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Committee Clerk
Health and Social Care Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA.

15 December 2011

Dear Sirs

Please find enclosed our response to the inquiry into residential care for older people. In summary, our response is that:

- A sustainable solution needs to be based on a realistic estimation of the costs of delivering good quality care.
- If additional finance is to be raised from individuals it must be clear that sufficient funds will be raised to meet the policy objectives.
- A national system of entitlement will be required to secure support for a new system.
- A system of fair fees is required.
- There should be a greater integration between the NHS and social care.
- The sector must be aware of the implications of the Southern Cross scenario.

We would be delighted to discuss any of the issues raised in this response with you at any time.

Yours sincerely

Ailsa Pemberton
Senior Legal Adviser (New Legislation)
On behalf of Bupa

By e-mail to: HSCCommittee@wales.gov.uk.

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INVESTOR IN PEOPLE

BCH/1409/LHD11

Health and Social Care Committee
Residential Care for Older People

About Bupa

Bupa's purpose is to help people lead longer, healthier, happier lives.

A leading international healthcare group, we offer personal and company health insurance, run care homes for older people and hospitals, and provide workplace health services, health assessments and chronic disease management services, including health coaching, and home healthcare.

With no shareholders, we invest our profits to provide more and better healthcare. We are committed to making quality, patient-centred, affordable healthcare more accessible in the areas of wellness, chronic disease management and ageing.

Employing nearly 52,000 people, Bupa has operations around the world, principally in the UK, Australia, Spain, New Zealand and the USA, as well as Hong Kong, Thailand, Saudi Arabia, India, China and across Latin America.

Bupa Care Services (BCS) is the second largest care home operator in the UK and the biggest provider of specialist dementia care. We care for over 18,500 residents in more than 300 care homes, with over 70 per cent of our residents financed wholly or in part by local authorities or primary care trusts. In Wales itself, we have 12 homes comprising 349 registered beds of which 57 per cent are contracted to local authorities. All our Welsh homes have been inspected and no requirements have been imposed.

For more information, visit www.bupa.com.

Introduction

Bupa welcomes the inquiry by the National Assembly for Wales into residential care for older people. This response builds on our Green Paper submission from last year, a copy of which is annexed.

This response provides a summary of what we believe are the key issues in residential care for older people, the overriding theme of which is the need to create a sustainable, adequately funded system.

Our response

1. ***Alternative funding, management, and ownership models, such as those offered by the cooperative, mutual sector and third sector, and Registered Social Landlords***

Bupa has no shareholders and pays no dividends. Bupa reinvests its profits back into its business to provide more and better healthcare for our customers.

Bupa's status is similar to that adopted by Glas Cymru – the single purpose company formed to own Dŵr Cyrmu/Welsh Water.[1] Like Glas Cymru, Bupa is a 'company limited by guarantee' and has no shareholders and pays no dividends.[2] Again, as in the case of Glas Cymru, Bupa has Members – holding the Board to account for the management of the business, monitoring the standards of corporate governance, and keeping the focus on our customers. Bupa's Members are senior and distinguished people who act independently and are free from personal interests in the organisation.

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[1] http://www.dwrcymru.com/en/Company-Information/Glas-Cymru/Membership.aspx

[2] http://www.bupa.com/investor-relations/our-status-and-governance

This means that Bupa is not driven by the need to make short-term profits and is able to plan for the future and take a long-term view.

This status and operating model means that Bupa is a robust company with international healthcare expertise, Today, Bupa operates more than 300 care homes in the UK, as well as care homes and retirement villages in Spain, Australia and New Zealand.

2. A sustainable solution needs to be based on a realistic estimation of the costs of delivering good quality care.

Without a realistic estimate of the costs of providing sustainable care, the system will not be able to deliver the improved outcomes necessary to ensure support for frail, older people in the medium and long-term.

There is wide agreement that the current system is under-funded and to maintain minimum standards and deliver improved services will require higher levels of expenditure on social care than currently envisaged.

The anticipated cost of residential social care must include so-called 'hotel' costs as our residents and their families rightly see residential care as a single service in which accommodation and nutrition are an essential part of the care package. If 'hotel' costs are not included, an additional funding mechanism will be needed, which will result in an overly complex system.

It is currently not possible to quantify reductions in care costs from improvements in telecare and preventative care and there is no track record of delivering reductions in care costs from previous improvements. While care homes do seek efficiencies, the scope for savings is extremely limited. For example, providers cannot reduce staff numbers, without the unacceptable outcome of compromising quality and safety. So we believe that it would be wrong to base a new system on the assumption that such staffing reductions will occur.

3. If additional finance is to be raised from individuals it must be clear that sufficient funds will be raised to meet the policy objectives.

We believe a voluntary or optional approach is unworkable because even if Wales were to achieve a participation equal to France (which, at 15% of the eligible population, has the highest participation rate in any voluntary long-term care scheme in the world) this would still not provide enough funds to meet the policy objective of system-wide improvements.

Evidence shows that the only way to reduce the overall costs of the system to individuals is to achieve the widest possible risk pooling and this can only be achieved at very high rates of participation. Successful reforms that we are aware of (Japan, Germany and Australia, for example) have been based on compulsory participation.

Voluntary pre-funded long-term care insurance has been offered in the past by various providers in Wales but all have withdrawn as there was not enough interest in the product.

In terms of possible solutions, we believe that it may need to be recognised there could be two cohorts to address – younger people, for whom a long-term, well-funded solution can be put in place now; and, say, people aged over 50 for whom a different solution may be appropriate.

4. A national system of entitlement will be required to secure support for a new system.

Successful reform in other countries has included national entitlement and assessment. We believe that consistent national entitlement is required so that there is clarity and consistency about the benefits that the public will receive from contributing to the reformed system. This transparency will allow individuals to plan what further allowance, if any, they would like to make for their later years.

A national system would also prevent local commissioning bodies taking decisions to restrict care

entitlements in order to meet short-term funding constraints, which is a key concern with the current funding system.

A national entitlement would of course imply that if entitlement levels are set nationally (whether on a cash entitlement basis or by reference to set service levels) then funding should be raised on a national basis.

5. Funding of social care: fair fees

We know that many people are living longer which means that people are entering care homes at an older age and more frail than ever before. Bupa's most recent international census of the dependency levels of residents in its care homes in Australia, New Zealand, Spain and the UK, showed that:

- 62% are living with the effects of dementia, stroke or Parkinson's disease;
- 48% are immobile; and
- 94% have a clinical reason for seeking a residential care home place.

In 2003, Bupa care homes in the UK looked after just under 4,000 people who were living with dementia, in 2011 this figure is close to 7,000 and rising.

To provide aged care of the standard that meets this higher dependency level, there needs to be a public acceptance that investment is needed to continually train and develop staff, research new and innovative approaches to care, upgrade existing facilities, and build modern care homes that can cater for the individual needs of older people.

The Welsh Government quite clearly want the independent sector to provide services, but those services are largely funded by public money.

The Care Forum Wales (CFW), which represents more than 500 independent care providers, announced recently that the care of vulnerable people has been "chronically underfunded" for years.

In late December 2010, Mr Justice Hickinbottom came to the conclusion that the approach adopted by Pembrokeshire Council in relation to setting the fee rate for the year 2010/2011 was unlawful and granted the application for judicial review. The decision of the Council was set aside and the Council was ordered to remake the decision lawfully by 31 January 2011.

The CFW now believe they are beginning to see a change in attitude from some local authorities worried about the possibility of being subjected to Judicial Reviews in the High Court.

Following the judicial review of Pembrokeshire Council, Conwy councillors recently voted to increase payments to private residential and nursing homes. They are upping payments from £346 to £448 per elderly resident per week to private care homes – an increase of 29.5 per cent. Payments to homes for elderly and mentally ill residents (EMI) will be raised by 8.1 per cent from £442 to £478. Nursing home costs will also go up from £561 to £598, and EMI nursing home patients from £603 to £637.

There are two further Judicial Reviews in progress at the High Court in Cardiff. A second case involving Pembrokeshire care homes taking on the county council again and Neath Port Talbot Council.

It is vital that the year on year chronic underfunding is addressed. Early in 2011, Bupa published 'Who Cares?[3]', a report that highlighted the ongoing problems caused by local authorities paying fees that were below the real cost of providing care for older people. It predicted that, unless action is taken to reverse this trend, a combination of home closures and increased demand would mean up to 100,000 frail older people in the UK being unable to access care home places that they need. Given the increasing level of dependency of people living in care homes, it would be likely that those unable to gain a place would instead turn to the NHS for their long term care, creating a bed-blocking crisis for hospitals.

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[3] http://www.bupa.com/about-us/information-centre/uk/who-cares

Despite the Pembrokeshire Judicial Review, many local authorities are currently offering low fee increases: in real terms reductions. This comes after previous years of below-cost fee increases in which operators have already worked to identify efficiencies that do not compromise care as their major costs continue to rise. Unfortunately, a number of local authorities have not been paying proper heed to Welsh Government guidance or adhering to their legal responsibilities. Some years ago a "toolkit" was agreed by the care sector and the Welsh Local Government Association. The figures were not liked by local authorities and have not been widely implemented. In fact even the increases in Conwy are still well short of the figures in the toolkit, but it is a step in the right direction.

Unless other local authorities take heed it is likely that there will be even more Judicial Reviews because hard-pressed providers have no other redress.

We will be interested to consider the new Social Services Bill which should provide a Welsh solution to the whole dimension of social care in Wales.

6. *Promoting integration between the NHS and social care system*

While Bupa believes that care homes and hospitals face different challenges, and should be considered separately, we want to see even greater integration between the NHS and the social care system so that older people are not disadvantaged by unnecessary boundaries that slow discharge from acute hospital wards and hamper the exchange of information such as patients' medical notes.

Greater integration between health and social care would also enable care homes to make a greater contribution to some of the challenges facing the NHS.

In many cases acute hospital wards are not appropriate for the long-term care of older people with chronic conditions and NHS staff and facilities are not equipped to do so. Such people can be looked after far more effectively in residential care than the NHS, yet older people remain in hospital beds longer than necessary as they are unable to return home because adaptations are needed or community-based services are not available. Greater use of nurse-led home healthcare and care homes can help the discharge of older people to a community setting which is more appropriate to their individual needs and helps the NHS use its resources more efficiently.

Councils should work with the NHS to improve the integration of health and social care systems and budgets. Local government should build further on its initial steps so that integrated plans can be developed that cross 'budget borders' in developing alternative care solutions for older people.

7. *Implications of the Southern Cross scenario for the sector*

Our view is that further regulation of the social care sector, following the collapse of Southern Cross, is not necessary and would not work in practice. For the sake of transparency, it's important to point out that while we were approached in relation to taking over some of the Southern Cross homes, we have chosen not to do so.

Whilst it would be in the interests of the sector and care users for there to be fewer instances of operators getting into financial difficulty, we believe that there is already sufficient regulation in place and we disagree that the sector is lightly regulated.

We recognise that there may be a need for improved market intelligence and monitoring of providers, such as better information sharing and greater analysis of provider performance. But we disagree that there is a requirement for improved post-failure regimes such as changes to insolvency or the risk pooling of funds among providers.

It now appears clear that homes operated and residents served by Southern Cross will, in the vast majority of cases, be transferred to new operators with no interruption in care. It may be that a small number of homes which are too expensive to bring up to current standards or in areas where there is an excess of residential care beds will close. But the overall transfer has been successfully managed with no need for direct government intervention, financial or otherwise, in contrast with other sectors.

We believe that provided operators can generate a reasonable return from providing care to support and invest in their homes, operators will always step in to take over homes from an operator who (as was the case in Southern Cross in our view) over-extends themselves and, while generating a surplus from operations, cannot fund the payments to their lenders or landlords. This may not be the case, however, in future if thinly-capitalised operators have their margins squeezed yet further through real terms reductions in fees.

Further information

Should the Commission have questions about information contained within this response, we would be happy to engage further

ANNEX

Bupa response to Social Care Green Paper consultation paper
February 2010

Executive Summary

- **Bupa is a leading international healthcare company, it has over 10 million customers in more than 190 countries and employs over 52,000 people around the world**
- **Bupa Care Services (BCS) is the second largest care home operator in the UK and the biggest provider of specialist dementia care. We care for over 18,500 residents in more than 300 care homes, with over 70 per cent of our residents financed wholly or in part by local authorities or primary care trusts. 12 of these homes are situated in Wales and comprise 349 registered beds of which 199 are contracted to the local authorities.**
- **We welcome and support the recognition in the Green Paper that reform of social care is urgently required and the emphasis on personalisation, transparency, universality and fairness**
- **The most important aspect of social care reform is the question of adequate funding, although improved personalisation and operational effectiveness are also vital for the success of any new system**
- **The current system is under-funded, which results in unmet need, pressure on the NHS and under-investment in social care**
- **We believe the key issues that are not addressed in the Green Paper are:**
  - **The need to secure sufficient capacity of high quality care - the Green Paper is silent on this issue and this appears to be a missed opportunity**
  - **The need to raise the status and quality of care workers - The Green Paper mentions this issue but no reference is made of the obvious remedy, funding an increase in rates of pay for those workers (this step has recently been taken in New Zealand) to attract the most appropriate candidates**
  - **The exclusion of accommodation and food costs of residential care from the funding support to be provided for residential care – this effectively leaves half the costs of those most vulnerable and at financial risk in the current system not covered by the new system and undermines the Green Paper's claim to propose a comprehensive solution**
- **We support the "Comprehensive" option set out in the Green Paper as it is the only proposal which in our view could adequately address the issues in the social care system**

About Bupa

Bupa is a leading international healthcare company. Established in 1947, it has over 10 million customers in more than 190 countries and employs over 52,000 people around the world.

Our main interests are health insurance, care homes for older and young disabled people, workplace health services, health assessments and chronic disease management services, including health coaching and healthcare services in the home.

While Bupa's largest and original business is in the UK, we have significant businesses in Spain, Australia, Denmark and the USA. Bupa also has businesses in Hong Kong, Thailand, Saudi Arabia,

New Zealand, India, China and Latin America including care homes in Spain, Australia and New Zealand.

Bupa has no shareholders. We reinvest our money to provide better healthcare for our customers, helping them to live longer, happier, healthier lives.

Bupa Care Services (BCS) is the second largest care home operator in the UK and the biggest provider of specialist dementia care. We care for over 18,500 residents in more than 300 care homes, with over 70 per cent of our residents financed wholly or in part by local authorities or primary care trusts. In Wales itself, we have 12 homes comprising 349 registered beds of which 57 per cent are contracted to local authorities. We have the highest proportion (88%) of care homes rated Excellent and Good by the Care Quality Commission of any large operator in England and although a rating system is not used in Wales, all our Welsh homes have been inspected and no requirements have been imposed. BCS is a committed participant in long-term residential care, and the only major brand in all the markets in which we operate. Our expertise, name and quality distinguish us from other participants.

We are constantly innovating to improve the care we give to our residents and have developed the following systems in house:

- We have introduced Personal Best, a unique staff initiative to recruit, train and retain a skilled workforce to underpin quality of service and focus on individualised person-centred care.
- QUEST, a standardised assessment and care planning tool and associated documents which significantly improves care planning.
- Key Operating Guides – illustrated guides to key care-giving processes to ensure that they are implemented correctly.

Introduction

We believe that the most important aspect of social care reform is the question of adequate funding, although we acknowledge that personalisation and operational effectiveness is vital for the success of any new system. We are pleased that the Social Care Green Paper recognises the key issue that the current system is under-funded, which results in unmet need, pressure on the NHS and under-investment in social care.

In considering this issue, it is also relevant to understand that:

- In 2006, people aged over-65 accounted for 43.1% of NHS spending. We estimate that the spending per head is 3.4 times the average for the over-65s, 4 times for the over-75s and 8.3 times for the over-85s, based on similar statistics from other countries. This proportion has been rising in recent times and looks set to continue to do so.

- Between 2005 and 2041, it is estimated that the numbers of users of non-residential formal services will rise 102% from 1.5 million to 3.1 million, due to demographic pressures and the numbers of older people in care homes (and long-stay hospital care) will rise by 139% from 345,000 to 825,000.

- The percentage of older people in care homes is higher in many comparable countries than in the UK. According to the Wanless report only 5% of the UK's over-65 population were in care homes in 2003. This compared with 6% in Australia, 8% in Sweden, 9% in Holland and 12% in Norway. This indicates that it will not be possible to save costs by substantially reducing the proportion of older people in residential care. Since that time the numbers of residential care beds in England and Wales has fallen.

Reflecting the views of our customers

We recently submitted a consultation response to the Government's Green Paper on social care, as part of this process Bupa invited our customers to have their say and share their views on the state of social care for older people in the UK:

- The responses to our website showed that many people do not understand the rationale behind the current social care system and believe that their National Insurance contributions made during

their working lives have funded any care they needed in later life. They see the NHS pledge of care from the "cradle to the grave" as also involving the provision of social care.

- Almost 70% of respondees said that the Government should fund care in later life, with a further 10% saying it should be down to local councils.
- Furthermore, respondees clearly showed that older people feel their issues are not being addressed by policy makers and that they are reliant on their families to support them. Some 83% of respondees said they felt they were 'not well' or 'not at all well' supported by the government, compared to more than 73% saying they were 'quite well' or 'very well' supported by their own families.
- Local communities and the media did not fare much better. Only 20% said they were 'quite well' or 'very well' supported by their communities with only 28% saying they were 'quite well' or 'very well' supported by the media in general.

We believe this shows that efforts to reform the system will also need to explain why social care need is not seen as an absolute entitlement in the same way that health care needs are met through the NHS.

The Green Paper Consultation

We have split our consultation response into three main areas following the Green Paper chapters. We first of all consider the challenge; then the transformation of the social services in Wales; and finally the new models for funding social care. On the whole we have not given specific answers to the consultation questions set, but have instead dealt with the issues on which we feel able to comment as a narrative. We hope that you will accept our response format and find our comments useful.

Chapter 1: The Challenge

We are heartened that the demographic trends for Wales have been included and form part of the motivation for necessitating change in the care and support services. We also agree that the set of principles drawn up by the Wales Stakeholder Advisory Group on paying for care, reflect the needs of the new system. However, we are of the opinion that only one of the reform options allows for a sustainable system, the comprehensive option, and we set out our detailed explanation in Chapter 3.

Chapter 2: Transformation of Social Services in Wales

We agree with the strategy for the new Welsh social service system set out in chapter 2 of the Green Paper. However, in simple terms, we believe the fundamental requirements are that the system should be fair, simple and affordable and that, without reform, the effects of under-investment will only worsen in the future, as it is generally accepted that the numbers of people needing care and support will increase rapidly over the next 20 years. The key to tackling this failure is to get more *new money* into social care on a *sustainable* basis We are, therefore, concerned that the three vital facets of fairness, simplicity and affordability will be significantly undermined by the following factors, which we believe the Green Paper has failed to adequately address:

1. **Striving for excellence and improvement**

   There is agreement, by most observers, that the requirement for social care in all settings is increasing and will continue to do so for many years.

   The current system governs supply by imposing cash limits which are not linked in any systematic manner to the anticipated demand. In other jurisdictions (such as Canada and Australia) there are systematic assessments (based on demographic metrics) of the capacity required to meet demand in regions. This drives decisions in relation to the social care system about the appropriate level of resources required and also the cost of providing services of the quality of provision required.

   The Green Paper is silent on this issue and this appears to be a missed opportunity.

2. **Workforce**

It is vital to ensure that the staff involved in delivering the services are suitably motivated and skilled and trained so they are able to deliver the high standards required. The Green Paper mentions raising the status and quality of care workers, but no reference is made of the most obvious method of doing so, which is funding an increase in rates of pay for those workers (this step has recently been taken in New Zealand) in order to attract the most appropriate candidates.

We endorse the view of the Low Pay Commission (LPC) in its May 2009 report: "We recommend that the commissioning policies of local authorities and the NHS should reflect the actual costs of care, including the National Minimum Wage." The LPC made this statement because in its view care home fees paid by state commissioners do not currently adequately allow for the Minimum Wage regime. Clearly, it would assist providers to maintain and improve care quality, if the funding regime allowed them to pay above the minimum wage to attract care staff.

3. **Commissioning and Partnership**

We agree with the approach of joined-up services and believe that, to help achieve this goal, the new system should incorporate a major extension of individual budgets to give people control over their care.

The present system has evolved into a postcode lottery. Its replacement must address this issue and enable people to understand the workings of the system without reference to geographical area. The system needs to be transparent, universal and fair. We support a national assessment process and entitlement regime which is based on need, not geography, and implemented in the same way whether you live in Canterbury, Coventry or Cardiff. We believe that there should be one new system which applies to both England and Wales in order to eliminate cross border issues, which are already seen with prescription charging in the NHS. Better communication and cooperation between the new system and the NHS is also imperative. In our experience there are too many examples where the current systems are at odds with each other and which ultimately affect the user detrimentally.

As an example we regularly experience considerable problems in obtaining the medical support, to which our residents are entitled, from the NHS primary care system. This appears to be a result of the surprisingly common but mistaken view that when users are in residential care, all their healthcare and social care requirements will be provided, or at least funded in whole or in part, by the social care provider when, in fact our residents' healthcare remains the responsibility of the NHS.

The customer's experience

Mrs D is wheelchair-bound, and has a number of health problems including angina, arthritis, oedema, as well as infections which sometimes give her hallucinations.

She managed on her own until the age of 93, but her daughter was increasingly concerned that she would fall and injure herself, with no-one nearby to help her. Even when she asked for community nurses to come into help her mother at home, the latest appointment possible was at 7pm - which left her without help during the evening and night.

Owning her own home took Mrs D over the assets threshold for local council funding. Her social services department did not agree that she needed nursing care, and refused to pay her care home costs, despite her GP stating that she needed 24-hour nursing care.

After being admitted to a Bupa home, her daughter had to sell Mrs D's home to fund her care. The council refused to allow her to defer her mother's care payments until the housing market recovered so she was forced to sell for much less than expected and now the proceeds will only cover around four years of Mrs D's care home fees.

After that, her daughter has no idea what they will do. She said: "The current system is very unfair to old people - they have no choice. While the care my mother is receiving at the Bupa home has been

fantastic, it is expensive. There is a big black hole facing us in four years' time, and I have absolutely no idea what we are going to do then."

Mrs D said "I've got no complaints about the home, they are very good to me and the service is excellent. I can't get out of bed or get dressed. I need help with everything really. I was so sad to leave my flat, all my things and all my memories. Thank goodness there are places like this for us to come to, there's no alternative."

The Green Paper is unclear as to how the interface between national assessment and the translation into local entitlements will be made. One of the benefits of a national assessment scheme is that service users can move between local authorities and across borders without having to be reassessed and, therefore, can be confident that their needs will continue to be met. It is unclear how that transition will work in practice. If one local authority is able to determine that certain needs can be met more cheaply, or in a different way, that seems to open up the possibility of uncertainty again. This scenario will also be achieved by Wales developing a separate and different system to England. We believe that a system for England and Wales should be developed by combining the skills of the Welsh Assembly and UK Governments.

4. **Person centred care**

There is now a general recognition that person-centred care is the best way to provide continuing quality of life to people living with dementia. This creates a focus on the personality and preferences of the person that remain, rather than on the problems of memory, understanding and communication created by the disease. Whilst we acknowledge that person centred care is mentioned in the Green Paper, we are keen to ensure that the strategy for social care in Wales includes this specific aspect of personalisation.

Case Study: personalisation of care

Bupa's "*Person First*" approach makes our homes uniquely qualified to deliver personalisation.

Our award-winning "*Personal Best*" programme has, for six years, been focusing our care on the individuality of each resident. Since its launch, levels of customer satisfaction have risen continuously. In our most recent survey 94% of residents, and 93% of their relatives, rate their care home as 'excellent, very good or good'.

In addition, we now provide more and better training to staff in our specialist dementia units and provide on-the-job leadership through our unique Dementia Champions, trained by the Alzheimer's Society to drive continuous improvement in the person-centred culture in their unit. We will have a Dementia Champion in place in each of our 192 dementia units by the end of June 2010, having invested more than £250,000 in their training.

One particular feature of *Person First* care is the provision of brief but regular social activities, tailored to the interests of each resident. Though most will remember the nature of the activity only for a few minutes, the feeling of wellbeing created lasts much longer. This level of insight into the nature of dementia is provided by our Director of Dementia Care, Dr. Graham Stokes, a psychiatric consultant who also sat on the advisory panel for the National Dementia Strategy.

Chapter 3: A New Model for Funding Care

The current system has failed to provide adequate funding, with the inequitable result that the whole risk of high social care costs falls on a large minority who have:

- Some assets (over £23,000) including housing equity; and
- High care needs, but which are not assessed to be high enough to qualify for NHS funding.

This is an historical accident, is unnecessarily complex and creates a large incentive on service users to seek to obtain NHS funding. A more equitable system would spread the costs more evenly across

society and thereby eliminate the need for those who find themselves needing high levels of care to run down their assets to pay for it.

We agree with the Green Paper that it is improbable that sufficient additional funding can be obtained at all, or on a sustainable basis, from general taxation. We, therefore, favour option 5 the "Comprehensive" option as the only proposal which will adequately address the issues which the English social care system faces. There would be a cost (which the Green Paper estimates at between £17,000 and £20,000 per person) but in return:

- The necessary improvements in the social care system would be delivered to the benefit of service users, informal carers and the NHS; and
- Older people would have confidence in their ability to obtain high-quality social care when they needed it without having to run down their assets.

To ensure that the costs are spread more equitably, and to make contributions affordable, funding will have to be shared on a risk-pooled basis. This would involve pooling the contributions from a large part of the population, not all of whom will need substantial amounts of social care. This cannot be achieved through voluntary social care insurance policies as our experience in the UK and other countries tells us that the take up of such policies is low because the public underestimates the cost and likelihood of needing social care. As a result, they do not believe such policies offer good value for money. In addition, the costs of those policies have been driven up because only those with a high probability of needing care have taken them out, which substantially reduces the benefit of risk-pooling.

For such a system to be politically acceptable to the public, the funding contributed by participants must not form part of general government resources and would need to be ring-fenced to provide the social care they need when they need it.

It is our view that the contribution payment required by the Comprehensive proposal could be funded in a variety of ways:

- It would be advantageous to allow it to form part of the tax-free lump sums payable from private pension arrangements.

- Another cost-effective, voluntary alternative for those planning to make the payment would be for people to take out insurance policies with a face value of the necessary contribution. This would be payable only if the insured survives to the end of the stated policy period (the date the contribution becomes due, currently assumed to be at 65). No benefit would be paid if the insured died before the date the contribution became due. Our internal projections suggest that a policy could be taken out at the age of 40 at an approximate cost of around £35 per month.

The exclusion of accommodation and food costs of residential care from the support provided under a reformed social care funding regime.

It is clear to us from the experience of our residents and from media coverage, that one of the most important unpopular features of the current means-tested funding system is the requirement on those with relatively low levels of assets to meet the full costs of their social care.

The majority of these costs (because of the intensive nature of the service provided) relate to residential social care. For example the Green Paper calculates that the average care costs an individual reaching 65 can expect to incur is £31,700. However, this does not include the food and accommodation costs of residential social care which we have calculated to be an additional £12,000 - giving a total amount of average expected care costs of £43,700, of which £24,000 relates to the care and hotel costs of residential care.

If, as is proposed in the Green Paper, these costs are excluded from the system of funding, a large element of the system which is currently very unpopular will be retained. Crudely the above projections indicate that one quarter of the typical social care costs faced by individuals will be excluded from the system but because only a substantial minority of individuals need residential care

this understates the problem. Typically permanent residents in our care homes are with us for about 2 years at a cost of upwards of £52,000.

In our experience, our residents and their relatives do not distinguish between care, and accommodation and food as both are a financial burden. Additionally, the exclusion of accommodation and food costs of residential care, risks perpetuating or in fact bolstering the current public perception that all social care costs are funded by the state.

In our view the Green Paper purports to advocate a comprehensive solution to social care funding while leaving this major issue not only not addressed but not even quantified. It is not clear to us why this misleading approach has been taken, as it risks undermining support for any resulting proposals and the sustainability of any new system in the medium term.

In addition:

- We believe it is inequitable to exclude the accommodation and food costs of residential care (which cares for the majority of social care service users with the highest care needs) as these form an integral part of their care (as it would in an acute care setting where no such exclusion applies). Given the frailty of residents and the long-term nature of the care provision, food with a high nutrition content and accommodation are fundamental parts of the care provided and have a significant impact on care quality.

- The reason an individual is typically placed in a residential care setting is because it is more cost effective (even after the additional accommodation and food costs) to care for them in that setting than to provide an equivalent level of care in their own homes. So, as the aggregate costs are lower, it is inequitable to exclude the accommodation and food costs from protection under the new funding system.

- If such an approach is taken any new system will not just retain the current complexity but increase it, as the present very unpopular means-tested system will continue to exist to fund accommodation and food costs alongside whatever new funding regime is introduced.

- Finally, the exclusion of funding for accommodation and food costs will result in the retention of the incentive in the current system, to seek care provision in the NHS acute sector or funding through the NHS rather than to use the social care system (this incentive is that all care including hotel costs is free to the user even if it is, from their point of view, the same care in the same location if Continuing Care funding is obtained). In general, direct NHS acute provision in this area is not effective (as the acute sector is not able to provide specialist aged care, for example, in caring for those with dementia in sufficient volumes) or efficient as the typical costs of treatment in the NHS exceed those of social care provision.

A nationally or locally determined funding system

It is our view that while the new system needs to be subject to a framework of assessment and entitlement set nationally, Local Authorities should be responsible for the implementation of the system on a local basis within the national framework.

Other international social care systems

There have been successful reforms in social care overseas, so change in the UK is possible. Some examples of key features of those reforms which have been successful are:

- National assessment and payment systems based on care needs. This provides a solid financial basis for care provision by eliminating unwarranted local funding variations and increasing the simplicity for the users of it.

- National capacity planning to help predict the numbers of older people requiring care in the future and to help plan for the consequent increase in social care capacity which is required.

- The introduction of the accommodation bonds system in Australia while controversial at the time, with the benefit of hind sight, has been a cost-effective and palatable way to introduce new money into the system.
- The increased availability of social care through the introduction of a comprehensive scheme in Japan has resulted in reduced demands on family carers and the acute hospital sector.
- In Germany, service users can pay relatives to provide social care for them. The rates of contribution are substantially less than those which apply for formal care but many people still prefer this option, which helps control the costs of care provision as well as supporting family carers.

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