



Committee and Date
Health and Adult Social
Care Scrutiny

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Item

8

Public

THE CARE ACT – UPDATE: Costs & Funding

Responsible Officer Ros Bridges

e-mail: Ros.bridges@shropshire.gov.uk **Tel:** 01743 255011

1. Summary

The Care Act received Royal Assent on 14th May 2014, and will be implemented over the next two years. The Care Act is designed to bring the current laws related to adult social care together in one Act. The aims of these changes are to:

- Create a legal framework that is clear and easy to navigate;
- Bring the law up to date to reflect a focus on the outcomes that people want, rather than their disabilities, and put the individual in control of their life; and
- Address areas of unfairness.

The majority of the changes contained within the Act are set to take place in April 2015, with the reform of funding (including the cap on care costs) to take effect from April 2016.

There are financial implications arising from both Care Act implementation as well as the new burden impact of the reform itself.

2. Recommendations

It is recommended that members:

- A. Note the contents of this report.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1. There are a number of financial risks associated with the establishment of the Care Act 2014. These include:

- The risk that the cost of implementation is over and above the funds proposed to meet these costs.
- The risk of increased cost as a result of an unmanageable amount of new demand from self funders and carers coming forward for assessment and support.
- The risk of destabilising the market, and/or increasing commissioning costs, as a result to of commissioning on behalf of self funders (impact deferred until April 16).

4. Financial Implications

There are financial implications to the Local Authority arising from both Care Act implementation as well as the new burden impact of the reform itself. The Government has provided funding for 15/16 costs and has indicated that new burdens arising after this date will also be funded. The financial strategy assumes a cost neutral position at this stage. This is explored in further detail in the paragraphs that follow.

5. Costs & Funding

5.1. The cost of the Care Act to Shropshire Council will fall broadly into two areas. The costs of implementation, largely occurring during 2014/15 and 2015/16, and the cost of the new burdens arising as a result of the reforms occurring during 2016/17 and beyond. Taking each in turn.

Implementation (2014/15 Funding and Costs)

5.2. The Government has provided a one off grant for 2014/15 of £125,000 for each authority in order that the following costs may be supported.

- Preparations for implementation
- Establishment of a Change Management Programme
- Capacity to lead and manage change
- Participation in the National Stock Take project
- Identify an accountable Senior Responsible Officer as a single point of contact

5.3. These funds have been used to establish a Care Act Project team consisting of a dedicated Care Act Lead and dedicated project support. Any balance of funds will be carried forward into 15/16 to meet further costs arising.

Implementation and Social Care Reform (2015/16 Funding and Costs)

- 5.4.** There are several areas of cost arising as a result of implementation and reforms introduced with effect from 01 April 2015. These costs have been identified nationally as follows:
- Carers - *Put carers on a par with users for assessment and introduce a new duty to provide support for carers*
 - Information advice and support – *Provide advice and support to access and plan care, including rights to advocacy*
 - Safe-guarding - *Implement a statutory Safeguarding Adults Boards*
 - Assessment & eligibility - *Set a national minimum eligibility threshold at substantial*
 - Ensure councils provide continuity of care for people moving into their areas until reassessment
 - Veterans - *Disregard of armed forces GIPs from financial assessment*
 - Law reform - *Training social care staff in the new legal framework*
 - Advocacy – *Independent Mental Health Advocacy*
 - Impact of DWP policies on councils/providers - *Pressures relating to pensions auto-enrolment (provider cost) and the announced 1% increase of working age benefits in 15/16 (reduced client contributions)*
 - IT – *Implement IT systems to deliver Care Act requirements.*
 - Additional Assessments for the Cap - *Assessment and reviews of Self Funders, Capacity Building, Information provision*
 - Universal Deferred payment system implementation
 - Social care in prisons
- 5.5.** The Council has established a Care Act Implementation Group, headed up by the Care Act Project lead with officers drawn from across the council to manage specific work streams. These work stream groups are developing work plans in order to meet the requirements outlined above.
- 5.6.** Some of these costs are to be met from within the Better Care Fund (BCF). The parties to the BCF in Shropshire have identified £250,000 in 14/15 and £609,000 in 2015/16 a total of £859,000. This compares to a total advisory amount of £758,000. In addition, capital costs in relation to IT for Care Act implementation are to be met from within the BCF. £279,000 has been earmarked for this cost in 2015/16 from the ASC Capital Grant which sits within the BCF.
- 5.7.** Some of the costs are to met from additional revenue grants to be provided by DCLG and DoH. The method of distribution for this funding was recently consulted on. (Following this consultation a switch of funding was announced to reduce funding for the Universal Deferred Payment Scheme costs in favour of supporting Carers costs but the overall envelope has not changed).
- 5.8.** The total expected revenue funding for 2015/16 costs is summarised in the table below and costs are currently expected to match leaving the impact cost neutral. The figures below are estimates at this stage:

Cost type	Funding Source	Value £m	
		2014/15	2015/16
List 1	Better Care Fund	0.250	0.609
List 2	Revenue Grants	0	2.076
Total 2015/16 Funding		0.250	2.685

5.9. Until the individual work plans are fully developed it will not be clear whether the funding available will in fact meet the costs. Also, it will be difficult to assess whether the additional demand remains containable within this envelope until we start to see it coming through. Behaviour will be significantly influenced by the national information campaign which commences in the New Year.

5.10. The Council is utilising a version of the 'Lincolnshire Model' as a starting point to determine 15/16 costs relating to increased assessments for Self Funders and Carers. The results of this work are not yet available.

Dilnot impact (2016/17 Funding and Costs)

5.11. In April 2016 the funding reforms come into effect. These reforms introduce the Care Cap. The Care Cap is a restriction on the amount that a person will pay in eligible care costs over the course of their lifetime. The Government intends that this level would be set at £72,000 when the cap is introduced in April 2016.

The Care Cap

5.12. The Local Authority will make the assessment and determine what the eligible care costs are for each individual. The Local Authority will create a Care Account for each assessed individual to track the spend on eligible care costs which contribute towards the cap. Costs incurred before a person is assessed, or before 1 April 2016, will not count towards the cap.

5.13. The cap does not include what are referred to as 'living costs' or 'accommodation costs'. This means that people in residential care would, in addition to the costs building towards the cap, be expected to pay for costs such as utility bills and food. This is in place to maintain consistency between those receiving care in their own home and those in residential care. People receiving care at home would still pay, for instance, for their rent and electricity bills, and this would be considered separate from their care costs. Separate charges for living costs in residential care keep this division in place. The Government proposes that these costs would be set at £12,000 per year from April 2016.

5.14. Not all the costs a person might pay for their care would count towards the cap. Only the cost of care assessed by a local authority as matching a person's needs would count. If a person, for example, wanted to spend extra money on a more expensive care home, that difference would not be included.

- 5.15.** The means-tested threshold for people going into a care home is set to increase from £23,250 to £118,000 (if the home is included in the assessment). This would mean that the authority will not contribute towards their care until either they have spent up to the cap of £72k or the value of their estate including their home falls below £118,000. Once the estate falls below £118,000 the person will continue to pay a contribution to their care (unless they have already reached the cap) until the value of their estate reaches £17,000.
- 5.16.** There are a number of financial models in existence which aim to quantify the impact of the costs of individuals reaching the cap at an authority level. Nationally proposed models have been withdrawn pending review and are expected to be re-released for individual authority use in the New Year when satisfactory modifications have been made.
- 5.17.** Of all the models available it should be noted that analysis of the output of each of the available models shows a wide ranging array of results which calls into question the reliability of the outputs.
- 5.18.** Nevertheless the Council aims to utilise the models available over the coming months to at least determine a potential range for the cost pressure. This work is ongoing.
- 5.19.** The government has not indicated how these reforms will be funded but has recommended that authorities assume a cost neutral position for 15/16 budget setting purposes until more information is known.

6. Changes to Charging

- 6.1.** There are charging implications within the Care Act and these include:
- The ability to charge a care arrangement fee to Self Funders.
 - The requirement to have a single charging framework and the potential to modify elements of existing charging policy
 - The ability to charge Carers for support provided in line with bringing them onto an equal footing with service users.
 - The ability to charge interest and a fee for the arrangement of a Deferred Payment (on a cost recovery basis).
- 6.2.** The above changes will require further work to be completed in advance of 01 April 2015 to determine what changes to current policy, if any are required. Separate papers address these issues.

7. Estimating Self Funders

- 7.1.** A key part of understanding the potential cost impact of the Care Act is assessing the number of Self Funders in Shropshire and then how many of

these may come forward for assessment. In August 2014 Shropshire Partners in Care were asked to co-ordinate a survey of all care providers in Shropshire to determine how many registered beds and home care packages were purchased by self funders. There was an 80% response rate to the survey.

7.2. The summary results for the Older People age group is shown in the table below.

ALL CARE TYPES, Older People Only	All Shropshire	
Local Authority Funded (Shropshire)	1839	39%
Self Funded	2017	43%
Outside Funding (eg other Local Authority)	160	3%
Vacancies	337	7%
Health Funded (CHC)	229	5%
Local Authority Funded (Telford & Wrekin)	96	2%
Total No. Registered Beds	4678	100%

7.3. To conclude, with the number of self funders at 43% of the total, Shropshire has a higher than average number of self funders. This is likely to lead to an additional cost pressure as these individuals firstly come forward for assessment and then when they reach the care cap and require Local Authority funding.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

The Care and Support Bill – Impact for Shropshire Council (Health Overview and Scrutiny Committee - 9 December 2013)

Adult Social Care Bill – update (Health Overview and Scrutiny Committee – 24 March 2014)

Adult Social Care Bill – Update (Health Overview and Scrutiny Committee - 23 June 2014)

Adult Social Care Bill – Update (Health Overview and Scrutiny Committee – 15 September 2014)

Cabinet Member (Portfolio Holder)

Lee Chapman

Local Member

All

Appendices