



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

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



A Consultation by the Welsh Assembly  
Government prior to a Green Paper





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## **FOREWORD - DEPUTY MINISTER FOR HEALTH AND SOCIAL SERVICES**

At some time, almost every family in Wales faces the reality that people may need care and support because of age or disability. Because of some major changes that will affect the care system over the next 15 to 20 years, we need to think carefully about how that system needs to change so that the needs of service users are most appropriately met.

As a society, we are all living longer and this is a cause for real celebration; but it also means that an increasing number of people will need care. In 20 years' time, there will be many more older people living in Wales than there are now, while the number of people of working age will stay much the same. Our attitudes and expectations are also changing: we increasingly demand services of a higher quality, and rightly so.

These two factors – more older people and fewer people of working age and paying tax - together mean that the system in its current form will not be affordable or sustainable in the long term. So we need to start the debate now about how the system for paying for care should be reformed.

For our part, the Welsh Assembly Government has already taken action on a number of fronts to transform care services in Wales. For example, we recognise that the current system for charging for non-residential social care can be confusing. It leads to wide differences between the amounts that people in one area are charged, compared with those in similar circumstances and with similar needs, who live elsewhere. We have used our new powers under the recent Government of Wales Act to get to the first stage in passing an Assembly Measure which will make this charging system fairer in Wales. We aim to make charging for these services fairer and more consistent.

In our strategy “Fulfilled Lives, Supportive Communities”, we set out our vision for improved social services over the next ten years. We want to ensure that people are provided with more accessible, personalised care at an earlier stage, helping them to maintain their independence.

As part of our work to make a reality of this vision, we will, over the next eighteen months be undertaking an in-depth review of the resources that will be needed to deliver a modern social care service for Wales. But in parallel we must also examine how the current complex set of arrangements for paying for care can be improved. We want to make them fairer and more affordable for individuals, their families and government. All the different types of care need to be considered - home and day care, residential and nursing care and continuing health care. We also need to look at the role of benefits within this picture, and so we are working closely with the UK Government on this agenda.

This document explains the challenges we need to address. It asks important questions of principle, as a basis for an open and honest debate. They cover our expectations for care; where the balance of responsibility lies for paying for care between individuals, families and the state; and what we are prepared to pay for care

and what we expect in return.

This is your opportunity to take part in a fundamental debate about how care will be paid for in the years ahead. A Green Paper for Wales will follow in the spring but I would strongly encourage everyone not to wait until then - do participate in this Assembly Government consultation process now, and take the opportunity to explore the options and help shape the arrangements we need for the future.

A handwritten signature in black ink that reads "Gwenda Thomas". The script is cursive and fluid, with the first letters of "Gwenda" and "Thomas" being capitalized and prominent.

**Gwenda Thomas AM**

Deputy Minister for Social Services, Welsh Assembly Government

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## Section 1: Introduction

1.1 In many countries around the world, the impact of an ageing population is leading Governments to consider how care and support systems should be organised and funded in the future. In Wales, this process began last year with the publication of *Fulfilled Lives, Supportive Communities - a Strategy for Social Services in Wales*. That process of change is continuing with this consultation; and it provides a basis for an open and transparent debate about the way in which we pay for care and about how that should change to meet future needs.

1.2 There can be no doubt that reform of the current system for funding care is needed. In Wales, we already have a higher proportion of older people than the rest of the UK and over the next 20 years many more people will live longer and in better health. This development should of course be celebrated, but it will also increase demand and pressure on services. It has been predicted that a large funding gap will open up between the cost of care services and the money that is available to pay for them. We, rightly, will expect to receive high quality care and support which is tailored to our needs. We will expect our independence and dignity to be safeguarded. These factors will present real challenges that must be addressed if the care system is to meet the aspirations we have for it and if it is to be both affordable and sustainable.

1.3 Since the establishment of the National Assembly for Wales, there has been an active and forceful debate about the need to re-examine the system for paying for care.. The equity, complexity and fairness of the current arrangements have all been put under the spotlight. Progress has been made, not least through substantial investment by the Assembly Government to protect the position of people on low incomes who have to pay for care at home. Introduction of further legislation in this area is already well underway.

1.4 The boundaries of this consultation have been set as wide as possible. We will need to think about a number of devolved issues, such as:

- continuing care;
- NHS funded nursing care;
- residential care; and
- home care and support services.

It will also need to cover some non-devolved matters such as the benefit system.

1.5 For these reasons, the consultation will run parallel to the one that is taking place in England. There is a strong interaction between these issues and they cannot be separated from one another in decisions about how care should be paid for. There are difficult issues to resolve and no easy solutions are available. This debate about paying for care is one of the most important we have had in many years. It is therefore essential that as many people as possible - of all ages and backgrounds - have an opportunity to join in and have their say. This will be achieved in a number of ways at both local and national level. It is important it is seen not just as an issue for older people.

1.6 The issues under discussion are fairly broad at this stage and the debate is intended to establish the general principles and objectives which will shape a more detailed Green Paper. We plan that the Green Paper would be published around spring 2009 in Wales.

## **Section 2: Who currently receives care in Wales?**

2.1 Social care services in Wales currently support over 150,000 people. They account for £1.3 billion in public spending and employ more than 70,000 people. The services are delivered by around 1,800 public sector, private and voluntary organisations located throughout the country. Social services and social care in Wales play a vital part in the lives of many people in Wales, of all ages. They:

- promote social inclusion and independence;
- support people at times of difficulty, distress, vulnerability or illness; and
- protect people from harm, abuse or neglect.

2.2 Any one of us may need care and support at some point in our lives. People who use care and support services in Wales are likely to be:

- people who've had an accident;
- people who've got a long-term illness;
- disabled people; or
- older people.

2.3 Our vision is of social services which are strong, accessible and accountable, in tune with the needs of citizens and communities and which promote social inclusion, citizens' rights and good outcomes. We want this vision to be delivered in a joined up, flexible and efficient way, in partnership with the service user and to consistently high standards across Wales.

2.4 Whatever their difficulty or impairment, people should be supported to have control over the life they wish to live. People have a right to receive services which help them to make full use of their potential, protect them from harm and offer a choice about how they are supported. Our vision is firmly rooted in the social model of disability which promotes rights, equality and choice for all disabled people.

### **Key Facts**

- approximately 81,000 people receive local authority-funded social care. Of these, approximately 67,000 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 123,000 people receive Attendance Allowance in Wales;
- about 6,000 Disabled Facilities Grants are paid each year to adapt homes in Wales, totalling £40 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 41,000 people in receipt of care services at home or day care services in Wales.

## **Section 3: Why we need to change the system**

3.1 The need for care and support due to age or disability is a reality that has faced, or will face, nearly every family in Wales at some time. Evidence from the Kings Fund (2006) and others has shown that the care system is facing significant challenges from:

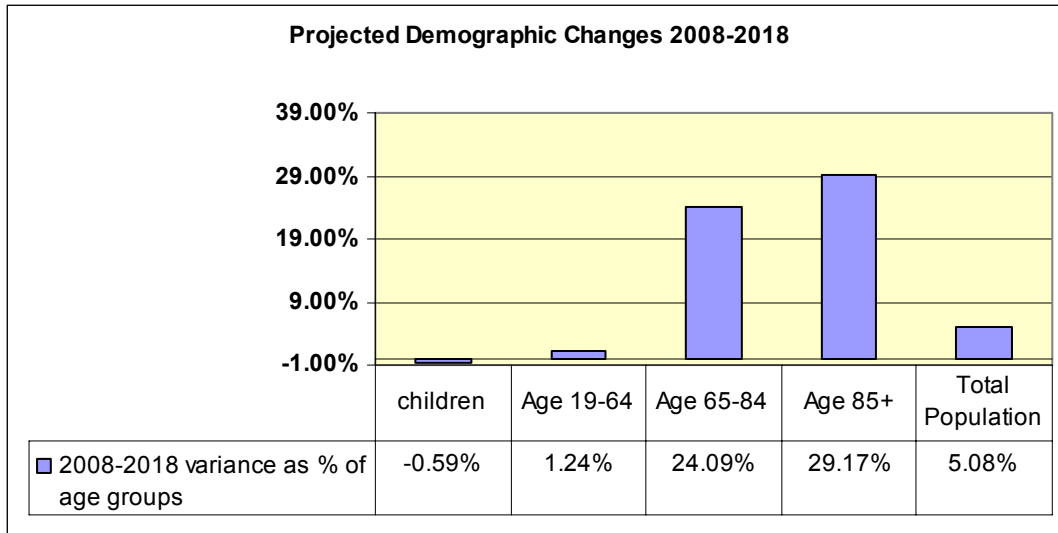
- demographic change, as more people are living longer but with disease and illness for longer periods;
- increasing expectations of quality of service;
- changing patterns in social structures (such as more dispersed families, greater numbers of single people, and more diverse family relationships due to second/third marriages) and in employment, meaning fewer unpaid carers are becoming available - and this will increase pressure on publicly provided care services;
- a range of new and more expensive care services being introduced - including earlier intervention and services which use new technology;
- a funding gap of £6 billion in 20 years at the UK level between the cost of care services and the resources available to pay for them.

More generally, the Assembly Government's Strategy for Social Services also concluded that there was a real need to improve the way in which social services were organised and delivered because of these demographic and social changes and higher expectations of service quality.

### **Demographic Trends**

3.2 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 2018 the population of Wales is projected to increase by 5.1% to 3.14 million. The number of children is projected to fall by around 6.0% over the same period, while the numbers of those aged 85 and over are projected to increase by 29.2% from 72,000 in 2008 to 93,000 in 2018. The numbers of people aged 65 to 84 are projected to increase by 24% from 469,000 to 582,000.

The following table illustrates the projected demographic changes across age groups in more detail.



Projected numbers by age group	Children	Age 19-64	Age 65 -84	Age 85+	Total Population
<b>2008</b>	673,000	1,778,000	469,000	72,000	2,992,000
<b>2018</b>	669,000	1,800,000	582,000	93,000	3,144,000

### Key Facts

- about a third of all men and half of all women will, upon reaching the age of 65, need long-term care and support as they age;
- on the basis of current user rates, we expect nearly 96,000 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 double to 137,000 and the number over 100 will increase fourfold to more than 2,000;
- life expectancy at age 65 has risen since 1981 by 4.9 years for men and nearly 3.3 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 3.6 to 1 in 2007;
- the proportion of people aged 65+ to those aged 20-64 years in Wales is projected to increase from 40% to 64% by 2031.

## Carers

3.3 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.

- a **higher proportion of carers** than any region of England (11.8 per cent or 339,833 carers);
- 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).

3.4 Unpaid carers currently provide around 70% of care in the community. However, the demographic changes we are expecting over the next 10 to 15 years suggest that the number of potential carers is likely to shrink, whilst numbers of people needing care are likely to increase. Because we know that those in need of care are increasingly likely to live longer, we need to think again about whether their carers will be able, and willing, to sustain their caring role over a longer period without needing more help and support.

## Key Facts

By 2018 we expect to see:

- an **increasing demand for services and support for people with high care needs, over longer periods of time** - including more people with dementia and more people with a learning disability surviving beyond the ability of their parents to care for them, and a 10% increase in the number of people with severe learning disability who remain with their family rather than going in to residential accommodation;
- an **increase in middle aged people (aged between 50 and 60) providing informal care**, although this is at least partly offset by more women having a paid job and by people working later in life, and therefore being unavailable to take on as much caring responsibility as they might traditionally have done;
- an **increase in people living alone**, particularly older men; and **much higher demand for services from those over 85.**



## Section 4: What else is changing in care policy at the moment?

4.1 The question of how to find a better way of paying for care must be seen in the context of the care services that are being provided and how they are being improved. Some of the main developments include:

### Social Services

4.2 Demographic and social changes are leading to increased demand on social care services, which will grow with higher expectations of service quality. The Assembly Government's Strategy for Social Services '*Fulfilled Lives, Supportive Communities*' emphasises the need for services that actively prevent the loss of independence and are efficiently delivered to the same high standards throughout Wales.

4.3 The Strategy sets out the aim of improving services for users through:

- better assessment to make sure that services focus on the people who use them;
- better leadership, and accountability at political and senior management level;
- new performance and outcome standards to promote a climate of continuous improvement;
- better commissioning so that local authorities help to shape rather than follow the mixed market of care?
- better partnerships to ensure that local authorities are better able to deliver services in partnership with other authorities and organisations;
- action to develop an appropriately sized, skilled and valued workforce which will have greatest impact on those who receive the services, and their carers.

4.4 The Strategy also includes a commitment to carry out a fundamental review of what the funding requirements for social care will be over the next decade. The funding review will examine the financial implications for social care of demographic and social trends that arise from introducing new models of care. It will aim to identify the financial and other resources that will be needed to ensure that, when individuals need social care, they are able to secure high quality care. The outcomes of this consultation programme on paying for care will also be used to inform that funding review.

### Carers

4.5 The Welsh Assembly Government's *Carers Strategy for Wales Action Plan 2007* set out a range of measures that were needed to support carers in their caring role and to help them maintain their own health. It also aims to deal with the effects of demographic changes and trends towards more dispersed families. Furthermore, the Assembly Government has made a commitment in *One Wales* to gain legislative competence and then legislate to support the provision of care by carers and to promote their well-being.

## **Continuing Care**

4.5 We are revising the National Framework to provide guidance to assist with decision-making on the provision of continuing NHS health care for adults. There will also be new arrangements to support this decision-making, including disputes and complaints procedures. Accompanying the new framework will be a decision support tool, which aims to provide a more consistent approach to the interpretation of the eligibility criteria for Continuing NHS Health Care.

## **Housing**

4.6 It is widely recognised that by providing high quality support services and suitable housing, adapted as necessary, people can remain independent for longer. Improving the homes of disabled and older people can mean the difference between them continuing to live at home or having to move into care. A Housing Strategy for Older People is being produced by the Assembly Government.

4.7 Extra Care Housing can provide more support than traditional sheltered housing, while offering greater independence. It includes housing that offers self-contained accommodation for rent, equity share or outright sale together with communal facilities. Care, as well as support services, is available from a team based on site and this extends the ability of people to remain independent and to stay in their own homes. These homes are available to people who are mobile as well as those who have become frail. Local authorities and the voluntary and private sectors continue to develop Extra Care schemes and the Assembly Government has provided £21m a year to support these developments.

## **Disabled Facilities Grants and the Rapid Response Adaptations Programme**

4.8 This support can help with the cost of adapting the homes of disabled or older people, either preventing hospitalisation or the need for residential care, or enabling those who have been in hospital to come home earlier. Care and Repair agencies are funded in all areas of Wales to work to help older and disabled owner-occupiers to remain in their own homes, in their own communities and living as independently as possible, by providing information about choices that can improve safety, security, comfort and convenience. They bring together the expertise and finance needed to carry out the necessary repairs, improvements and/or adaptations to enable older or disabled people to remain in their own homes.

## **Supporting People**

4.9 Under the Supporting People initiative, assistance is provided to vulnerable people to enable them to live independently and to maintain a tenancy through the provision of housing-related support. The kind of support that is provided depends on individual needs but could include: advice and assistance with budgeting and paying bills; help in developing cooking and cleaning skills; advocacy and support to find other specialist help. These services can help prevent or delay more costly support services, such as residential or nursing home support, or hospitalisation.

## **Equity Release**

4.10 Equity release is used to describe various ways that older homeowners can use their properties to access, unlock or generate income or capital sums while continuing to live there. Essentially it converts the value of an individual's home, where it is not mortgaged, into cash or income. Equity release can be seen as one of several options for funding much-needed repairs and as a source of investment. However, it is important to ensure that, alongside this welcome development, potential clients are fully informed about these schemes and are made fully aware of the implications of taking out such loans. The Assembly Government's housing strategy also supports the renovation of disabled and older people's homes, which may be funded through equity release schemes.

## **Direct Payments**

4.11 Direct Payments offer individuals more flexibility in how to meet their assessed care needs, by enabling local authorities to offer cash payments to an individual so they can purchase directly their own care services/support. The Direct Payments Scheme in Wales is run by each local authority. The Welsh Assembly Government has made available to Welsh local authorities some £1.5 million each year to help meet the additional costs resulting from the scheme, including establishing local direct payment support schemes. We are also continuing to assess the evidence from the individual/personal budgets pilot schemes in England and the more detailed arrangements for the scheme as they are developed and implemented.



## **Section 5: How does the system work at the moment?**

5.1 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 done in line with the Assembly Government's statutory guidance "Creating a Unified and Fair System for Assessing and Managing Care". This is a joint health and social care assessment which ensures that if someone appears to be in need of assistance, their needs will be identified, along with how they will be met. The responsibility for assessing the health and social care needs of people in Wales rests with local health boards for health and local authorities for social care. 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**

5.2 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 is assessed on the basis of local criteria drawn up by individual local health boards, based on Assembly Government guidance. Continuing healthcare 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. Where it is in a care home, funding is provided direct to the home by the relevant local health board.

### **Nursing Care**

5.3 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 (£117 currently) towards the cost of the nursing care. A person who receives NHS-funded nursing care should have their needs assessed by a registered nurse at least once a year to make sure that they still require nursing care. This assessment will also indicate whether a person might become eligible for continuing healthcare. Other aspects of a person's care and accommodation needs are assessed using the system described in the following paragraphs.

### **Residential Care**

5.4 For long-term residential social care, local authorities are required by law to charge for the personal/social care (such as assistance with bathing, feeding and mobility) and accommodation they provide. This requirement has been in place for 60 years.

5.5 An assessment of a person's ability to pay for their care is undertaken by their local authority. The Assembly Government has issued guidance to ensure that the charges that people are asked to pay are as consistent as possible. Under this guidance, the contribution a person makes 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 a person has capital of more than £22,000 they will be expected to meet the full cost of their accommodation and care (ie they are “self funders”);
- if they have capital of between £19,000 and £22,000, they will make a contribution towards their care on a sliding scale;
- at or below capital of £19,000 a person will receive financial support from their local authority whilst contributing whatever income they receive, as deemed appropriate.

## **Choice**

5.6 Local authorities are required, by law, to ensure that an individual is able to exercise a genuine choice about where they are placed in residential care, so long as the local authority is funding that person and is responsible for placing them in residential care. An individual has 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, but not the individual themselves) must be willing to enter into an agreement to pay the difference in costs between what the authority would pay to meet a person’s assessed needs in full and the cost of the more expensive accommodation. This is known as a third party top up payment.

## **Deferred Payment**

5.7 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. This is in case the stay turns out to be only temporary; or to allow the resident time to prepare to sell, or raise income on, their property should it become part of their financial assessment to support a permanent stay.

5.8 A deferred payment scheme can be offered to individuals who do not wish to sell their property, or who are unable to sell their property, once the 12 week period is over. In these circumstances an authority would place a legal charge on the person’s property and pay towards the costs of that person’s residential care and accommodation for the duration of the scheme. When the property is subsequently sold, which does not necessarily need to be within the person’s lifetime, the authority would recover the amount of money that it had spent on care costs from the proceeds of the sale.

## **Personal Expenses**

5.9 Residents of care homes, who are funded by local authorities, contribute most of their income towards care fees. Residents' contributions are assessed as described above but they are allowed to keep a sum for personal use to spend on, items such as clothing, small presents, hairdressing and stationery. It must not be spent on care the local authority has contracted for. This sum is called the Personal Expenses Allowance or PEA. It is usually increased each year to reflect the increase in average earnings. The current PEA is £21.38 per week.

## **Home Care and Support Services**

5.10 The charging regime for home care and support services (sometimes called domiciliary care) operates in a different way to that for residential care. There are no national regulations about charging and, apart from a small number of statutory requirements to protect people who are on low incomes, local authorities have the discretion to decide whether to charge and how much. Statutory guidance 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.

5.11 This system has meant that more than half of those home care users who would have been liable to pay a charge have not had to pay towards the cost of their care. Those home care service users who are still required to pay are charged at very different levels depending on where they live. For instance, maximum weekly charges vary from £16 per week to £180 per week for the same service in different parts of Wales. The Assembly Government has recently passed the first major milestone on the way to making new legislation that will allow it to address this issue by creating a more consistent and fairer approach to charging levels, across Wales.

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

## **Key Facts**

- Local Government provides the main source of funding for social care and overall central Government support for local authorities increased by £1.2 billion (29%) in real terms from 1997/98 to 2007/08.
- The average weekly cost of residential care for older people is between £322 and £372. The average weekly cost for nursing care for older people in a care home is between £484.55 and £592.
- the weekly amount paid in Attendance Allowance in Wales – a benefit paid to help cover the costs of disability in later life – has increased by more than £1.5 million in real terms since 2002.

- The Office of Fair Trading's report into care homes for older people in the UK found that a third of people receiving local authority funding also relied on top-ups from third parties.

## **Section 6: A Fairer System for Paying for Care**

6.1 The current system for financial assessment of those who need care and support in Wales has been in place for many years. Although some development and improvements have been made over time, the current framework is derived from the National Assistance Act 1948 (as amended).

6.2 Research by the Joseph Rowntree Foundation in 2005 and by others has identified weaknesses in the system and made the case that reform is needed, particularly in the light of the demographic and other trends set out in Section 3. Some of the problems include:

- Complexity.
- Difficult to understand and navigate.
- Lacks coherence across the different categories of care.
- Unfair to some users e.g. those with Alzheimer's.
- Does not encourage saving for old age.

6.3 In Wales, as a result of the development of our Strategy for Older People (2003), there has been an on-going debate about Free Personal Care (such as assistance with bathing, feeding and mobility) - initially for residential care and lately in relation to home care. The main stumbling block to progress on this agenda has been resources. Research undertaken for the Assembly Government suggests that introduction of Free Personal Care in Wales would cost (at 2005 prices) some £180 million, and that figure would rise significantly over the years because Wales has a proportionately high number of older people. This is especially true of the over 85s age group, whose number will increase by one third by 2021.

6.4 The Assembly Government has made a significant investment both in an alternative package of measures to promote independence, and in reducing the burden of charging for home care on people with low incomes. Whilst the Assembly Government has no current plans to revisit the issue of Free Personal Care, as it could not be afforded, we would welcome any views.

### **Who Pays for Care at the moment?**

6.5 The principle of sharing the costs of care between the Government, the individual and their family is the right starting point for this debate. The underpinning rationale is that any new system must:

- promote independence, choice and control;
- ensure that everyone can receive high quality care and that everyone gets some support from Government, but that funding is targeted at those most in need;
- must be affordable and sustainable for Government, individuals and families;
- must be fairer and more equitable.

## Individuals

6.6 Recent research for the Department of Health has highlighted that people are more willing to accept responsibility for paying towards their care provided they are clear about what they are paying for and why, and what the Government will pay.

6.7 The generation of people retiring now are wealthier than any previous generation. In 2005, an average 70-year-old saw their assets such as homes, pensions and savings increase to around £215,000 from £88,000 a decade before. In 2004, people aged over 60 owned about £932 billion in equity on their homes. However, this conceals stark inequalities among older people: 32% of older people do not own their own home. A large number of younger people who need care and support also have relatively low incomes.

6.8 Many people purchase their own care and support directly from the private and voluntary sectors where they are assessed by their local authority as having sufficient income and assets to enable them to afford to pay the cost in full. The evidence is that whilst people plan their pensions and inheritance, they rarely plan ahead for these care costs or prepare for them through savings or insurance. It will be important to look at what role Government should or could play in this respect, for example by encouraging markets or requiring people to prepare for care costs, for example, through:

- savings schemes;
- equity release;
- lump sum investment; or
- private insurance.

## Families

6.9 Families often provide a substantial amount of informal (unpaid) care to their relatives and also make contributions through “top ups”, for more expensive residential accommodation and additional services for their relatives in care homes. The Carers Action Plan and legislation on carers’ rights highlighted in Section 4 will play a major part in recognising the vital role that families and carers play. We also want to look at what else might need to be considered.

## Government

6.10 The Government will always have a responsibility to provide a “safety net” to ensure that people who cannot afford their care get the help they need. Social Services are provided for people with lower incomes and assets, through central taxation and council tax. Around 70% of formal care is funded in full or in part in this way. Other aspects of care and support such as attendance allowance, disability benefits and some elements of housing support services are also provided directly by the Government. In this way, the costs of care are shared amongst all taxpayers so that fewer people face the burden of meeting their total costs. However, the next few decades will see a reduction in the ratio of working people to those in retirement at the same time as demand for services increases. This will make it difficult, if not

impossible, to sustain the current model.

6.11 The introduction of any new system will mean making difficult choices about how to balance priorities. There are no right answers and a number of different approaches might be viable. The Assembly Government wants to explore openly the potential solutions to the issues outlined here with service users and their carers, their representatives, academics, professionals and the wider public.



## **Section 7: What are the questions we want to debate?**

7.1 Building a new consensus about the future funding of care and support is one of the main policy challenges of our time - it affects, or will affect, a majority of people in Wales. A number of countries across the world are addressing the same issues. This is difficult territory and there are no easy solutions. However, the Assembly Government wants to conduct an open and transparent debate to shape the development of more detailed policy options.

7.2 People will receive different levels of support depending on the level of care and support they need. However, there are other ways of targeting resources, and we want to establish clear, fair rules - based on shared values - about who is eligible for financial help from taxation.

7.3 We want to explore whether or not it is fair to give the same help to everyone who needs it or whether more help should be given to people who are unable to plan and prepare for their own care and support. For example, should we protect financial support for people who have been disabled at a younger age, and expect people who have more predictable care costs to have made some provision to continue to look after themselves in later life.

7.4 Currently, many decisions about services are made at a local level, and a lot of money is also raised at local level. However, this does lead to variations between localities. Should there be an equal system for everybody, regardless of where they live, or should local people be able to decide local priorities for care and support? Should funds be raised locally, or should there be a national system?

7.5 There will always be a need to make sure that the poorest people in society are supported, but means testing can be perceived as penalising people who have worked hard and planned their finances. We want people to identify what they think the right balance is.

7.6 The main questions that we would like to ask at this stage are:

**Sharing the responsibility for paying for care.**

**Who should contribute more for care in the future?**

**Individuals who use care and support services.**

**Families of people who use care and support services.**

**Everyone in society.**

### **Individuals**

In the future, if you need care, should you be expected to pay for it yourself? How could we all prepare for needing to meet these costs? What role should the Government have in helping people to prepare for meeting these costs?

## **Families**

In the future, if you need care, should your family be expected to look after you or to pay for your care? How can everyone prepare for needing to meet such costs?

How much care should families be expected to give? How can the Government best support them?

## **Everyone in Society**

In the future, if you need care and support, should society be expected to pay for it? How would this responsibility be shared across everyone in society?

- would everyone have to contribute more?
- would older people be exempt from contributing?
- would younger people be exempt from contributing?
- what about people who don't or cannot work?
- what about people who don't own their own home?
- what about your employer's role?
- what about the role of voluntary organisations?

**If the current system is reformed, in which general direction should changes be made?**

- towards a model of social insurance (paying into a specific care fund throughout your working life which is then used to pay for formal care services in later life or to support family members who provide informal care);
- simplifying the current arrangements and making them more consistent and fairer;
- towards a model of higher private contribution;
- a combination of these.

**Setting fair rules for financial support in the future.**

**We need to get the balance right on three issues in order to set clear, fair rules for a more sustainable financial support system:**

**National or local?**

**Different systems for different needs?**

**More support for people with low income and assets?**

**National or local?**

In the future should central government or local government decide who is entitled to help, and what they are entitled to?

**Different systems for different needs?**

In the future, should everybody who needs care receive the same amount of help, or should the government give more help to people who are unable to plan and prepare for their own care and support (for example disabled people, or people who have had an accident or a sudden illness)?

**More support for people with low income and few assets?**

In the future, should everyone who needs help receive the same amount of help, or should the government give more help to people with low incomes and few assets?



## **Section 8: How to get involved and how to respond to this consultation exercise**

### **What happens next?**

A programme of engagement will take place between December 2008 and March 2009 in order to raise the awareness of stakeholders, care users and of the general public of these issues, and to encourage debate on the main principles and choices which feature in this area of policy. This will include stakeholder events and the establishment of an advisory group to help shape the process so that it is appropriate and effective at obtaining input from stakeholders and citizens, and also to comment on emerging policy proposals.

The outcomes of the engagement programme will be used to inform a Green Paper for Wales on the options for changing the system for paying for care.

### **How can I have my say?**

There are a number of ways in which you can give us your views on the key issues by 28 February 2009:

- Website – all information about the debate can be found at <http://www.payingforcareinwales.net> This site explains the questions that we would like your views on and provides regular updates about how the debate is progressing. You can submit your views directly to us from the website.
- E-mail/Write – 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 Directorate, Welsh Assembly Government, Cathays Park, Cardiff CF10 3NQ.

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 823096.

If you are a member of an organisation or an interest group, you might want to contribute to its own debate on these questions. Further information on stakeholder engagement can be found at <http://www.payingforcareinwales.net>

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

Your comments will only be used to shape the Assembly Government's, and the UK Government's, plans to change the system for paying for care. These plans will be set out in Green Papers for Wales and for England in 2009.

(A Green Paper is a Government's proposal to make changes to a major policy or system, which it wants to consult on. It is generally followed by a White Paper, which is a proposal to make new legislation which would bring about these changes.)

For more information see our privacy policy at::

[www.new.wales.gov.uk/consultation/healthsocialcare/?lang=en](http://www.new.wales.gov.uk/consultation/healthsocialcare/?lang=en)