

# Financial implications of the care act

The story to date

# Financial Context in which Care Act is being introduced

- Efficiency and other savings delivered by Adult Social Care over the past 5 years amount to £22m.
- The current savings in the medium term financial strategy amount to £12m through to 2017/18.
- The council is still required to find further savings of around £27m to balance the budget for 2017/18

# Increased demand arising from implementation of the care act.

- From 1st April 2015
  - Assessment of carers needs
  - Support to carers
  - Information and advice
  - Deferred payment applications
- From 1<sup>st</sup> April 2016
  - Care assessments to identify eligible needs for care cap for all clients including current self funders.
  - Financial assessments and recording of cost of care against care cap for all people with eligible needs including self funders.

# Financial and activity modelling of new workload arising from the Care Act

- National tools produced to support consistent reporting of activity and costs
  - Surrey Model
  - Lincolnshire model
  - Birmingham model
- All models are subjective and give a range of different outcomes. Nationally priority is being given to further develop Surrey model for use across the country.

# Complexity of identifying impact of Care Act - Carers Assessments

- 37,937 No. of carers in borough
- 9,462 No. of carers providing 50 hrs + unpaid care per week
- 3,200 No. of carers currently supported by Adult Social care.
  
- A 2000 Increase in no. of carers requiring support as a result of the care act changes could cost the authority £1.4m based on Lincolnshire model

# What Is changing ? Funding Cap

- Capped Lifetime Care Costs - £72,000 – currently no limit for people with assets
- Lower cap to be set for people with care needs before old age
- No costs for people with on-going care needs from childhood

# What is changing? Extended Means Test

- More people to receive state-funded support with changes to the means test
- Capital limit increased from £23,250 to £118,000 (for care homes)
- Capital limit increased from £23,250 to £27,000 for non-residential care
- Assets below £14,250 are not included in the means test - this will rise to £17,000

# What is changing? Care Homes

- Deferred Payments from 2015
  - no one will have to sell their home in their lifetime
  - Councils will be able to charge interest during the period of the agreement – currently no interest applies during stay in care care home.
- Care Homes from 2016
  - Contribution to Daily Living Costs (around £12,000 pa) separate from care costs
  - Daily living costs not subject to the cap
- Direct Payments for Residential Care from 2016
  - Extension of existing system that is available for care at home



# CASE STUDY Mr A

**Mr A, aged 70, develops dementia and moves into a care home.**

His assets are over £118,000, so he does not qualify for local authority support.

In addition to his pension, he receives attendance allowance (AA)\* at the higher rate of around £90 per week.

The local authority calculates his needs can be met in a local care home which costs £650 per week. However he chooses to pay an additional £150 per week to move into a different care home of his choice.

**He reaches the cap after 3 years and 4 months, after which:**

The local authority pays £420 per week to meet his needs. He remains responsible for his daily living costs and his £150 top up.

**Mr A remains in the care home for one more year, after which his remaining assets are around £210,000.**

\*Attendance Allowance (AA) is a non means tested benefit for severely disabled people aged 65 or over who need help with personal care

*He has*

<b>Assets</b> £300,000	<b>Income</b> £390pw (from his pension and AA)
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*He contributes*

<b>Care Costs (which count towards the cap)</b> £420 per week	<b>Daily Livings Costs</b> £230	<b>Top Up</b> £150
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*Local Authority contributes*

<b>Care Costs (which count towards the cap)</b> £420 per week	<b>Daily Livings Costs</b> £230	<b>Top Up</b> £150
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*He contributes*

**Mrs B, age 80, develops arthritis and needs care and support in her own home.**

The value of her assets *excluding* her home is £20,000. Her home is worth £200,000 but this is not considered within the calculation of her assets because she is receiving care in her own home. Her income is £260 per week, including lower rate attendance allowance (AA)\* worth around £60 per week.

<i>She has</i>	
Assets	Income
£20,000 (excluding her home)	£260pw (from her pension and AA)

The local authority calculates her needs can be met at a cost of £100 per week.

She has a financial assessment to determine how much she can afford to pay. As a result, she contributes £62 a week.

<i>Local Authority contributes</i>	<i>She contributes</i>
	<b>Care Costs</b> £100 per week

After 3 years her care needs increase and she moves into a care home. At this point her progress towards the cap is £16,000. This is the total amount paid by Mrs B and the local authority by that point.

Her assets (not including her home) have reduced to £18,500.

As Mrs B is now receiving residential care so her home is now considered as part of her assets – her total assets are now considered to be £218,500.

As Mrs B has assets over £118,000 she does not qualify for financial support.

<i>She has</i>	
Assets	Income
£218,500	£290pw (from her pension and AA)

She receives higher rate attendance allowance\* of £90 per week.

# Risks / Implications

- What costs will the state be responsible for
  - Reasonable care costs once the care cap has been reached
  - Financial help for people with both their care and or general living costs if they have less than £17k in assets, and if they do not have enough income to cover their care costs.
- Managing the Market place
  - The council will be expected to ensure that there are a range of providers.
  - The implications of the care act could see changes in the numbers of publicly funded and self funded people which could distort the market place.

# Summary

The care act will lead to a number of specific pressures on the Local Authority these include :-															
Key															
Readiness							Impact								
Red - no data available							Red - high cost pressure								
Amber - modelling underway							Amber - Medium cost pressure								
Green -modelling complete							Green - No financial impact								
														Readiness	Impact
–Increased numbers of assessments including carers assessments														Yellow	Red
–Increased costs of services for carers following assessment of needs															Red
–Increased workload and costs arising from Deferred payments.															Yellow
–Reduced client contributions arising from changes to threshold															Red
–Cost of implementing and monitoring cost of care against the care cap															Yellow
–Reduction in number of people contributing towards the cost of their care															Yellow
–Cost of meeting the additional expectations on information and advise.															Yellow
–Cost of ensuring IT systems are compliant with the act.															Yellow

# Care Act Costs

<b>Care act potential costs 2015/16- 2016/17</b>								
						£,000	Confidence	
Increased No. of assessments						655	Low	
Increased cost of services to carers						1091	Low	
Increased cost of deferred paymernts						N/A	Low	
Reduced client contributions following threshold changes						1170	Medium	
Reduction in client contributions care cap						N/A	Low	
Increased costs of information and advise						N/A	Low	
Cost of IT systems						N/A	Low	
<b>Total</b>						<b>2916</b>		