Lives* identifies a number of actions to address the development of the workforce. This includes implementing the Workforce Action Plan that the Care Council for Wales has developed.

5.2. We now have to build on work to date, and have higher aspirations to achieve the highest possible public and professional confidence enhanced through regulation of the social care workforce, competence levels within the whole workforce, and

practice and workplaces that reflect the values set out in the Care Council for Wales' Codes of Practice.

5.3. We will also build on the work of a Task and Finish Group in 2003. The implementation of its recommendations has contributed to the improvement recognised in "Learning from the Journey". The Association of Directors of Social Services' report, "A Profession to Value", also provided an impetus for further improvement and both show what can be achieved when we work together at local, regional and national levels in Wales.

5.4. Our Workforce Action Plan which supports the implementation of the 10 year strategy, "Fulfilled Lives, Supportive Communities", sets out and is tackling the key priorities for the next phase of improvement.

5.5. Any changes to service or resource models will need to consider the implications on the workforce, in particular sustainability, skill mix, competence, public safety and professional accountability. It is important that:

- social care will be a career choice;
- there are clear career pathways within and across the sector;
- there is better workforce planning across the sector;
- there is appropriate and better learning provision.

5.6. We are in the process of establishing a new Workforce Task Group to steer this work into the future to promote better understanding of social work, support excellence in practice and, with the Care Council for Wales, develop career pathways supported by professional training and qualification frameworks.

## **6. Commissioning and partnership**

6.1. The Social Services Strategy identified that "good commissioning by social services must be based on sound needs analysis and be sensitive to local needs and market conditions. It must exploit the opportunities for joining up with other local authorities and other public services; involve genuine partnership with service users, private and voluntary providers; and get the right balance between mainstream and specialist services". Commissioning will be an important driver in developing the services of the future.

6.2. Social care commissioning involves making decisions about what services are required to respond to the assessed social care needs of children, young people and adults in Wales. It also involves making decisions about the capacity, location, cost and quality of services, together with how and who will deliver them. Commissioning encompasses both the planning and procurement of services. It is about fulfilling the statutory responsibilities of the council, and shaping services to respond to the social care needs of people both now and in the future. This also requires consideration of the needs of people who purchase their own care.

6.3. We are issuing a new Commissioning Framework under Section 7(1) of the Local Authority Social Services Act 1970. This statutory guidance is in the form of standards which local authorities are expected to achieve. The Framework's commissioning standards set the benchmark against which the effectiveness of local authority commissioning will be measured. The standards centre on the development of evidence-based commissioning plans and their delivery through effective procurement. The Framework also provides good practice in commissioning and procurement.

6.4. We must move further towards services that are more consistently developed as a joint agreement between all parties across the statutory, voluntary and private sectors, working to a common conclusion, with the needs of the individual at the centre of this. *Fulfilled Lives, Supportive Communities* actively seeks to support joined up working at organisational and service delivery level. It will be particularly important to ensure this work continues as the NHS moves to implementing its new structures. The Assembly Government has invested over £70 million in a Joint Working grant since 2001 to foster joint working between health and social care. Over the next period, it is important that joint working is further progressed in the context of the new NHS structure and a step change made. The All Wales Learning and Improvement Network and our requirement for a business case for progressing at least one scheme into a formal partnership arrangement in every region will help achieve that aim.

6.5. The Welsh Assembly Government is eager to promote partnership working between local authorities and the NHS to improve the quality of services. Advice notes and templates for formal partnership agreements have been made available and a development programme will shortly be in place to support local partnerships. This is important because vulnerable people do not want to be confronted with services which may appear fragmented and confusing at their time of need.

6.6. One service area where the Welsh Assembly Government has required formal partnerships with pooled budgets concerns community equipment. There are now 11 community equipment service partnerships operating across Wales providing a single service to their residents. These services now have a more accurate picture of both demand and resources to help to respond to the challenges of rising demand. Duplication of effort has been removed and resources can be used more effectively. The services operate to a single performance management framework. The Welsh Assembly Government wants to build on these and other examples of good partnership working to provide seamless services to people with health and social care needs.

6.7. Housing and social care share an important role in being the first point of contact for many people in need. Close partnership working between social care and housing services support people across a wide range of needs and disabilities, and good quality housing related support can help prevent or defer more costly and intrusive support services. It can also promote improved or maintained health status or appropriate access to services.

6.8. An example of where this partnership has worked well has been in the development of Telecare services in Wales. Telecare is becoming an increasingly important element of care packages for people with support needs. Community Alarm services are now using Telecare to support the independence of over 13,000 older and vulnerable people in Wales. All 22 local authorities in Wales are now delivering Telecare services typically through social services and housing departments and in partnership with Local Health Boards, trusts and third sector agencies.

6.9. For children, partnerships with education, early years, Youth Offending Teams, the police, the NHS and a range of services dealing with vulnerable adults are vital to ensure children are protected and that children in need, looked after children and care leavers are protected and supported to achieve their full potential as adults. Social services must play a pivotal role in the Children and Young People's Partnerships, the Community Safety Partnerships and Local Health Social Care and Well Being Partnerships in ensuring the needs of the most vulnerable children and of vulnerable adults who are parents are high on the agenda.

## **7. Welsh solutions for Welsh challenges**

7.1. Within the framework of devolved powers under the Government of Wales Act 2006, the Welsh Assembly Government is developing a distinctive and innovative legislative programme to improve social services in Wales.

### **Carers LCO and Measure**

7.2. The Welsh Assembly Government has a commitment in "One Wales" to bring forward legislation on carers. Consultation for our Carers Strategy Action Plan and other evidence shows that despite good practice in many parts of Wales there are still key areas that are not being consistently addressed across Wales, to the standard we would want. These include matters such as the assessment of carers' needs; the provision of accessible, relevant, up to date and timely information and effective engagement of the Health Service and other agencies with carers as partners.

7.3. The Carers Legislative Competence Order, which will provide the necessary powers to bring forward legislation in this area, is subject to final approval but the Assembly Government has announced that its 2009-10 legislative programme will include a Measure on Carers to start addressing some of these issues.

### **Non-residential social services charging**

7.4. The Welsh Assembly Government also has a commitment in "One Wales" to introduce legislation to create consistency in the way that local authorities charge service users for non-residential social care services. An Assembly Measure was introduced earlier this year which, if approved, will give Welsh Ministers the power to make regulations ensuring more consistency and fairness in charging for non residential social services across Wales. The Assembly Government intends to pursue an incremental approach to the introduction of greater consistency in local authority charging for non-residential social care services, with an initial First Steps

Improvement Package of actions followed by further improvements over time. The First Steps Package takes into account the recommendations of a stakeholder task and finish group, which was established to advise on possible options for the Measure, and the associated independent research that was undertaken to support the work of the group.

The proposed First Steps Package will include:

- Regulations setting out a **maximum weekly charge of £50** for all the services received that fall within the scope of the proposed Measure for which an authority makes a charge.
- Regulations requiring local authorities to **disregard certain disability-related benefits** provided to those with high levels of disability when assessing the ability to pay a reasonable charge. This would relate to a full disregard of Constant Attendance Allowance and Severe Disablement Allowance in charge assessments.
- Regulations **preventing authorities from charging for transport to day centres**. This will put those individuals who require this service on a par with the wider Assembly Government concessionary funds policy of providing free transport to disabled and older people.
- Regulations requiring authorities to introduce a **procedure for reviewing charges**. These will set out the detail of the review procedure, including who may seek a review, how a review may be sought, the procedure for conducting a review and relevant time limits.

7.5 The Prime Minister announced on 29 September 2009, the UK Government's intention to introduce new arrangements so that free personal care in the home would be available for all adults in England who have high level care needs from October 2010. This is intended to protect the savings of those people with the greatest care needs, including many people with serious dementia and Alzheimer's. By supporting all adults with the greatest needs to remain in their own homes, the UK Government aims to cut the overall stress and costs of care and support to individuals to enable them to live independently for longer. Further details of how this new policy would operate are being developed but it has been revealed that those people whose social care assessment identifies them as having critical care needs would benefit from free care. 350,000 people in England are expected to receive free personal care at a cost of £400 million a year.

7.6 The policy of the Welsh Assembly Government has been to secure fairer and more consistent charging for those receiving care at home and in the community. This has been applied across the board to all those receiving services rather than a particular grouping. The policy has secured improvements for those on low incomes in particular, and if our new legislation is agreed we will introduce a £50 per week maximum charge across Wales as well as other requirements to secure more consistency. We believe that our approach is fairer and more beneficial to a wider number of service users than using criteria from the separate unified care assessment framework. Our approach will avoid unnecessary "boundary" disputes - for example with those assessed as having substantial care needs or indeed those who could qualify for continuing health care. It also relies on a consistent financial

means test to judge who pays for care rather than the more person centred assessment process. The reforms in Wales are costing about £20 million a year – about the same amount proportionately as in England. Whilst we believe our policy is the right one for Wales we would welcome comments on the two contrasting approaches that have emerged.

## **The Children and Families Measure**

7.7 The Children and Families Measure sets a clear direction for the Welsh Assembly Government's aim of improving quality of life and equality of opportunity for disadvantaged children and families across Wales. Some of the key elements of the Measure include:

- placing a duty on Welsh Ministers to prepare and publish a new Child Poverty Strategy for Wales, and publish an assessment report every three years;
- placing a duty on specific Welsh public bodies to prepare and publish a strategy to assist in the goal of eradicating child poverty by 2020;
- ensuring that important parenting and health support services currently provided through Cymorth (the Children and Youth Support Fund) will continue to be available to those most in need via a new legal framework;
- placing a duty on local authorities to ensure sufficient opportunities for play are available for children in Wales (as far as is reasonably practicable);
- placing a duty on local authorities to ensure children's participation in local authority decision making in areas which affect their lives;
- enabling Welsh Ministers to place a duty on local authorities to secure free, high quality and targeted childcare in line with "One Wales" commitments;
- ensuring continued support for participation in education, training and community life, and help for young people to take advantage of employment opportunities; and
- reforming the way support is provided to vulnerable children and families by creating new Integrated Family Support Teams across Wales to help children and families who have complex needs such as substance misuse and domestic violence, and who require intense and multi-disciplinary support from skilled professionals. The new teams will help identify problem families early on and work intensively with them; and identify earlier those children who need to be removed from the family so that their needs can be met outside of the family, offering them a more stable future.

7.8 The legislation on Integrated Family Support Teams will have a significant impact on the delivery of services to families with a range of problems which place their children at risk. The arrangements for delivery will include the development of new career pathways for social workers who specialise in front line support and will introduce a greater focus on evidence-based practice, training and development for social workers.

## 8. Improving service delivery

8.1. Building on the Strategy for Older People in Wales and National Service Framework for Older People, the Assembly Government is developing with its partners a Framework of services for Older People. This is the first of a series of clearer service frameworks for social services. The Framework of Services for Older People will be completed in 2010 and will provide a context within which local services can be planned and implemented to reflect local need. It will contribute to the achievement of modern, accessible and responsive services.

8.2. The purpose of the Framework of Services for Older People is:

- to **promote the independence** of older people;
- to **improve outcomes** for older people;
- to **strengthen and build upon existing community services** to provide appropriate support to people in their homes and community and to provide a **comprehensive and responsive model of care**;
- to provide the most appropriate service in the most appropriate setting by the most appropriate people;
- to ensure that services are **responsive to changing need**;
- to **avoid unnecessary hospital admissions** and ensure that **residential care** remains a positive and appropriate choice; and
- for **organisations to work in real partnership** to reach a shared view on what services and support in the community should look like and to provide them seamlessly.

8.3. Alongside the development of the Framework of Services for Older People we will also review how six weeks free home care contributes to re-ablement, reducing inappropriate hospital admissions and the occurrence of Delayed Transfers of Care. Building on the 6 weeks free home care scheme introduced by the Assembly Government in 2001 and the Independence and Well-Being Grant in 2008 we will examine how, on an all Wales basis, support through six weeks free home care can be made more consistently available and effective in re-ablement and other intermediate care services. This will include consideration of whether powers under the Community Care (Delayed Discharges etc) Act 2003 should be utilised. We will establish a multi agency Task Group to consider these issues and to report to the Assembly Government during 2010-11.

8.4. *Fulfilled Lives* emphasised that good assessment and care management supports person-centred care and the aim of helping a person to achieve control over their life. There must be a focus on what a person might be enabled to do given the right type of support. Building on the experience of the Unified Assessment Framework we will work with partners to develop a common assessment framework so that it properly reflects the principles of person centred care, is proportionate, works effectively and leads to good outcomes for service users.

8.5. Providing good information and keeping people up to date is a core component of effective social services. The CSSIW/WAO Report (June 2009) on Joint Reviews of Social Services in Wales over the last decade identified that the best councils have the following arrangements in place:

- an information strategy to plan, monitor and refresh information;
- mechanisms to ensure the right information is in the right place to get to the right people;
- a range of written information targeted at particular groups of people giving clear straightforward guidance on entitlement, range of services and processes for getting help;
- address issues of diversity and choice of language;
- use of other mediums for sharing information such as websites, videos, cartoons, local media; and
- involvement of the public and service users in the design and content of information.

8.6. We would encourage Local Authorities to further develop their own information strategies for social services utilising best practice from around Wales in collaboration with the Social Service Improvement Agency. The voluntary sector in Wales also provides a wide range of high quality information and advice services for people who use social care services which needs to be nurtured and developed.

8.7. The availability of good information and advice can be particularly important in relation to paying for care. Our Paying for Care consultation earlier this year revealed a fair degree of misunderstanding and confusion about the complexities of the current charging system amongst the public. Our forthcoming Assembly Measure (see paragraph 7.4) will address the problem in relation to non-residential services but more generally we will explore further how availability and quality of information about care might be improved and will examine systems available, for example in other countries such as the USA and Australia.

## **9. Person centred care**

9.1. In future social services will need to be shaped more by service users and their needs. This will require changes so that the citizen has a greater say in how a service is provided. In Wales we have not adopted the individual budget approach that is presently being rolled out in England, but we remain fully committed to ensuring that assessment and care management approaches support person-centred care and contribute to our aim of helping people achieve control over their lives.

9.2. Service users must be effectively engaged both in the development of our national strategies and policies and in the development and delivery of local services. The view of each service user must also be reflected in the individual package of services made available to support them.

9.3. Our Direct Payments scheme already enables local authorities to offer cash payments to individuals so they can purchase their own social care services/support (excluding residential care) to meet their assessed care needs in a way that best meets their individual circumstances. We will continue to assess the evidence from the personal/individual budgets pilot schemes in England and the more detailed arrangements for their operation as they are developed and implemented. We will work with our partners to develop distinctive person centred care policy approaches to meet the needs of service users in Wales.

## 10. Adult protection

10.1. Delivering services that are safe and more broadly tackling and eliminating the abuse of vulnerable adults in all its forms is a matter for all citizens and organisations wherever and whenever it occurs. There is no room for complacency and the Welsh Assembly Government will continue to give the protection of vulnerable adults a high priority. Additionally, our Dignity in Care programme will be taken forward with additional investment to promote awareness and skills training to ensure social care is delivered with dignity and respect for care users.

10.2. Over the coming months a number of strands of work will come together to help us to ensure the continuing effectiveness, appropriateness and robustness of the Wales protection of vulnerable adults framework. This work includes:

- the report of the independent review of our "In Safe Hands" guidance;
- the findings from the thematic review of local adult protection arrangements being undertaken by the Care and Social Services Inspectorate; and
- the findings from the Healthcare Inspectorate Wales' review of the protection of vulnerable adults arrangements in the NHS in Wales.

10.3. All this information will initially be brought together and considered by our Adult Protection Project Board who, by summer 2010, will provide advice and recommendations to Welsh Ministers on matters that need to be addressed including the need for possible further primary legislation in this area. While the future arrangements for adult protection are reviewed and inspected, it is essential that all statutory bodies continue to give a high priority to adult protection arrangements to ensure they remain effective in protecting vulnerable people from abuse.

## 11. Key challenges for social services in Wales

11.1. The main challenges and opportunities that confront us as we continue to aim for excellence and continuous improvement of social services in Wales include:

- Progress has been made over the last ten years but **improvement must be sustained.**
- **Unacceptable practice continues to exist in too many places and there are too many variations in performance.** Wide variation in delivery exists in relation to services to support older people remaining in

their homes, in relation to assessment of vulnerable children and in relation to protection.

- **Being clear about local responsibility for service improvement.** Our new overarching framework for local authority social services inspection, review and evaluation is based on the core concept that organisations and service providers must themselves be responsible for the quality and improvement of their services and locates responsibility for reporting on performance and plans for improvement with local authorities.
- There is good evidence that the regulatory regime in Wales introduced as a result of the Care Standards Act 2000 has helped to improve standards and quality of social care in Wales. We must build on that progress and we will **commence a strategic review in 2010** to ensure that the framework for regulation and national minimum standards in Wales is adapted to meet the needs of tomorrow's service users.
- **Extending and strengthening collaborative working** with a range of stakeholders but especially with health services will be essential to improving efficiency and removing barriers to seamless and person centred services for individuals. Enhanced regional and cross sectoral partnerships and Local Service Boards have an important role to play in influencing and effecting change here.
- **More person centred care** that supports independence is an accepted need. Local Authorities will be supported in developing new models of care through the Framework of Community Services for Older People;
- **Clear professional leadership** makes a difference. The Guidance on the role of the Director of Social Services addresses the key competencies and their implications for working relationships within the council. A process has been put in place to review local arrangements in the light of the guidance.
- **Embracing a mixed economy** for social care can make a real difference. We are committed to the centrality of local government in social services planning, design and delivery but we are clear that the independent sector is important members of the social care family.
- **Developing and valuing the workforce** is a key ingredient to achieving our strategic and operational aims and outcome. Our task force will play an important role in advising how further progress should be made.
- **Sustaining and improving services** in a difficult public sector financial climate will provide both challenges and opportunities. We must ensure, across all our public services, that our attention is focused on making more out of the resource we already have.

## 12. Commission on the future of social services in Wales

12.1. The Assembly Government has announced its intention to establish a Commission to look at how social services meet the challenges of the next decade. This will look at how we can, amongst other things:

- provide a vision for the delivery of services;

- support the further development of professional practice;
- build inclusive social services based on the contribution of all partners who work in social care;
- effect a step change in collaboration between partners; and
- ensure the achievement of integrated social services capable of meeting the needs of children, young people and adults and older people in the most effective way.

12.2. We are establishing the framework in which the Commission will work and are developing its terms of reference and composition. It is expected that the Commission will report by Autumn 2010.

12.3. The debate set out in this Green Paper about future arrangements for Paying for Care is significant and far reaching. It should be considered in the context of the principles and aims set out in this chapter to transform social services in Wales. We will therefore ask the Commission to consider the findings from the consultation and to take account of this in making its recommendations to the Assembly Government about the future direction of social services in Wales.

## 13. Conclusion

13.1. The Assembly Government is determined to place the pursuit of social justice at the heart of its purpose. High quality, strongly led and managed social services are of fundamental importance to that aim. This is a complex and highly public area and its future depends upon the professional commitment and sense of leadership from all levels of the social care sector. The agenda for change and transformation set out here provides a framework that we believe will lead to what we all want to see - improvement in the lives of those who depend on social services in Wales.

### Consultation Questions

#### **Do you agree with our vision for social services in Wales?**

Should it be strengthened or amended in any way?

Have we identified all the key issues?

Are there any we should add, or give more weight to?

#### **Welsh solutions for Welsh challenges**

What are your views on the approach to charging for non-residential social care services which the Welsh Assembly Government has adopted? How does this compare to the proposals made by the Prime Minister for England?

#### **Service delivery Improvements**

Do you have any comments on what is proposed?

#### **Key challenges for social services in Wales**

Have we identified the right challenges?

#### **Commission on social services**

What issues would you want to see the Commission address?



## Chapter 3

### A New Model For Funding Care

#### 1. Options for reforming the funding system

1.1 What we want from our revised system for paying for care is that:

- it is universal (i.e. it covers everyone);
- it is affordable, sustainable and fair (balancing the priorities of people of different levels of wealth, different ages and different levels of need);
- it is clear, so that people understand what they must do to be part of the system, what help they will get if they need care, and how to access that help; and
- it helps people to live independently, in control of their own lives and making their own choices (in accordance with their capacity), so that they receive high quality care when they need it.

1.2. Central and local government have an important role to play in making sure that the money we spend on care and support is being used in the most effective way, as demographic change and people's rising expectations of care services place greater pressure on the current system. The care and support system therefore needs reform, if we are to meet the needs and expectations of future generations.

1.3. There is a range of ways in which this could be achieved. These have been researched by economists on behalf of the UK Government and they have been examined at the level of general principle by the Wales Stakeholder Advisory Group, which reported its recommendations and advice to the Welsh Assembly Government in July 2009<sup>1</sup>.

1.4. There is a range of options: from those which put the responsibility for making financial arrangements for paying for care squarely onto the individual – so that they would have to pay more for their own care privately – to options which see a central role for the state, such as options based on models like general taxation, where everyone who can afford to is required to enrol and costs are shared across society. Somewhere in the middle ground between these two are partnership options where costs are shared between individuals and the state, and insurance-based approaches that could be designed to cover some or all of the population.

1.5. In its Green Paper "Shaping the Future of Care Together", the UK Government has recommended that a partnership approach should be the foundation of any option chosen (in England). This would involve sharing costs between the individual and the state. Everyone who needs care would receive a certain proportion of the cost of it from the state, paying the remaining costs through their own means (using their income and assets). People would also have the option of meeting the remainder of the cost in two other ways:

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<sup>1</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009.  
[www.payingforcareinwales.net](http://www.payingforcareinwales.net)

- through having taken out insurance, which would give people protection against the risk of having high care and support costs; or
- through a new “comprehensive” scheme, in which everyone over retirement age who could afford to would be required to pay in and would get free care and support in return.

1.6. The UK Government envisages that there would be a range of different ways in which people could pay their contributions in the Insurance and Comprehensive options. Because any of these models would be a major reform, they would be phased in gradually over a number of years.

1.7. The UK Government has rejected retaining the current system (under which people above a set threshold, who can afford to pay for themselves, must pay for all their own care). It has also rejected two other potential options: ‘Pay-for-yourself’, where everyone would be responsible for paying for their own care and support as and when they needed it; and ‘Tax-funded’, where all care costs would be met from general taxation.

1.8. In the following paragraphs, we will explain all these options further and ask for your views about them. We want to hear from people all over Wales about which model they think would work best. Whilst the Welsh Assembly Government is responsible for the social care system in Wales, the levers to change the system for paying for care are largely the responsibility of the Westminster Government, and the existing legal framework covers England as well as Wales. It will therefore be important for us to be able to express a clear preference from Wales about what the new system should look like, so that we can find a consensus across society on the preferred option.

1.9. Whichever approach we decide on, local authorities will continue to play a central role in the delivery of care and support services. We have also looked at the balance between allowing flexibility for local authorities to respond to local conditions, and ensuring consistency across the country, in the new care and support system. We believe that we should move towards more national consistency in funding for care and support where it is provided by the state. We believe that this will make the system fairer for everyone. However, the planning and delivery of social services in Wales must remain the responsibility of local government, working with others.

## **2. Why we need radical reform**

2.1. Both the Welsh Assembly Government and the UK Government believe that the current system is unfair: people pay different amounts towards their care and support, and get different levels of funding from the state in different parts of Wales, as in England. For example, people who face really high residential care costs may have to use up their savings and the value of their homes, until they are left with assets worth less than £22,000, before they get any help from the state. Building on the action we are already taking in Wales to make the system for paying for non-residential care fairer, we need to reform the current system radically.

2.2. Our Stakeholder Advisory Group advised, “We recommend that any reformed system should be funded by payments from everyone in society, according to their ability to pay, primarily over the course of their working life. We consider that the framework for this system needs to operate at an all-Britain, or all-UK level. We urge the Welsh Assembly and UK Governments (with other relevant administrations) to think radically about reform on these lines, drawing on the expertise and advice of a wide range of stakeholders<sup>2</sup>.”

### **3. Costs for people who are disabled early in their lives**

3.1. Statistics show that people who are disabled when they are born, or who become disabled during their working lives, are likely to have lower incomes and therefore will find it difficult to meet the cost of their care and support. At present, most people who are in this position and on low incomes will have their care and support funded by the state. The UK Government envisages that this would continue; and the funding options that are proposed are to support all adults. **We would welcome your views on whether you think this is the right approach to take in Wales.**

### **4. Costs for people who need care in later life**

4.1. Older people who need care can face very high costs, and individuals have no way of knowing what costs they personally will face during their lives. Two in every three women, and one in every two men, can expect to have a high care need (a term used to mean that they will have difficulties with three or more activities of daily living, such as getting dressed or getting around) at some point during their retirement.

4.2. Figures from the Personal Social Services Research Unit (PSSRU), working for the Department of Health, show that 20% of people will need care costing less than £1,000 during their retirement, but 20 % will need care costing more than £50,000. At the moment, the average 65-year-old in England will need care that costs over £30,000 during their retirement years<sup>3</sup>. The figures for Wales will not be substantially different.

#### **Estimated average lifetime expected cost of care for a 65-year-old**

Female	£40,400
Male	£22,300
All	£31,700

4.3. Some people will face very high costs indeed. People who need high levels of care and support at home can face substantial costs, but it is particularly those who need residential care who will usually face the highest costs. An average stay in a

<sup>2</sup> ‘Paying for Care in Wales: Report of the Wales Stakeholder Advisory Group’ (June 2009), Recommendation 18.

<sup>3</sup> Figures in this section are taken from the Personal Social Services Research Unit Discussion Paper, ‘Analysing the costs and benefits of social care funding in England: technical report’ (Forder and Fernandez, July 2009).

care home is about two years, and this can cost over £25,000 just for the cost of care; accommodation can cost as much again. But someone with a long-term condition such as Alzheimer's disease could need several years of residential care and so could face far higher costs than this. Just four years of care and accommodation in a care home could cost over £100,000, and some people need residential care for more than ten years. At the moment, if someone is in a care home and no one is living in their house, they are expected to use their savings and the value of their house to pay for care and accommodation, until they have used up almost all of them.

4.4. One day medical technology may make it possible to identify whether someone is at risk of developing a condition that carries very high costs. At the moment however, although there are risk factors which can make it more likely that someone may need some care later in life, there is no way of knowing whether a particular person will need care at all, or how much it might cost.

## 5. Proposals from the UK Government

5.1. The Green Paper "Shaping the Future of Care Together" has said that, **in England, the Government wants to use the money that is in the care system to make sure that everyone who qualifies for care and support will get some help with paying for their care. We would welcome your opinions about whether this is the right starting point for Wales.**

5.2. In considering this question, you might want to consider factors such as:

- Is it better effectively to give **some** money to everyone who needs care, regardless of the level of means or wealth they have (including the value of any property they might own)? Or alternatively, should state funding be allocated on the basis that people of very modest means should get more of the state help that is available (which would involve means testing)?
- If everyone is to get some financial help, could there be an impact on the levels of care services that could be afforded – and if so, how could this best be tackled?

5.3. However, we know that the money that is already in the system will not be enough to support a sustainable system. In 20 years' time, we expect there to be significantly more adults needing care and support than there are now, and proportionately fewer people of working age to help pay for the funding of that care and support. There is a limit to the amount of money we can free up by making the best possible use of our existing resources; and we will not be able to pay for the care that is needed simply by reprioritising the money we already have. As a society, we are going to have to spend more on care and support if we are to maintain a care and support system that gives older people and disabled people quality of life, dignity and peace of mind about their future costs.

5.4. Everyone already contributes to the provision of care through the taxes they pay. Later in this chapter we will look at a number of ways that **new** money could come into care and support, including models in which people pay to protect

themselves, and models in which everyone in society shares the cost of everyone's care. If we want a scheme that shares all the costs across the whole of society, it will need to be a system that people are **required** to enrol into.

## **6. Sources of funding for care and support**

6.1. The two largest sources of government funding for care and support are the social care system and disability benefits. The state spent £1.4 billion on social care in Wales in 2007/08. Expenditure on the disability benefits specifically targeted at older people in Wales was about £0.6 billion.

### **Social care funding**

6.2. Currently, the means-tested social care system funds care only for those people who meet the particular level of need set by their local area, according to the Welsh Assembly Government Framework for Unified and Fair System for Assessing and Managing Care. A substantial proportion of people with support needs, particularly older people, are outside this eligible group both in Wales and in England. Those who do not receive state-funded care may purchase care privately.

6.3. In recent years, public funding for social care has increasingly been focused on those with the highest needs, because of increases in the number of people needing care and cost pressures. The result of this has been that services have been withdrawn from people lower down the needs scale. These pressures will increase and, without reform, increasingly large numbers of people in need of support will not qualify for any state-funded social care assistance.

### **Disability benefits**

6.4. Attendance Allowance is the main disability benefit for 125,000 older people in Wales. It is available to anyone who has a care need that develops at or after the age of 65 and it operates in parallel with the social care system for those aged 65 and over. Attendance Allowance is not a benefit paid to replace lost income: it is intended for broadly the same purposes as social care – to contribute to the extra disability-related costs of those individuals who need assistance to live independently. Attendance Allowance is not means-tested, so people get it regardless of how well off they may be. Many disabled older people will receive support from other parts of the benefits system, including through Disability Living Allowance, instead of Attendance Allowance.

6.5. We know that disability benefits such as Attendance Allowance are highly valued by the people who receive them, and that they give people control over how they spend their money to meet their care and support needs. In its own Green Paper, the UK Government does however explain its view that there are inconsistencies of approach between disability benefits and social care within the current system. It says that this is because the social care and disability benefits systems have developed in isolation from each other and these two largest portions of government care and support expenditure are being allocated on different bases. It believes that this can lead to inconsistent and unfair outcomes.

6.6. The UK Government notes that having two different funding streams also means that older people have to apply separately for the two sources of support and undergo different needs assessment processes, which may put people off applying for support. It concludes that this can result in some people not receiving all of the support they are entitled to.

6.7. The UK Government proposes that sources of support should be simplified and integrated so that state funding can be used more effectively. It suggests that there might be less need for some of the disability benefits that are currently available if the social care system were able to meet most of people's care needs. It therefore suggests that "there might be a case for integrating some disability benefits such as Attendance Allowance into the care and support system".

6.8. Some of the positive outcomes from such a move could include:

- greatest public support would go to those who would most benefit from it, both people who have developed low levels of need and people with high levels of need;
- resources would be allocated fairly and consistently; and
- the Government could adopt and build on the model of flexibility that Attendance Allowance currently provides, retaining its main advantages but in a new integrated system (these advantages include: a universal entitlement which does not depend on where a person lives; provision of a cash budget which can be spent on the services someone wants; and people often use them to support lower-level needs in ways that help them to stay independent and well for longer rather than developing high levels of need.)

**6.9 The future of Attendance Allowance is a non devolved matter, and responsibility for it lies with the UK Government; but we want to hear what you think about the possibility of merging disability benefits such as Attendance Allowance into the social care funding system.** As you consider these issues, you might want to be aware of the commitments that the UK Government has given on this issue in the Green Paper, *Shaping the Future of Care Together*.

"Whatever the outcome of the consultation, we want to ensure that people receiving any of the relevant benefits at the time of reform would continue to receive an equivalent level of support and protection under a new and better care and support system.

Any changes to the care and support system in England that integrate some disability benefits funding would affect the devolved administrations in Scotland and Wales, and Northern Ireland may also choose to adopt the new care and support system. We will work closely with all three devolved administrations to reach a shared view on how to ensure the best possible outcomes for all people in the UK." *Shaping the Future of Care Together. page 104*

## 7. Bringing new money into the system

7.1. Alongside the need to ensure that all the money that is currently in the system is used as effectively as possible, we also need to find new ways of bringing more money into the system. We have earlier explained how, as more and more people need care, society is going to need to spend more on care and support. The Welsh Assembly Government firmly believes that the state should have a role in enabling everyone to meet the costs of their care and support as fairly as possible.

7.2. The UK Government's proposals are based on the principle that any new system must be a partnership between the state and individuals. The costs of care and support that people can face can be so high that the UK Government does not think it is fair to leave anyone to face those costs without some financial support from the state. **What do you think is the right approach to partnership between the state and the individual for Wales?**

7.3. If we do accept that a partnership approach is the fairest basis for a reformed system, the next question that we as a society need to resolve is how we should put this into practice. The basic choice is whether we should **leave it up to people to decide** whether they want to protect themselves against high care costs (to a greater or lesser extent), or whether we should **require them to be part of a scheme** that would protect them.

7.4. The Assembly Government's Stakeholder Advisory Group was clear that "contributions should be compulsory for all people in paid work, to ensure that people are not tempted to skip or postpone their payments" (paragraph 4.21)<sup>4</sup>. It also saw a central role for Government in guaranteeing the effective running of the scheme:

"Whatever system is adopted in the reform of paying for care, we consider that there is a central role for both the Welsh Assembly Government and the UK Government in ensuring that funds intended for the care system are protected; that contributions are made by, or collected from, individuals in accordance with the scheme; that funding is sufficient to provide a good level of care for all those who need it; and that the scheme is run efficiently and to the benefit of those receiving care" (paragraph 3.11)<sup>5</sup>.

7.5. **Do you agree with the conclusions of the Advisory Group that there is a central role for the state, or do you think people in Wales would want more freedom to make their own arrangements to protect themselves from high care costs?** You might want to bear this issue in mind as you consider in more detail the funding models that follow.

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<sup>4</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009. [www.payingforcareinwales.net](http://www.payingforcareinwales.net)

<sup>5</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009. [www.payingforcareinwales.net](http://www.payingforcareinwales.net)

## 8. About the different funding options

8.1. For the purposes of modelling the different options, and to show how they might work in practice, the economists assisting the Department of Health have made certain assumptions about the level of funding that the state would put in; but the UK Government has made clear that these assumptions do not reflect a decision about central government investment in care and support. The costs and options which are explained below will change according to how much state funding is put in to the system.

8.2. The models have also been constructed on the assumption that people will get the care and support they need to meet their assessed needs. If people wanted to go beyond this, they could pay for additional care if they chose to. The models show the cost of care, **but do not include accommodation** because people would be expected to pay for their own food and lodging if they were not in a care home, as at present.

8.3. In the following paragraphs, we present the five funding models that are put forward in the UK Government's Green Paper, "Shaping the Future of Care Together", with some of the main points in favour and against each option. **We welcome your views on the various funding models, and would be interested to hear how far you think they fit with the principles recommended by the Wales Stakeholder Advisory Group (set out in Chapter 1, page 8), and with the aims that we set out at paragraph 1.1 of this Chapter.**

## 9. The five funding options

### OPTION 1: "PAY FOR YOURSELF"

9.1. The UK Government has modelled this system as requiring everybody to be responsible for paying for their own basic care and support, when they needed it. They could take out insurance to cover some of these costs, or use their income and savings. There would be no support from the state for anyone, even for people with the lowest incomes and no savings. Many people would not be able to afford the costs of their care, and would need to rely on care from family or friends or go without the care they need.

9.2. The UK Government has ruled out this option because it would leave many people without the care and support they need, and is fundamentally unfair because people cannot predict what care and support they will need. Likewise, the Assembly Government's Advisory Group said:

"We have serious concerns about the suitability of systems which would rely on individuals (or the majority of individuals) taking the lead in organising their own arrangements for paying for care – for instance through personal insurance schemes or annuities. We feel that some people may not get the coverage or services they need and that some would not be able to afford to make the necessary arrangements" (Recommendation 22)<sup>6</sup>.

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<sup>6</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009. [www.payingforcareinwales.net](http://www.payingforcareinwales.net)

**We have therefore also ruled out “Pay for Yourself” as an option, too. Do you agree?**

## **OPTION 2: TAXATION**

9.3. In this system, people would pay tax throughout their lives, which would be used to pay for all the people who currently need care. When, in turn, people needed care themselves, they would get all their basic care free, in a similar way to how the NHS currently operates (with the full costs of care and support being met through taxation and services being provided to people free when they need them). This system would work for people of all ages. The advantage of this system is that it would be universal – it would cover everyone - and it would probably be the simplest and most easily understandable way of funding care and support.

9.4. But the disadvantage of this system is that it would require a significant increase in the tax that people already pay. This is because taxation would be funding all of care and support, including the parts that people currently pay for themselves when they need it. In particular, this option would put a large part of the burden of paying for care and support on people who are working. This group would have to pay high contributions through tax to pay for the very large group of people needing care and support, most of whom would be retired.

9.5. Given demographic changes, this pressure would be on a shrinking proportion of working age people, assuming that there is not a significant increase in the age at which most people retire from paid work. In 2007, the number of people aged over 65 became greater than the number under 18 for the first time. Because a larger proportion of people benefiting from a reformed care and support system will be those over retirement age, the UK Government has suggested that it is fairer to think about more targeted ways of bringing in extra funding, rather than placing a lot of the burden of the system on people of working age.

9.6. Not everyone over retirement age is well-off. We know that many pensioners are on low incomes and require support in meeting the costs of care and support. However, we also know that, in 2004, people over retirement age collectively held £932 billion in housing assets. By contrast, many people of working age have struggled to get onto the property ladder due to rising house prices, and often pay higher mortgages.

9.7. For this reason the UK Government has ruled out this option, in particular because it places a heavy burden on people of working age. We recognise that there are very strong economic and fairness issues behind this judgement and that it would not in any case be an option that Wales would have the powers to introduce in isolation from the rest of the UK. For those reasons, **do you agree that meeting the full cost of all care and support from taxation is not a viable option for the future?**

## **OPTION 3: PARTNERSHIP**

9.8. This model forms the foundation of the UK Government’s preferred three options for a new funding system. It means that the responsibility for paying for care would be shared between the government and the person who has care needs. The

UK Government envisages that it should be a fundamental principle of partnership that every adult who met the needs criteria would get help from the state with paying for their care needs.

### **How the system would work**

9.9. The UK Government has illustrated how this might work in practice: Everybody, regardless of their wealth, who was assessed as having a care need, would be entitled to have a share of their care costs paid for by the state. For example, everyone might have a quarter or a third of their care costs paid for by the state. Above the amount that was paid for by the state, people would pay towards their costs directly from their own income and assets as they do now.

9.10. People who were less well-off would have more care paid for – for example, two-thirds – while the least well-off people would continue to get all their care for free. A 65-year-old in England will need care that costs on average £30,000 during their retirement, so someone who got the basic offer of a third or a quarter paid for might need to pay around £20,000 or £22,500. Many people would pay much less. And some people who needed high levels of care and support would pay far more than this, and would need to spend their savings and the value of their homes.

9.11. Someone who was living in a care home and owned their own home would have some of their care costs paid by the state. If they did not have a family member living in their home, they might have to pay for the remainder of their care out of the value of that home. But we could look at strengthening the current arrangements (see Chapter 1) for deferred payments so that no-one would have to sell their home to pay for residential care in their lifetime if they chose not to.

9.12. People with less money to contribute would get more, so those who were on the lowest incomes would continue to get all of their care for free. This system would work for people of all ages.

#### *Advantages and disadvantages*

- The advantage of this system is that people only have to pay for their own care costs and, if they don't develop a care need, they don't have to pay anything (beyond the contribution that they have already made through general taxation).
- Partnership is very helpful for the large number of people who have lower care costs, or those on higher incomes who do not receive any state support under the current system.
- Everyone who qualifies for care and support is as well off or better off under this option than they are under the current system. Those who currently receive a contribution towards care or free care from the state would continue to do so, but many more people who currently receive no state support would also benefit from the minimum share paid for by the state.

- But the disadvantage is that people who have really high care costs and own their own homes or have savings might still have to pay very high contributions if, for example, they went into a care home for a long period of time. The number of people who actually face long stays in a care home is quite small, but people cannot predict their own future needs, and we know that more than one in five people will need care costing more than £50,000. People across England and Wales have said that they find the risk worrying.

There is a good fit between the partnership principle and our aims for this reform process, as set out in paragraph 1.1 of this chapter.

- This system would be universal: everyone would get some care paid for.
- Overall, the system would be fairer. Some funding would come from the state – so everyone who needs care would benefit from the money paid in by all taxpayers. And people who need care would only pay in what they could afford. However, some people would still be left facing very high care costs to pay themselves.
- This system would be affordable to the state and to people who need care. People would be asked to contribute according to their income and wealth.
- The system is comparatively simple and easy to understand, as everyone would know that they had a right to some funding but that they would need to prepare for other costs. It does not, however, allow people to know in advance exactly what they are going to have to pay.
- The system would help people to live their lives in the way they want to, by giving people support and making sure that everyone is more able to meet their needs. This system could substantially reduce the amount of ‘unmet need’ in the system – Department of Health’s modelling suggests that the number of people who don’t get all the care that they need could be reduced by half compared with the current system. But there would still be people not getting all the care they need.

### **Building on the Partnership option**

9.13. The Partnership option alone would not fully protect people against the risk of having to pay high costs towards their care. And, if they are one of the small number of people who spend years in residential care and own their own home, they might still have to use almost the whole value of their home to pay for care. **Do you think that the Partnership option on its own would be sufficient to reform the system in a fair and sustainable way?**

9.14. We therefore need to return to the question of how best to support those people who want to protect themselves against the risk that they could face really high care costs. The UK Government puts forward two possible options, either of which could be teamed with the Partnership option as outlined above:

- a. we could have a system where people could choose to protect themselves against the risk of potentially high care costs. This would be the Insurance option; or
- b. we could have a system that everyone had to pay into and, in return, everyone's basic care costs would be covered. People would no longer risk having to pay potentially high care costs. This would be the Comprehensive option.

#### **OPTION 4: INSURANCE**

9.15. One of the messages from our consultation in Wales was that a number of people told us that it was important to them to be able to protect their savings and make sure that they did not have to use all the value of their homes to pay for care. Furthermore, our Advisory Group recognised that there could be a number of legitimate calls on a family's property wealth. In considering whether property equity could be used more widely to contribute to the cost of care, the Advisory Group said:

“There is a recognition within the Advisory Group that, where it does exist, equity might not necessarily be available to pay for care. In many families, it is being tapped for various purposes already, in particular to fund higher education or homes of their own for offspring; and we feel that families should retain their autonomy in determining how best to allocate their wealth among family members. There does not appear to us to be any particular logic to attempting to designate care funding alone (as opposed to any other area of spending) as the appropriate beneficiary of property wealth.” (paragraph 4.38)<sup>7</sup>

9.16. One way of addressing this range of concerns would be to make it easier for people to take out insurance. There are a number of roles the state could play to enable this. The Government might work with the private insurance industry, or set up an insurance system backed by the state, perhaps with different incentives for people to enter the scheme.

9.17. If people decided to pay into a state-backed scheme, they would get all their basic care and support free if they needed it. People could pay in several different ways, before or after retirement or after their death if they preferred. As an indication of the costs, people might need to pay around £20,000 to £25,000 to be protected under a state-backed scheme of this sort, compared with the average cost of care for a 65-year old, which is £30,000. This system would work for people over retirement age.

9.18. In the Insurance system, partnership would remain as the basic model, so everyone would get a share, such as a quarter or a third, of their care costs paid for. But the Government could also help people to prepare to meet the costs that they would have to pay for themselves, through insurance.

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<sup>7</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009.  
[www.payingforcareinwales.net](http://www.payingforcareinwales.net)

9.19. Different people would benefit from these different approaches but the more people there were in the scheme, the better an insurance system would work. There will need to be further consideration of what role the state should play in supporting the Insurance option, in light of the broader economic downturn and other economic priorities.

## **Private insurance**

### ***How the system would work***

9.20. Currently, very few people take out private insurance against needing care. This is partly because care and support costs are so high that the insurance premiums have to be high as well. If the Government commits to help with a share of the costs of everyone's care and support, insurance premiums could be lower than at present.

9.21. The insurance industry might potentially develop products that could help protect people against high costs of care, and perhaps against accommodation costs if they needed residential care. The Government would need to work with the insurance industry to develop a framework for simple and standardised insurance products to make it easier for people to understand their options.

#### *Advantages and disadvantages*

- The main advantage is that this option would be flexible. If the private sector developed a range of products, people would be able to choose how much they wanted to pay and how much they wanted to protect themselves in return, above and beyond what the state was paying for.
- The disadvantage is that private insurance products may not be available for people who were born with a care and support need. This is because people cannot insure against the risk of something that has already happened. This fact prompted reservations among the Wales Advisory Group about promoting greater reliance on private insurance. However, many people who were born with a care and support need would probably qualify for all their care free under the Partnership element of the option, since many are likely to be on low incomes.

## **State-backed insurance**

### ***How the system would work***

9.22. The state could set up an insurance scheme that would enable older people to protect themselves against high levels of care and support costs. Again, this option would be likely to be less relevant to people who had been born with a care and support need since many are likely to qualify for free care under the Partnership option.

9.23. The people who chose to be in the scheme – whether by paying the premium in advance or committing to pay when they died – could be sure that, once they reached a set level of need, all their basic care and support would be provided for free, wherever they lived in the country.

9.24. The people who chose not to be in the scheme would still have a share, but not all, of their costs covered and would need to pay for any care and support costs above those paid for by the state.

9.25. The state's role in this system could be limited to simply setting up the scheme, but we know that an insurance system of this sort works better the more people there are included within it, so the state could look at different ways to promote it and encourage people to join.

#### *Overall advantages and disadvantages*

- The advantages of the Insurance option are that people who were in the scheme would be sure that the care they needed would be paid for. They would be able to protect more of their estate and hand it on to their children.
- People would have a choice and flexibility over whether they wanted to pay to insure themselves. They could decide for themselves whether they thought they were likely to need high levels of care and support, and whether they wanted to insure themselves against it.
- In the current economic climate, this may be attractive for many people. Many people are already facing difficult financial situations. Some people have said that they need to be able to balance their needs for affordable care and support against the other financial commitments they face.
- The disadvantages are that people who chose not to take out insurance would still face the risk of potentially high costs later on in life. If they needed residential care, they would be likely to have to use their savings or their assets to pay for care.
- Also, in order for insurance to work really well, we need as many people as possible to be in the scheme. This is because the risk of needing care is shared across as many people as possible and so everyone has to pay less. Although the state could encourage people to be in it, a voluntary scheme like this would have fewer people in it and would be more expensive to be part of than a system where everyone was enrolled.

A private insurance or state-backed insurance system could fit with our aims for this reform process, in the following ways:

To the extent that both variants of this system would include the universal provision of the Partnership option (with everyone getting some care paid for by the state), everyone would be covered through this option. However, people would be able to choose whether to be in an insurance scheme.

Both of the variants would be fair, in that people who were less well-off would be protected from high care costs by getting more funding from the state, and people who were better off would be better able to protect themselves from high costs of care and support by buying insurance. The variants would give people who have worked and saved all their lives the opportunity to protect their assets.

Both of the variants could be affordable to the state and to people who need care. People would be asked to contribute according to their income and wealth.

Both of the variants would be comparatively simple and easy to understand. People would know what their entitlement was likely to be under the core Partnership model, although they would not know exactly how much they would have to pay. On top of this, people would know what they were insured against. Under the state-backed insurance, everyone who was in the scheme would know very clearly what they had to pay and that they would get free care in return.

Both of the variants would help people to live their lives in the way they wanted, by giving more people support and making sure that everyone is more able to meet their needs. The number of people who did not get all the care they need would depend on how many chose to be part of the different insurance schemes. The experience of other countries suggests that comparatively few people would choose to take up private insurance. The more active the state's role in promoting insurance, the higher the level of coverage that could be achieved.

**Do you think that the Insurance option would work well, when combined with the Partnership solution? What do you think are the advantages and disadvantages?**

## **OPTION 5: COMPREHENSIVE**

### **How the system would work**

9.26. In this system, everyone over retirement age who had the resources to do so would be required to pay into a state insurance scheme. Everyone who was able to pay would pay their contribution, and then everyone whose needs meant that they qualified for care and support would get all of their basic care and support for free when they needed it. It would be possible to vary how much people had to pay according to what they could afford. The size of people's contribution could be set according to what savings or assets they had, so that the system was more affordable for people who were less well off.

9.27. The UK Government envisages that the state would put in existing funding from taxes which are used for social care and any disability benefits that were integrated, and would use this to support the costs of everyone's care. And, in addition to this, people at or over retirement age would be required to pay into a national scheme.

9.28. Alternatively, if people wanted to be able to know exactly how much they would have to pay, we could have a single set figure that would be paid by most people other than those with a lower level of savings or assets, so that everyone knew how much they would have to save for. People who could not afford to pay into the system would have their contribution paid for them by the state. Because everyone was in the system, and all the state funding for care and support could be used to reduce the costs, people would be able to pay less than their likely average costs.

9.29. As an indication of the costs, people might need to pay around £17,000 to £20,000 to be protected under a scheme of this sort, compared with the average cost of care for a 65-year-old which is £30,000. The cost would be less for people who were over 65 when the scheme was introduced. How people pay could work in several different ways, in instalments or as a lump sum, before or after retirement, or after their death. Once people had paid their contribution they would get their care free when they needed it. A large proportion of the funding for this scheme would still come from general taxation.

9.30. Of the options endorsed by the UK Government, this one comes closest to the preference expressed by the Wales Advisory Group:

“Our strong preference for a new model for paying for care is for one which is funded by payments from everyone in society, according to their ability to pay, primarily over the course of their working life. We recognise that the main options for achieving this would be increasing general taxation, or establishing a new social insurance fund or National Care Fund to which most people would expect to contribute.” (paragraph 4.9)<sup>8</sup>

**9.31. Do you think that the Comprehensive option would work well, when combined with the Partnership solution? What do you think are the advantages and disadvantages?**

9.32. The Government could look at providing a lower rate for couples because the costs for two people can be very high and many couples support each other and provide care for each other. However, if we did this, we would need to make the contributions higher for single people. **If the Comprehensive option were adopted, do you think that couples should be given a lower payment charge?**

9.33. The Government would also look at whether, since people over retirement age would be getting care and support free at the point of need, people of working age with care needs should also be able to get free care.

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<sup>8</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009.  
[www.payingforcareinwales.net](http://www.payingforcareinwales.net)

### *Advantages and disadvantages*

- The advantages of the Comprehensive system would be that it would provide people with peace of mind. Once people had paid their contribution, they would know that they would receive the care and support they needed. The system would ensure that nobody who qualifies for care and support would go without the care and support they need. Our previous consultation in Wales gave us the strong message that the vast majority of people wanted a system which they could pay into when they could afford it, so that their care and support was available for free when they needed it and they would not have to worry.
- The system would be clear and simple. Under the Comprehensive system, it would be clear what people would have to contribute.
- People would have to pay into the system but they would be able to protect their savings and would not have to run down the value of their homes to pay for care and support. Once they had paid their contribution, and any costs for board and lodging if they were in residential care, everything else could be handed onto their children.
- The Comprehensive system would be cheaper for people paying into it than the Insurance system, since a scheme where everybody is required to make a contribution would cost less to the individual than a smaller voluntary insurance scheme. And the system could be flexible: there could be many ways in which people could pay, so that they could choose the method that was right for them.
- The disadvantage of the system – as with any insurance system – would be that everyone would have to pay in, regardless of whether they need care and receive anything themselves from the system. Because there is such a variation in how much people have to pay for care and support, some people would have to pay much more than the actual costs of their care and support, while others would pay much less. And, in the current economic climate, people may not want to take on the extra commitment of paying for care and support.

The comprehensive system could fit with our aims for this reform process, in the following ways:

The system would be truly universal, since everyone who needed care and support would get their care and support paid for.

The system would be fair, with everyone who could afford it paying and everyone who needed care and support benefiting. However, some people would contribute more than they would benefit.

The system would be affordable to the state and to people who need care and support. The amounts that people had to pay could be varied so that people who were less well-off would pay less. People who could not afford the premium would have it paid for them by the state.

The system would be very simple and easy to understand. People would understand what they had to pay and that they would get free care and support in return.

The system would help people to live their lives in the way they want to, by ensuring that everyone has their care and support needs met and providing peace of mind.

## 10. Ways to contribute

10.1. In the long term, we could have a system that would enable people who are still working to make regular contributions so that they could save up and pay their contributions to the Insurance or Comprehensive system by the time they retired.

10.2. But this would not solve the immediate issue about the increasing number of older people who will need care over the next decade, since many of these people will not have time to save a sufficient sum before they retire.

10.3. So, from the outset, we could have a menu of different ways in which people could pay their contribution, either for the Insurance system or for the Comprehensive system. People could choose how to pay according to what suited them.

10.4. If someone had savings, they might prefer to pay their contribution up front, when they retired, as a lump sum. If someone was able to delay their retirement, they might decide to defer their State Pension for a few years and use the money to pay into the scheme. People could pay in affordable instalments throughout their retirement. If people didn't want to have to pay anything during their lifetimes, they could defer the whole payment until they died, and then pay it from their estate. Or we could have a variation on these options, combining them so that, for example, people could pay partly as a lump sum from their pension and partly in instalments throughout their retirement.

10.5. We know, however, that many people said that they would like to be able to start to prepare before they retired. So as the system develops we would look to introduce options which gave people greater flexibility to make their contribution during their working lives.

10.6. **We would like to hear from you about other ways that you think people could pay into this system, and how it would be easiest for people to pay.**

10.7. However people paid, the insurance payment would help those people with significant assets to protect their wealth and the value of their homes. Whether they decided to pay during their working life, during their retirement or after they died,

people would know that once they had made their contribution and paid for their accommodation, the costs of their care and support would not prevent the rest of their wealth being passed on to their children.

## **11. Accommodation costs**

11.1. It is important to note that the options that the UK Government has put forward consider only the costs of people's **care**. People entering a care home would also have to pay for their accommodation, as at present. Accommodation costs, such as the costs of food and lodging, the costs of cleaning the room, providing food and doing laundry, are not paid for by the state. This is because the state would not pay for people to buy their food or pay their mortgage or their rent if they were living at home; these costs are a normal part of everybody's life, regardless of whether they have a care need or not. Of course, the state would always have a role in supporting people who were in a care home who could not afford these costs; but we also think there is more that the Government can do to help people in the way they pay these costs.

### **Current system**

11.2. At the moment, people in Wales who have savings or own a house worth more than £22,000, and whose partner or spouse is not living in their home, have to contribute to the costs of their accommodation. Over an average stay of two years they could spend around £25,000 on their care costs and about the same on their accommodation costs.

11.3. People with assets under £22,000, or whose spouse or partner is still living in the family home, receive state support towards their accommodation costs.

### **Deferred payments for accommodation**

11.4. The UK Government is proposing a universal deferred payment mechanism for residential care and accommodation costs. This means that when someone chooses to go into a care home, they will not have to pay the full costs immediately.

11.5. There will always be some people who spend long periods in residential care and therefore have costs that are well above the average. In the current system, this may mean that they have to sell their home. Deferred payments are already offered by many local authorities as a way for people to allow the cost of care and accommodation in a care home to be charged upon their estate when they die, rather than having to go through the process of selling their home when they need residential care.

11.6. We believe that the option to defer payment for care and accommodation costs in residential care should be available to everybody.

11.7. This is an issue on which the Welsh Assembly Government could decide to introduce legislation tailored to the circumstances of Wales. Therefore, **it is important for us to have a clear picture of whether it would be a priority for the**

**people of Wales to have a right to defer care and accommodation cost payments in this way.**

## **12. Being fair to people who have saved**

12.1. During our previous consultation, a number of people raised their concerns that any new funding system should be fair to those who have worked hard and saved all their lives. People felt strongly about the idea that they would have to pay more if they had worked hard and saved than if they had chosen to spend all their money and not bothered to save.

12.2. We know that some people own very little when they die. Often these are people who do not have a home to leave and do not have savings. Sometimes this is because people have been on a very low income and have not been able to save or buy a house. Other people have chosen not to. **We would welcome your views about how we balance a system which helps everyone who needs it, regardless of how well-off they are, with one that supports people who have worked hard and saved.**

## **13. A nationally or locally determined funding system**

13.1. As well as establishing which of the funding model options previously outlined in this chapter would be most appropriate, we also need to consider the issues of how to prioritise state funding. One of the main questions we need to resolve is whether people should get the same level of financial help with their care and support wherever they live in Wales, or whether it is acceptable for people in different parts of Wales to get different amounts of assistance even if they have the same needs.

13.2. Whichever funding system is finally agreed, local authorities will play a key role in delivering care and support. They will continue to:

- be the channel for state funding for care and support;
- undertake eligibility assessments;
- provide information, advocacy and care management for individuals;
- provide and commission services, and manage the market of social care providers; and
- foster innovation in care and support, using their freedom to decide exactly how services are delivered at a local level.

13.3. We would need to make sure that, whatever happened to the system, local authorities would still have sufficient funding to be able to carry on properly providing other social services for their communities.

### **The need for a national system**

13.4. The vast majority of people who responded to our previous consultation wanted to see a system where people were treated equally wherever they lived.

13.5. Some disabled people have reported that they experience particular problems with the current system. If they go to live in a new area they can never be sure that the new local authority will fund their care and support. For some people, this can mean that it is almost impossible for them to move house to take up a new job or be closer to their family, or just to live a normal life.

13.6. The new system needs to enable people to live their lives the way they want to, in ways that most people take for granted – for example, by making sure that a university student can move between their home and university at the beginning of term without having to renegotiate their package of support every time.

### **The need for local flexibility**

13.7. On the other hand, different areas of the country might have very different needs. A city may have a completely different approach to care and support from a remote rural area, and it may cost different amounts to provide services. Decisions about how to design or deliver services have to be made locally, by the people who know the area.

13.8. This means that people living in different parts of the country will inevitably have access to different kinds of services and get different kinds of care and support, to enable them to achieve the same outcomes.

13.9. Most people in Wales who replied to our earlier consultation have told us that they would want to see a national (all-Wales) system in operation; but they thought that there does need to be a degree of flexibility in the system to allow local authorities and others to design services locally. In this way they can respond to what people need in an area, reflect local circumstances and encourage innovative approaches to service delivery.

13.10. As a general principle, however, people did not think this was a reason why people living in one area should get their care and support funded while people living in another area get no support, or different levels of support, from the state. The Assembly Government is already committed to tackling the more extreme aspects of the regional variations that can occur in charging policies across Wales, in particular through legislation that is currently being considered by the Assembly, which aims to make charging for non-residential care fairer and more consistent<sup>9</sup>.

### **A national system for Wales**

13.11. We believe that the care and support system should be fair and universal, so that we make sure that everyone who needs care can get it, regardless of where they live. We also think that the system must enable people to move around the country without the risk that they will lose all of their care and support just because they have moved house. This will ensure that people who need care and support are empowered to live normal lives and are able to choose where they want to live and work, in the way that most people take for granted.

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<sup>9</sup> Proposed Social Care Charges (Wales) Measure. <http://www.assemblywales.org/bus-home/bus-legislation/bus-leg-measures/business-legislation-measures-scc-2.htm>

13.12. Our Advisory Group said:

“We recommend that the Welsh Assembly Government should establish a national (all-Wales) system for giving support to those who need care, encompassing a clear eligibility framework and a consistent and considered assessment methodology to operate across Wales. It should be dovetailed with the Assembly Government’s forthcoming legislation to make the system for non-residential social care charging both fairer and more consistent.”  
(Recommendation 15)<sup>10</sup>

13.13. One option for bringing this about would be for the Assembly Government, or the UK Government, to decide centrally how much funding people should get. A system could be set up where everyone who had the same level of need received exactly the same funding wherever they lived in Wales (or Wales and England), but this would not take account of the fact that the same amount of money might buy fewer services in one area of Wales compared with another. Alternatively, we could have a national system that gave people slightly different amounts depending on where they lived in Wales to take account of the different costs of care and support across the country.

13.14. A fully national system would work with the Partnership system, the Insurance system and the Comprehensive system.

13.15. The advantage of this system is that it would be easy for people to understand and plan for. People told us that the system seems fairer if everyone gets the same amount of money.

13.16. The disadvantage is that the system would decide at a national level how much funding someone is going to receive. It could be more difficult for local authorities to tailor the care and support package that people receive to their wishes and to respond to local circumstances. And people who live in areas where care and support is very expensive might not be able to afford as much care and support. Because this system would not be as flexible to people’s needs and would be less able to respond to local variations, it might not therefore offer such good value for taxpayers’ money. This loss of flexibility would be a particular risk when planning how local care and support services work with services provided by the NHS.

13.17. This system would also be likely to mean major changes to the way that money for care and support is raised and spent in Wales.

**13.18. We want to hear from you whether you endorse the views that we have already heard, calling for an all-Wales system for deciding who gets what levels of help. We also want to hear your opinions about how this should fit with the responsibilities of local government (working with other agencies) in planning and commissioning services in Wales.**

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<sup>10</sup> Paying for Care in Wales – Report of the Stakeholder Advisory Group, June 2009.  
[www.payingforcareinwales.net](http://www.payingforcareinwales.net)

**13.19. Finally, we want to know whether you think the same system should apply in both England and Wales, or whether there should be a stand-alone system in Wales. Whichever option you favour, what issues do you think arise from these options?**

## **CONSULTATION QUESTIONS**

Do you think it is right that most people who are disabled early in their lives should continue to have their care and support funded by the state?

In England, the Government wants to use the money that is in the care system to make sure that everyone who qualifies for care and support will get some help with paying for their care. Do you think this is the right starting point in Wales?

### **Disability benefits**

What do you think about the possibility of merging disability benefits such as Attendance Allowance into the social care funding system?

### **Bringing new money into the system**

What do you think is the right approach to partnership between the state and the individual in Wales?

Do you agree with the conclusions of the Wales Advisory Group that there is a central role for the state, or do you think people in Wales would want more freedom to make their own arrangements to protect themselves from high care costs?

### **Different funding options**

What are your views on the various funding models? How far do you think they fit with the principles recommended by the Wales Advisory Group, and with the aims set out at the beginning of this chapter?

We have agreed to rule out the 'Pay for Yourself' option. Do you agree?

Do you agree that meeting the full cost of all care and support from taxation is not a viable option for the future?

Do you think that the Partnership option on its own would be sufficient to reform the system in a fair and sustainable way?

Do you think that the Insurance option would work well for Wales when combined with the Partnership solution? What are the advantages and disadvantages of this option?

## **CONSULTATION QUESTIONS - CONTINUED**

Do you think that the Comprehensive option would work well for Wales when combined with the Partnership solution? What are the advantages and disadvantages of this option?

If the Comprehensive option were adopted, do you think that couples should be given a lower payment charge?

### **Ways to contribute**

Are there any other ways in which people could pay into this system? How would it be easiest for people to pay?

Would it be a priority for the people of Wales to have a right to defer care and accommodation cost payments in residential care?

How might we balance a system which helps everyone who needs it (regardless of how well-off they are) with one that supports people who have worked hard and saved?

### **A nationally or locally determined funding system**

Do you think there should be an all-Wales system for deciding who gets what levels of help? How do you think this would fit with the responsibilities of local government (working with other agencies) in planning and commissioning services in Wales?

Do you think the same system should apply in both England and Wales, or should there be a stand-alone system in Wales? What issues do you think arise from these options?

## Chapter 4

### How to Respond to this Consultation

1.1. Consultation on the options set out in this Green Paper will run until 28 February 2010.

#### How to respond

1.2. Everyone in Wales is invited to have their say on how we should pay for care and support in the future. There are a number of ways you can do this:

- Via the website <http://www.payingforcareinwales.net>

Information about the Green Paper and the consultation process can be found on our dedicated Paying for Care in Wales website. Here you can find reports on our earlier consultation on the general principles and objectives which should shape our Green Paper, and the report and recommendations of the Wales Stakeholder Advisory Group.

You can submit your views directly to us from the website.

- By e-mail or post

Alternatively, you can e-mail your views to [payingforcare@wales.gsi.gov.uk](mailto:payingforcare@wales.gsi.gov.uk), or write to the Paying for Care Team, Older People and Long-term Care Policy Division, Welsh Assembly Government, Cathays Park, Cardiff CF10 3NQ.

#### Further copies and accessible formats

1.3. Further hard copies of the consultation document can be obtained by e-mailing [payingforcare@wales.gsi.gov.uk](mailto:payingforcare@wales.gsi.gov.uk) or by telephoning 02920 82 5681.

1.4. If you need this document in an alternative format, please contact the Paying for Care Team on the above number.

1.5. An Easy Read version is available on the website, or by contacting the Paying for Care Team.

#### Stakeholder consultation

1.6. We will be holding three national consultation events for stakeholders during the consultation period. Invitations to these have been sent to all 22 local authorities in Wales, and authorities have been asked to send a representative group of delegates from their local area. Invitations have also been sent to national organisations with an interest in paying for care.

1.7. If you are a member of an organisation or an interest group, you might wish to contribute to its own debate on the Green Paper options. If you wish to organise a local consultation event with other members, you will find a 'consultation toolkit' and response form on the website <http://www.payingforcareinwales.net>.

### **What will happen next?**

1.8. The Welsh Assembly Government will consider carefully all responses it receives during this consultation. A consultation report, summarising the responses received, will be published on the website a few weeks after the consultation closes.

1.9. Once Ministers have considered the consultation report, they will wish to have further discussions with UK Government Ministers, especially over those aspects of Paying for care which are not devolved to Wales, such as welfare benefits. Some issues will also need to be discussed with Scotland and Northern Ireland, to come to a common view on what works best for citizens across all parts of the UK. Welsh Ministers will also want to consider the advice of the Commission on the Future of Social Services in Wales in respect of paying for care and how that relates to their recommendations about the future delivery of these important care services.

1.10. When a decision is taken on the best way forward, there will be a White Paper setting out proposals for the future. Because this would be a major reform, the changes would need to be phased in gradually over a number of years. And because the decision is so fundamental to our society, we believe that there must be a clear consensus across society on which option is preferred before we decide which is the right option for Wales.

### **How will my comments be used?**

1.11. Your comments will only be used to shape the Assembly Government's and the UK Government's plans to change the system of paying for care. The plans will eventually form the proposals set out in a White Paper. Responses will be summarised in the consultation report, which will be published on the website. No comments will be attributed to individuals.

1.12. For information on our privacy policy, see <http://wales.gov.uk/consultations/aboutconsultations?lang=en>.