

<b>9<sup>th</sup> January 2014</b>		<b>ITEM: 5</b>
<b>Health and Well-Being Board</b>		
<b>CARE BILL – Funding implications arising from the implementation of the “Dilnot reforms”</b>		
<b>Report of:</b> Roger Harris – Director of Adults, Health and Commissioning		
<b>Wards and communities affected:</b> ALL	<b>Key Decision:</b> Key	
<b>Accountable Head of Service:</b> N/A		
<b>Accountable Director:</b> Roger Harris – Director of Adults, Health and Commissioning		
<b>This report is</b> Public		
<b>Purpose of Report:</b> For the HWB Board to note the work currently being undertaken and the financial implications for the Council and its partners.		

## **EXECUTIVE SUMMARY**

The Care Bill is currently going through Parliament. It represents the most significant overhaul of the Adult Social Care legal framework for many years. It will also see a considerable change in the way that individuals and the Council pay for long term care – the so called “Dilnot Reforms” - following the review undertaken by Andrew Dilnot which reported in 2012. This report looks at the implications for the local authority and its partners of these changes and some of the wider implications of the Care Bill.

### **1. RECOMMENDATIONS:**

- 1.1 That the HWB Board notes the current assumptions behind the introduction of these reforms and requests a full report comes back on the wider implications of the Care Bill for the Council and partners once the legislation is finally passed.**

### **2. INTRODUCTION AND BACKGROUND:**

- 2.1** The government have indicated that they will be accepting the recommendations in the Dilnot review and this is detailed in their consultation document issued in August 2013. The 2 most significant aspects of this are the introduction of a “care cap” currently proposed at £72,000 (this may rise with inflation each year) and the proposed rise in the threshold at which individuals have to pay for their own care – from £ 23,250 to £ 118,000.

- 2.3 Each Service User will have a Care Account (set at £0 as of April 2016) that will capture and accumulate the gross cost of eligible care. When the cap of £ 72,000 (which includes the individual and Council contributions) is reached a Service User would no longer have to contribute towards the cost of their care.
- 2.4 In addition to this the upper capital limit (savings or property), at which point a person can be deemed as having to pay full cost, will increase from £23,250 to approximately £118,000.
- 2.5 These reforms will increase the number of people that will seek help and support from the Authority that may not previously have accessed services in this way due to their savings or asset levels. People will still need to meet the Council's eligibility criteria – Fair Access to Care Services (FACS) in order to access Council funding and there is a separate review underway to establish a national criteria for FACS. Thurrock currently (along with 90% of Councils) supports people who meet substantial and/or critical needs – any lowering of this will have further significant costs to the authority.

## **Methodology**

- 2.6 We have tried to estimate what the costs of these changes would be to Thurrock. In order to identify the financial pressures the analysis will have consideration to the following client category and sub-categories as these are the most defined within the Bill:
  - Older People: Standard placements.
  - Older People: Dementia placements.
  - Older People: Nursing placements.
- 2.7 First, the average costs of these separate client groups would need to be established based on the average cost over the last 3 years and factoring in expected contractual increases (if known). This will provide the average cost per placement per client grouping and will be based on actual Thurrock data.
- 2.8 Secondly, those private placements that are within the Authority's boundary will have to be identified and assumptions made on who would then be eligible for local authority support..
- 2.9 Thirdly, demographic growth based on Projecting Older People Population Information (POPPI) and Projecting Adult Needs and Service Information (PANSI) information will be used and segmented on current and predicted client profiles to establish how many Older People in each particular group Thurrock Council should be expecting to fund over the agreed time frame.

## **Assumptions**

- 2.10 Key assumptions have to be made in order to effectively project forward on a reasonable basis. This analysis has specifically focussed on older people as this is where most change will occur. The assumptions used in the model are based on :

- a) Best available information on population trends from national modelling.
- b) Assumed inflationary uplifts in contractual values for residential care.
- c) The number of private care home placements.
- d) The percentage of private residents that will seek support from the Authority.
- e) The percentage breakdown in to the 3 older people client categories.

### Potential Impacts

2.12 The client number projections from September 2013 up until April 2018 in Figure 1 below shows the expected natural increase via **demographic pressures** the Authority will face from now up until April 2018. This is an expected trend due to the nature of the population mix coupled with an aging population.

**Fig1**

	Actual	Projected				
	Sep - 13	Apr-14	Apr-15	Apr-16	Apr-17	Apr-18
<b>Standard placements</b>	286	300	308	317	323	330
<b>Dementia Placements</b>	70	77	80	82	84	85
<b>Nursing Placements</b>	25	25	26	27	27	28
<b>TOTAL</b>	<b>381</b>	<b>402</b>	<b>414</b>	<b>425</b>	<b>434</b>	<b>443</b>

2.13 Upon the introduction of the Care Bill in April 2016 an increase of requests for support to the authority is expected. This uptake, **modelled at 50%** of the existing known level of private funders would increase client numbers up but is reduced to 50% to account for those who are not placed appropriately or do not wish to approach the Authority for support. Figure 2 shows the increase in numbers that result and Figure 3 shows the cumulative increase from both population and self funders being brought into LA funding responsibility.

**Fig 2**

<b>Increase as a result of Care Bill</b>
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	Apr-16	Apr-17	Apr-18
Standard Placements	25	26	26
Dementia Placements	6	6	7
Nursing Placements	2	3	2
<b>TOTAL</b>	<b>34</b>	<b>35</b>	<b>35</b>

**Projections – population increase and Care Bill**

Fig 3

	Apr-16	Apr-17	Apr-18
Standard Placements	342	349	356
Dementia Placements	88	90	92
Nursing Placements	29	30	30
<b>TOTAL</b>	<b>459</b>	<b>469</b>	<b>479</b>

2.14 This expected rise in demographic pressures (shown previously) will firstly put an additional financial pressure on the Authority that will increase the older person spend from £8,783k to £10,613k by 2018/19, an increase of 17.24% (shown in Fig4 below).

Fig4	Actual	Demographic Projection				
		2014/15	2015/16	2016/17	2017/18	2018/19
Standard Placements	£6,317k	£6,661k	£6,927k	£7,163k	£7,387k	£7,616k
Dementia Placements	£1,740k	£1,870k	£1,945k	£2,011k	£2,074k	£2,139k
Nursing Placements	£727k	£751k	£781k	£808k	£826k	£859k
<b>TOTAL</b>	<b>£8,783k</b>	<b>£9,283k</b>	<b>£9,654k</b>	<b>£9,982k</b>	<b>£10,287k</b>	<b>£10,613k</b>

2.15 Using the assumptions states the initial financial impact of the rise specifically related to the uptake in Care from the provisions in the Bill will be £794k by

2016/17 rising to £844k by 2018/19. The breakdown per client grouping is shown below in Fig 5.

**Fig5**

	<b>Increase as a result of Care Bill</b>		
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Standard Placements</b>	£574k	£592k	£610k
<b>Dementia Placements</b>	£156k	£161k	£166k
<b>Nursing Placements</b>	£63k	£65k	£67k
<b>TOTAL</b>	<b>£794k</b>	<b>£818k</b>	<b>£844k</b>

- 2.16 When these additional costs are factored in to the existing demographic pressures the bottom line impact increases further, to a peak of £11,475k by 2018/19.

**Fig 6**

	<b>New totals With Care Bill costs and population increases</b>		
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Standard Placements</b>	£7,737k	£7,979k	£8,226k
<b>Dementia Placements</b>	£2,167k	£2,235k	£2,304k
<b>Nursing Placements</b>	£871k	£890k	£926k
<b>TOTAL</b>	<b>£10,776k</b>	<b>£11,105k</b>	<b>£11,457k</b>

### 3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 The modelling of this will need to develop but it shows that our current projected expenditure just on older people's placements will increase from a forecast of £ 8,783k in 2013/14 to £ 10,776k by 2016/17. An increase of 20% in just three years.
- 3.2 This is as a result of increasing population and the change in the threshold. At this stage **no assumptions** have been made for the following :

- The introduction of the cap of £ 72,000. As everyone’s care account will be set to zero on the 1<sup>st</sup> April 2016 it is not assumed that this will have significant impact until at least after the first two years.
- No figures have yet been included for younger adults – 18 to 65, as the implications for this age group are less clear.
- The consultation document has stated people will be charged a “boarding and lodging allowance” of up to £ 245 per week. It is not clear whether this will be means tested or how this charge will operate but it clearly could offer some compensating income for local authorities.
- There will be clearly extra costs for the local authority as a result of extra assessments that will be needed due to more people now being eligible for LA funding. These operational costs have not yet been factored in.
- Finally, there will be extra costs arising from other new requirements from the passing of the Care Bill – new requirements around Advice and Information; new Safeguarding arrangements; the increased role around market shaping; new rights for carers following an assessment etc.

#### **4. REASONS FOR RECOMMENDATION:**

- 4.1 This report is updating the HWB Board of our initial analysis of the costs from the introduction of the Dilnot reforms. A fuller report on all the implications arising from the enactment of the Care Bill will be brought back to the Board next year.

#### **5. CONSULTATION (including Overview and Scrutiny, if applicable)**

N/A

#### **6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

- 6.1 The most significant impact will be on the Council’s Medium term Financial Strategy. The government have stated that national funding will be made available to meet these additional costs.

#### **7. IMPLICATIONS**

##### **7.1 Financial**

Implications verified by: Mike Jones  
 Telephone and email: 01375 652772  
 mxjones@thurrock.gov.uk

The current indication, as part of the comprehensive spending review is that the cost of implementation of the “Dilnot reform” will not have an

adverse financial impact on Local Authorities. Therefore, at this stage, there has not been any adjustment made to the Medium Term Financial Strategy. However, this situation will be monitored as part for the Councils budget setting strategy.

## 7.2 **Legal**

Implications verified by: **Michael Henson-Webb**  
Telephone and email: **michael.henson-webb@bdtlegal.org.uk**  
**0208 724 3800**

No legal implications have been identified.

## 7.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
Telephone and email: **01375652472**  
**Sdealyn@thurrock.gov.uk**

At present, no implications have been identified.

## 7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

None

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):**

- None

## **APPENDICES TO THIS REPORT:**

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