

THE COMMISSION ON FUNDING OF CARE AND SUPPORT

Summary of Responses to the Call for Evidence

April 2011

Published to the Commission's website,
in electronic PDF format only.

<http://www.dilnotcommission.dh.gov.uk>

Executive Summary

Introduction

The aim of this summary report is to pull together all the major themes raised consistently by organisations and individuals in response to our Call for Evidence

We were delighted with the response to the call for evidence. The Commission received over 250 submissions from a wide range of different individuals and groups, including local authorities, independent providers, third sector organisations, the financial services sector, associations, academics, and think tanks. We want to thank all who took the time to respond and provide us with valuable evidence and information. It is clear that there is a huge amount of energy and engagement with the challenge of developing a new sustainable funding system for care and support.

The responses

This report cannot cover every theme in depth or explore all the data that has been offered as part of the process. However, each response has been read and the evidence fully analysed by the Commission. This document is not intended to outline our emerging thinking; it is a summary of the views put forward in the responses to our call for evidence.

The Commission received responses covering a wide variety of themes such as: views on reform of the state funding system, the role of private financial products, how to raise additional funds, improving information and advice, carers, benefits, interactions with other services such as NHS and housing, unmet need, and implementation issues (e.g. assessments and portability).

Overall, there was general support for the direction of travel we outlined:

- There was considerable support for a partnership funding model, where the state and the individual make a contribution and carers continue to offer valuable support. The safety net needed to continue, and any reforms must support working-age adults, as well as older people.
- Responses strongly argued for extra resources for the adult social care system to cope with increasing demands in the future and reduce unmet need.
- More effective integration of health and social care services was felt to be essential, especially around end-of-life care and for those with complex needs. Other areas of support, such as housing and benefits, also needed to work effectively with social care services.
- There was a strong call for people to be made aware of the need to plan for the future. To do this would require improved information and advice on both the funding and delivery of care.

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- The funding system needed to ensure appropriate support for those of working age in need of care and support. It was argued that those of working-age with a care and support need, or those born with one, did not have the same opportunity to build up assets or income. Furthermore, it was felt it was inappropriate to these groups to plan for needing care and support.

In addition, responses also highlighted the need for:

- A more streamlined system – with greater joined-up working between different professionals, better assessment processes, more timely responses, and portability of assessments.
- A national framework of assessment and eligibility for care and support, so people can clearly understand what they are entitled to, and when they will receive support from the state. However, it was argued that there should be flexibility in the delivery of services.
- Greater focus on early intervention, to prevent needs escalating, deliver improved outcomes, and help manage costs.

In addition to written evidence, the Commission also met with many individuals, professionals and representative bodies as part of the call for evidence process. Some organisations offered to set up specific evidence sessions for the Commission, where we could talk to individuals about their experiences directly. These helped us gain a richer understanding of some of the issues and we are extremely grateful for all those who gave up their time to share their views with us.

Alongside these sessions, we have had discussions with representatives from the financial services industry, local government, and academics specialising in care and support. We were provided with further evidence and data, including data on length of stay, need projections, findings from previous stakeholder consultations and international experience.

The rest of this document summarises responses by the three different questions we asked in our call for evidence.

Background to the Call for Evidence

The Commission on the Funding of Care and Support

The Commission was set up in July 2010, following a commitment in the Government's coalition agreement, Our Programme for Government¹. The Commission is to report by the end of July 2011. Andrew Dilnot chairs the Commission, with Dame Jo Williams and Lord Norman Warner as fellow commissioners.

The Commission's remit was set by the Government in our Terms of Reference.² We have been asked to make recommendations on how to achieve an affordable and sustainable funding system or systems for care and support, for all adults in England, both in the home and other settings. Specifically, we have been asked to examine and provide deliverable recommendations on:

- how best to meet the costs of care and support as a partnership between individuals and the state;
- how people could choose to protect their assets, especially their homes, against the cost of care;
- how, both now and in the future, public funding for the care and support system can be best used to meet care and support needs; and
- how any option can be delivered, including an indication of the timescale for implementation, and its impact on local government (and the local government finance system), the NHS, and - if appropriate - financial regulation.

Call for Evidence

Last December, the Commission launched its call for evidence seeking the views of individuals and organisations on the future funding of care and support. The document:

- set out our remit;
- explained the opportunities and challenges we see facing the future funding of care and support;
- outlined our assessment of the current system;
- set out our thoughts on the direction of reform;
- explained how we plan to appraise the options; and
- set out the questions we wanted addressing as part of the call for evidence.

¹ The Coalition: Our Programme for Government, HM Government, May 2010

² For full details on the Commission's terms of reference please see our website - <http://www.dilnotcommission.dh.gov.uk/>

Summary of responses

Question 1

Do you agree with the Commission's description of the main opportunities and challenges facing the future funding of care and support?

In the call for evidence, we outlined four major areas of change that the care and support system will need to respond to in the future. These were changing demographics, changing care needs, changing wealth and asset profiles, and societal and technological change. Overall, there was agreement that these four areas were the main drivers of change, and support for our analysis of the issues.

1.1 Demography

On demography, it was noted that the ageing population was one of the most compelling arguments for more state resources being devoted to care and support. The Commission was also urged not to forget the changes in demography for those of working-age.

1.2 Care needs

On changing care needs, responses from academics and other organisations agreed that it is difficult to project future care and support needs. It was noted that it was particularly hard to predict the effect of scientific advancements. A number of responses raised the expected increase in the prevalence (and cost) of certain age-specific conditions, such as dementia. Many also highlighted the significant increase in the projected number of people with learning disabilities, given more people with learning disabilities are now living longer. A number also questioned the impact on the care and support system of increased levels of obesity and alcohol related health needs.

We received evidence from groups representing specific conditions, such as learning disabilities, stroke, motor neurone disease, Huntington's disease, Parkinson's disease, dementia, and mental health conditions. These responses highlighted the challenges faced by particular groups and raised specific issues, such as those with certain conditions being refused certain disability related benefits.

1.3 Wealth and asset profiles

Whilst there was broad agreement that people were in general becoming wealthier, it was argued that there were still many people with care and support needs living in poverty or on very low incomes. In particular, the Commission was asked to note the increasing number of people with outstanding mortgage debt at retirement; and those renting properties in retirement.

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Linked to wealth, many noted that people's expectations of the quality of care they would want to receive was also increasing. Given this, the Commission was asked to consider the funding required not only to maintain the system at current levels, but also improve it.

Intergenerational issues were also raised in response to this question. Some focused on the difficulty younger people now face in buying property, noting this could mean future cohorts could have less housing wealth. It was also commented that people will increasingly make financial decisions across generations – for example those approaching retirement planning for their future, but also wanting to support children in buying property or through university.

1.4 Societal and technological change

In terms of social and technological change, a number of responses commented on how families and communities were changing. In particular, it was felt that wider societal changes could have an impact on the supply of informal care.

Many commented that technology and the use of aids and adaptations should be a key part of the care and support system in the future. Greater roll out of assistive technology was felt by many to be beneficial. However, some were concerned that technology should not be seen as a complete substitute for a visiting carer – the personal contact of having someone visit was thought to be very valuable.

Others thought that there was much relevant technology already developed, but that it has failed to be absorbed effectively by care services. Whilst a small number questioned whether rural areas had the necessary underpinning infrastructure for the widespread uptake of telecare (e.g. broadband connections).

1.5 Additional challenges and opportunities

The size and quality of the workforce was raised as a further challenge for the future. A number of responses expressed concern over the supply of labour, and the quality of the labour force. Issues around workforce morale, pay, vacancy rates, and retention were raised. Casualisation of the workforce, linked to the introduction of personal and individual budgets, was also mentioned.

Another area consistently raised in response to this question was the potential role financial services could play in the future. Those who argued for individuals making a contribution, often raised financial products as a way to help people prepare and pay for their share of the costs. It was argued that pooling the risk across the population, through an insurance mechanism, was a cheaper and more effective way of protecting people than leaving them to cover the full costs alone. Some financial services experts believed a

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significant market could grow, should the conditions be right in the future. Specific conditions mentioned included a stable offer from the state to provide some certainty over the “gap” people needed to cover, greater awareness of the need to plan for future care costs, and better access to appropriate financial advice at key times in people’s lives.

Finally, it was noted that any reforms to the adult social care funding system needed to be resilient to political change.

Question 2

Do you agree with the Commission's description of the strengths of the current funding system, and its potential shortcomings? Do you think there are any gaps?

The vast majority of responses broadly agreed with the Commission's description of the current system. However, there was a feeling that we had been a little 'too kind' to the current funding system and that the negative aspects outweighed the positive.

Throughout all responses, there was the sense that the status quo could not continue and urgent reform was required. The majority of submissions commented on the under funding of the current system and the need for greater resources to be devoted to care and support in the future. Examples of the impact of under funding were highlighted, such as bed blocking in acute wards and disputes between health and social care professionals.

2.1 Strengths of the current system

Safety Net

There was overwhelming agreement that there must continue to be a safety net in any new system, as the state has a role in protecting the most vulnerable within society. There was also agreement that the majority of working-age people would need to continue to be covered by the safety net under any reformed system.

However, there were concerns that the current safety net system was underfunded and that eligibility was tightening to unacceptable levels. Many raised discontent over the impact of the latest Spending Review and expressed that it would result in greater unmet need. Others commented that social care was undervalued historically, and had been the 'cinderella' service to the NHS for many years.

The current structure of the safety net also received criticism. Issues included the complexity of the safety net, the different treatment of income and assets in different parts of the system, and the impact of charges (especially as policy on charging was not nationally consistent). Many called for a more straightforward and transparent system. Some responses commented that the safety net can be viewed as unfair to those who had worked and saved throughout their working lives.

Personalisation

A strong theme emerging from the call for evidence responses was that the funding system should support people in having greater choice and control over the care and support they receive.

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The Commission's remit does not cover the delivery of care, and we are not specifically considering the implementation issues around personal budgets. However, this topic was raised by many responses. In summary:

- Although the drive towards personalisation was welcomed, a number commented that personal budgets were not necessarily the right solution for all and were indeed inappropriate for some individuals, or particular groups. It was argued that people should be able to choose not to use this model. It was also argued that some people may need a 'facilitating advocate' to use personal and individual budgets.
- A number of responses also commented on individual budgets. Again, whilst these were thought to be beneficial to some, the complexity involved in administering these cash budgets was felt to be too much for others. In particular, the work involved in employing a care assistant was felt to be cumbersome and too difficult for many with a care and support need and their carers.

Prevention

In the call for evidence, we said we thought that the focus on prevention and early intervention should continue to be encouraged. Stopping or slowing people's needs from escalating offered an opportunity for improved outcomes for both the state and individual.

This sentiment was strongly echoed across responses. Many argued it was a key area requiring greater resource in the future. A number put forward the case that further investment in this area would accrue savings to the NHS and other state support services. The value of telecare and reablement services was often highlighted. It was also noted that Attendance Allowance played an important role in keeping people active and independent.

However, a number of responses argued that prevention activity to date had been inadequate and that there was a risk that spending on this area would be neglected further given the tightening of resources. Many argued that resources were increasingly having to be used to support those with higher level needs to the detriment of early intervention and prevention activity.

The Commission was urged to see support for prevention and early intervention as a key part of any future funding solution.

Partnership

We argued in the call for evidence that the current system could already be described as a 'partnership' in the broadest sense. The majority of those needing social care have to make a personal contribution. Yet, looking across the whole care and support system including the NHS and social security benefits, there are also elements of universal state support that everyone can benefit from (e.g. Attendance Allowance). We also noted the important and valuable role played by carers in our current system.

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In response to this, many highlighted elements of the current system which they felt to be unsatisfactory. It was strongly argued that the current structure of the adult social care system is unfair, as people may have to use up most of their income and assets paying for care and can be left with very little income to live on (for some in residential care their sole remaining income is the Personal Expenses Allowance).

Carers

The role of carers was extensively commented upon. Many felt that carers were not sufficiently supported or valued, and that their contribution should be better recognised within the overall system.

A number of responses argued for carers being given greater financial support (e.g. through increased Carers Allowance) and that any system should ensure carers are not financially penalised (e.g. if they do not build up National Insurance contributions). It was noted that many carers wanted to work, but often did not receive the necessary support to enable this. Some highlighted cases where carers had to give up work and then faced financial hardship.

It was argued that carers could be helped by:

- improved information and advice;
- more joined up assessments and aligned service delivery;
- better access to telecare, aids and adaptations;
- a regular review of their needs; and
- improved access to respite care

Responsive to local needs

We argued in our call for evidence that Local Authorities are well placed to understand the needs of their population across a range of services, but that there was a tension between local delivery and national consistency.

The vast majority of responses argued for a more national framework to ensure fairer access to services. Views on the degree to which the system should be a national system varied, although national eligibility and portability of assessments were common requests. People also often cited the need for consistent, national information on how the care and support system worked.

A number of responses highlighted examples of good local voluntary partnerships, involving local authorities and voluntary organisations. It was felt that these types of partnerships should be encouraged and fostered under any new system.

2.2 Shortcomings of the current system

The majority of responses concentrated on the weaknesses of the current system, and the reasons for urgent reform. Comments covered both perceived deficiencies in the funding and the delivery of care.

As previously mentioned, many commented on the settlement for social care in the latest Spending Review. Although there was an acknowledgement that additional funding had been earmarked for social care, many believed that it was insufficient for the growing demand pressures. The Commission was urged to consider how any reforms to the system could be implemented quickly and help people needing care in the short term.

Some also raised issues around quality and the workforce in response to this question. Whilst the Commission understands that many people and organisations are concerned about the delivery and quality of services, our role in these areas is limited to considering the impact on them of reforms to the funding of care and support. It is not within our remit to look at issues such as regulation and the skills of the workforce directly.

People face high costs and can lose the majority of income and assets

There was general agreement that the current system was in need of reform, as it penalised those who faced high care costs and could lose the majority of their income and savings. In terms of the use of housing, some voiced the view that individuals should expect to use some of their housing assets to pay for care, but that losing the greater part of the value of the home because of higher than expected costs was unreasonable. This echoes the findings of the Commission's review of public opinion³.

The financial services sector argued for better access to financial advice. Parts of the industry noted that there were products on the market today (such as immediate needs annuities and equity release) which could help limit both the state and the individual's liability.

Unmet need

A number of organisations were concerned about unmet need, and that it was likely to be rising with tightening eligibility. However, we still lack direct measures of unmet need across England. Some organisations were able to offer responses to surveys of their members, and others suggested that further research should be carried out to measure and track unmet need on a broader scale.

³ Please see the Commission's website for the full report on public opinion research - <http://www.dilnotcommission.dh.gov.uk/>

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Value for money and boundary issues

The vast majority of responses argued that more money should be devoted to social care, and that it has been historically underfunded when compared to the NHS. There was interest in the Commission's presentation of the figures comparing adult social care spend with that of the NHS and on social security benefits for the over 65s.

In terms of effective working with other streams of public support, many responses concentrated on better integration between health, housing and social care and the role that benefits should play in the future. These are each explored in turn below.

Integration of health and social care

Better integration between health and social care was a core theme throughout many responses. A number wanted to see more joined up assessments and closer working between different professionals. There was concern over poor working relationships, a lack of understanding between professionals, and disputes between the NHS and local authorities. Many raised the point that there was significant scope for delivering more efficient services, better value for money and improved outcomes through more effective joint working arrangements. A number questioned how integration would be encouraged under the proposed NHS reforms - in particular, the roles of GP consortia and local Health and Wellbeing Boards.

The wider issue of the complexity of the boundary between health and social care was explored in detail, in many responses. Some responses commented that it was impossible to define what was a social care intervention and what was a health intervention – and that there was a continual spectrum. The problems caused by two different funding philosophies was felt to lead to perverse incentives, such as bed blocking in acute wards, which used resources ineffectively. It was also argued this it led to people being very confused over the state offer.

In this light, reform of NHS Continuing Healthcare was a recurrent theme, where strong views were aired. Comments concentrated on the unfairness of the 'artificial divide' between social care and NHS Continuing Healthcare. It was argued that over time the NHS had retrenched, and that many vulnerable people were now paying for their care, when historically the NHS would have covered them for free. Those with neurological conditions were felt to be particularly disadvantaged under the current arrangements. People were also concerned that there was variability in eligibility across the country and that the administration of NHS Continuing Care was cumbersome and led to disputes between Local Authorities and Primary Care Trusts.

Some called for a review of NHS Continuing Healthcare in light of social care funding reform; and for clarity on the different roles of NHS Continuing Healthcare, NHS nursing care and social care. Those concerned about NHS

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Continuing Healthcare tended to be in favour of a social insurance approach, where all care – health or social – was free at the point of need. Others thought that those receiving NHS Continuing Healthcare in a residential setting should still have to pay ‘hotel’ costs – like those in the social care system. A minority also argued that those receiving NHS funded care should be able to ‘top-up’ their care.

A number of submissions also raised the issue of the funding of end-of-life care. It was felt that currently very vulnerable people, nearing the end of their life, were treated poorly by state services. One of the main issues raised was people being moved from residential care into hospital when it was unnecessary.

Integration with housing

A number of responses emphasised the need for housing, health and social care services to work better together to build preventative services and achieve better outcomes. They called for housing services to be treated as a strategic partner and reported that significant resources are wasted while different services argue about who should fund what.

Many respondents referred to the growing evidence on the link between housing and health. They stated that well-maintained and properly adapted housing can help avoid accidents and illnesses – leading to significant cost savings to the public purse, as well as better quality of life for individuals.

Other themes raised in relation to housing included:

- *Choice* - many commented that people should have a choice over where they lived, and not be forced into specific forms of accommodation (especially residential care) because of cost.
- *Extra care* - a large number of respondents were keen to highlight the benefits of Extra Care housing in promoting independence and well-being, whilst also offering value for money. Many urged the Commission to promote specialist housing, as it brings support together in one place, making help easily accessible and avoiding or reducing the need for more expensive health and care services. The idea of converting unpopular and unsuitable sheltered housing into extra care housing was also noted.
- *Information and advice* - many argued for comprehensive information and advice to raise awareness, and provide easily accessible information about different housing options.
- *Aids and adaptations* – many respondents highlighted the vital role that housing repairs and adaptations play in reducing need for health and social care support, thus generating savings and improving a person’s quality of life. Some respondents expressed concern over the level of housing support needs that remain unmet and also the complexity and length of time that it often takes to get help with adaptations. Concerns

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were also raised about long delays in assessments for adaptations and lack of adequate housing.

Benefits

The role of disability benefits (Disability Living Allowance (DLA) and Attendance Allowance (AA)) would play in any reformed system was of interest to a range of different organisations and individuals.

Many responses called for disability benefits to be retained in their current form, but a significant number suggested they could be reformed. Suggestions for reform included increasing rates, abolition, means testing and (by far the most popular) closer integration with social care.

Many were concerned that we would seek to reform benefits by limiting eligibility by means or need – with a particular focus on Attendance Allowance. Submissions focused on the positive impact that Attendance Allowance has on the lives of many individuals.

A number of respondents gave anecdotal evidence that people spend disability benefits on more than personal care or supervision: the most commonly cited use of was on taxis, cleaning and contributing to savings. Most argued that this had a positive impact in helping people remain independent and stopping needs escalating. A minority argued that this showed the benefits are not targeted appropriately.

Some respondents argued against the removal of mobility component of DLA from care home recipients and the abolition of the Independent Living Fund. Closer integration and alignment of social care and disability benefits assessment was raised by a number of respondents.

A small number of respondents also suggested that other universal benefits for retired people are considered as part of reform. This included free TV licences, free bus travel, free prescriptions and the winter fuel allowance.

Implementation issues

A number of submissions also looked at how the current system could be made to work more effectively. Key areas which the responses asked the Commission to consider, included:

- Better provision of information and advice, both for individuals and carers. This was one of the most frequently raised issues across all responses. Ideally, people wanted this to cover both the provision and funding of care. There were calls for interactive information and advice, and for some sort of quality assurance. It was also suggested that there should be a national approach to information and advice, to ensure consistent, clear communications.

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- Joined up assessments between health and social care (and benefits), to overcome the frustration of multiple assessments. Assessments should also be timely and acted upon quickly. Some thought that the process should also focus on the outcomes people wanted, rather than assessing needs. Many thought it important that self-funders should be encouraged to have the care assessment to which they are entitled.
- Portability of eligibility and assessments was thought to be an essential part of the new system.

Fairness

Fairness was a theme present in all submissions. It is clear that groups and individuals viewed fairness in different ways, according to their own circumstance and concerns. A number of submissions agreed with our assessment that fairness is a complex concept and not easily defined, especially given that people can hold many different views on fairness at the same time. However, a number of aspects of fairness were highlighted consistently:

- *Fairness to those funding their own care* - many felt self-funders were neglected and treated badly in the current system. For example, a common point raised was the cross subsidising of local authority residents in care homes by self-funders in some areas. Other concerns included the lack of proper assessments for self-funders and the very poor provision of advice and information. It was argued that Local Authorities concentrated too much on those in the safety net, which they were funding, and did not pay sufficient regards to the needs of the rest of their local populations.
- *Fairness to carers* – another common theme was that carers should receive better support, and that in some cases, the burden which they were expected to shoulder was too great. This especially seemed to be the case for those caring for children, working-age adults and those with complex conditions. There were calls for more respite care, better information and advice, improved support for carers wanting to work, and greater access to technology and aids to help carers day-to-day.
- *Fairness to those with complex conditions* – a number of submissions argued that there was insufficient support for those who had intensive care and support needs, especially over long periods. Many raised the issue of dementia sufferers being unfairly treated vis-à-vis those with more physical care and support needs. A number of submissions raised the issue of NHS Continuing Healthcare within this context.
- *Fairness to those who were just above the safety net* – some responses commented that the current safety net system was unfair to those who fell just outside it, given that they became liable for the full cost of care. This was viewed by some to be a disincentive to save, and penalised those who had saved for their retirement throughout their working lives.

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However, overwhelmingly, people supported the state offering the safety net and would not want to see eligibility tightened any further.

- *Fairness between generations* – intergenerational fairness was raised as an important consideration, especially in the context of rising university tuition fees and house prices (with many younger people finding it difficult to purchase property). There were responses which felt that the current generation had to pay for its own care needs.
- *Fairness geographically* – this was another major theme which emerged from the responses. The ‘postcode lottery’ was consistently raised as unfair. Many wanted to see a proper ‘national offer’ for care and support, encompassing a national eligibility framework, national assessment and portability of assessments. Some thought that the level of provision should be consistent across the country or that there should be national minimum standards. Others felt that charging policies should be the same across the country. A national offer might also help people more clearly understand what was on offer. Having said this, many also saw local flexibility as important, and that local authorities should have the space to develop locally tailored solutions.

Question 3

Given the problem we have articulated what are your suggestions for how the funding system should be reformed? How would these suggestions perform against our criteria that any system should be sustainable and resilient, fair, offer value for money, be easy to use and understand and offer choice? Please also take into account the impact that your suggestions will have on different groups.

3.1 The State Offer

Broadly, there was considerable support for a partnership model where both the state and individual paid a contribution. There was also strong support from some for a free care model - financed from taxation or from compulsory social insurance contributions.

One of the drivers for those supporting 'free care' was that the current system meant that some people with significant health needs received their care for free, whilst those with social care needs were in the means tested system. This disparity was particularly highlighted by organisations representing people with specific long-term conditions, or those of working-age with disabilities. Others specifically commented that a social insurance scheme was optimal because the private insurance market alone would not offer a comprehensive solution, as some people would not be able to afford, or would not be offered cover.

For those supporting a partnership model, views were mixed on the form of the offer. Many responses focused only on principles and did not put forward a specific partnership model. A range of principles were raised including:

- People of a younger age who developed a care and support need, or those born with one, did not have the opportunity to build up assets or income and so can not be treated in the same way as older people. As such, the focus on planning was not appropriate.
- People should be encouraged to take personal responsibility and be prepared to make a realistic contribution to their care costs.
- People should be better aware of the care costs that they potentially face, and be able to plan and prepare.
- It should be a fair, and consistent contribution across the country.
- Contributions should be affordable to families.
- People should be able to use their housing assets to pay for their contribution.
- Everyone should receive something from the state – as part of a universal entitlement.

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- The financial services sector should develop products to support people (see section below).
- There was an acknowledgement that any system would still rely on the contribution of informal carers, but that carers should receive greater support.

A number of responses favoured a cost-sharing partnership model building on Derek Wanless's work with the King's Fund, where the state and individual each paid a proportion. Others were keen to see a model in which saw the state paying for care after an individual had paid for a certain period of time, or up to a certain amount. However, no clear partnership model emerged as the most favoured approach overall.

3.2 Accommodation costs

Whether or not accommodation were included within any state offer was mentioned across many responses. A number supported the principle that people should pay a contribution towards their accommodation costs when in residential care, as this is an expected cost of living. A small number also raised whether those receiving NHS care should also be liable to pay a contribution towards their accommodation and wider 'hotel' costs.

It was also suggested that accommodation costs could be separated out from care costs in residential care in order for individuals and commissioners to make more informed choices. Separating out the costs leaves individuals to decide the standard of residential care that they are willing, and able, to fund.

3.3 The role of Local Authorities

The role local authorities play in the funding of any reformed system was commented on by a number of responses. Some argued that funding should be administered centrally, like social security benefits. A small number of responses claimed it would be better if local authorities did not control social care budgets. It was argued that there was currently a conflict between the duty of local authorities to provide care and the need to control their budgets. This often played out in disputes between the NHS and local authorities.

Others put forward the case for the local authorities continuing to have a central role in the funding of adult social care. It was argued that local authorities were well-placed to determine local priorities, whilst managing costs. It was felt that local knowledge and flexibility is key to the delivery of the adult social care transformation agenda, with its emphasis on achieving outcomes for individuals, their families and communities.

3.4 Individual contributions and the role of the financial services sector

The Commission received a number of responses from insurance and reinsurance companies, as well as other expert commentators from the

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financial services sector. We are grateful for the evidence, especially the international and market research data, supplied.

Many of those supportive of a partnership model were keen to see the development of mechanisms to support people in making their individual contributions. Significant numbers of responses raised the role of financial products. Some argued that the development of new products to support people in meeting their own contribution would be welcomed, as it would support people in planning and saving for the future. Industry responses cited issues such as improved choice, the ability to save and plan more effectively, increased peace of mind, improved quality, protection of assets, and more preventative activity as key advantages to financial products. The ability to risk pool and reduce costs was seen to bring significant benefit to all.

However, there were concerns over relying on the private insurance market as the main funding solution. Many were worried about whether those with pre-existing conditions would be discriminated against, denied cover, or would simply not be able to afford products. This led some to conclude that the role played by the private market would always be limited, and the state would always have to play a significant role via taxation and the safety net. A small number of responses voiced mistrust in the financial services sector, and that the care and support system should not be for profit.

Barriers to the Development of the Market

Many responses from the sector focused on the reasons why there are currently no significant pre-funded insurance products on the market. This analysis was used to outline the barriers which needed to be overcome if the market was to grow.

There is some debate within the industry over whether it would be desirable to offer a pre-funded product under the system as it currently stands, given the uncertainty and timescales involved (e.g. buying a product today for twenty or thirty years time). Some argued that either a basic social insurance or risk-sharing model would be optimal, whilst others believe it is the reinsurance industry's job to price uncertainty.

The industry cited concern over both demand and supply barriers.

Supply side

On the supply side, difficulties over issues such as anti-selection (e.g. more women taking out products than men) and the pricing of the tail end risk were raised across a number of responses. It was argued that uncertainty over longevity risk, morbidity risk, and care inflation poses a reputational risk to insurance companies. Further uncertainty is added when products are linked to investments. The Commission received evidence from the US which highlighted the difficulty insurance providers have had in pricing and managing the risks. Given these supply side issues, the industry as a whole was not confident that it would be able to design pre-funded products which

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would be attractive to consumers. That is, they might be able to offer products, but they would be expensive and/or not have features (such as guaranteed premiums) which would lead to people wanting to buy them.

Demand side

On the demand side, concerns included:

- People's lack of awareness of the need to plan for care costs and misconceptions that it would be provided free by the state. The financial service sector would like a clear statement from Government on the state offer, and for there to be some certainty that any system will last in the longer term.
- The lack of appropriate financial advice – many claimed that only through better financial advice, would there be better financial planning. Some responses raised the fact that very few people who sold their home to pay for care received proper independent financial advice. It was felt that both local authorities and the Financial Services Authority could help signpost people to financial advice.
- Lack of demand due to individuals believing their families will look after them, and therefore being reluctant to pay for expensive financial products.

Developing the market

Given these demand and supply side barriers, some of those interested in the development of a private insurance market favoured compulsory insurance or at least auto-enrolment/ 'nudge' mechanisms and improved incentives. It was argued that this would create a greater risk pool and help insurers manage risks and bring prices down.

Other factors which could help the development of the private insurance market were also mentioned. These included a national eligibility framework and assessment framework, an improved regulatory regime and tax incentives/ breaks. A number mentioned that Government could play an important role in helping the market develop if it 'assured' products, for example by backing specific schemes (such as equity release) or 'kitemarking' financial products.

Products

Currently there are products on the market which could help cap an individual's liability for care costs (immediate needs annuities), if bought at the appropriate time. It was argued that these products had the potential to bring savings to the state, if they avoid people falling into the safety net. Responses also highlighted equity release as a product on the market today.

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Some responses highlighted different types of financial products which could potentially emerge in the future to help people pay for care. There was a widespread view that new, innovative products would be needed to cater for people of different ages, with different levels of income and assets.

A number commented that it made little sense for people to save specifically for care during their working lives, but should use other more general saving vehicles such as property and pensions. These assets could then be used to support care costs in the future, either through specially designed annuities (Disability Linked Annuities) or products which released housing assets. Many responses stated that people should be supported in releasing housing assets – either through equity release or an extended deferred payments scheme.

Some floated the idea of linking products together, such as using equity release to buy a pre-funded insurance product or annuity, or extending standard products like critical illness or income protection. A small number of responses suggested that employers could take greater responsibility for educating their employees about future care costs, and potentially by offering group insurance schemes.

A number of financial services companies commented on the Home Protection Scheme (put forward by the Conservative Party). Concerns were raised that at £8,000 the price of the product appeared to be too low for the coverage offered, and over the danger of adverse selection.

3.5 Planning and preparedness

One of the most striking themes common across the submissions from different sectors and interests, was the consensus that people need to be able to better understand the care and support system and how it is funded. Many felt that the current system was very difficult to understand and that any reforms should make the system simpler for people to use. There were also calls for greater transparency and consistency so people could be clear about what the state would provide and what they would need to contribute.

A number of submissions suggested that the Government needed to embark on a campaign to make people aware of how the system works and the importance of being prepared. Some thought it would be beneficial to raise awareness at an earlier age, before people had developed care needs. This was often linked to the provision of better information and advice.

As mentioned above, the financial services sector raised issues around the complexity of financial products and the need for people to be able to access advice. Some commented that people's general understanding of financial products (i.e. not just care related products) was often quite limited, and that the difficulty in getting people to prepare should not be underestimated. Comparisons were often drawn to pension provision.

3.6 Paying for any reform

Some respondents commented on the fact that if additional state resources were required, a source of finance would need to be found. Most respondents who addressed the issue of additional funding for social care preferred the use of taxation. The most popular recommendation was general taxation, but inheritance tax and national insurance were popular. Some responses were conscious of the need to ensure that any funding solution was fair between generations.

Conclusions

The Commission would again like to thank all those who contributed to the call for evidence. We received many rich, diverse and thorough submissions which will help frame our work.

We would encourage anyone interested in our work to also review the desk research undertaken by MORI into public attitudes towards care and support for the Commission which can be found on our website. The Commission have also commissioned a programme of deliberative research and we plan to publish the findings on our website in due course

As we move forward with our analysis and develop our recommendations, we want to continue to engage with those interested in our work and test our ideas. The Call for Evidence demonstrated that there is a lot of enthusiasm and energy behind finding a sustainable funding solution. We hope that we can build on this to keep building awareness of the challenge and momentum as we work towards our report.

We are due to publish our report by the end of July 2011, as set out in our Terms of Reference.