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of Health

A new funding system for care and support 2015

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Approach

Overview

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- Timelines and plans

Charging Framework

- Principles
- 12 week property disregard
- Debt recovery
- Pension reforms
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DPAs

- What will be different in 2015?
- What will be the same in 2015?
- What does a universal scheme mean in practice?
- Questions for consultation

Looking ahead to 2016

- What should I be doing now?

The vision for transforming care and support will have profound implications for LA systems, processes and people

Key requirements	Timing
Duties on prevention and wellbeing	From April 2015
Duties on information and advice (including advice on paying for care)	
Duty on market shaping	
National minimum threshold for eligibility	
Assessments (including carers' assessments)	
Personal budgets and care and support plans	
New charging framework	
Safeguarding	
Universal deferred payment agreements	
Extended means test	From April 2016
Capped charging system	
Care accounts	

Timelines and plans

15 May 2014	Care Bill becomes the Care Act
End of May 2014	Launch consultation on draft regulations and guidance for April 2015 running for 10 weeks
October 2014	Introduce regulations to Parliament Publish Guidance
April 2015	Regulations and guidance come into force
November/December 2014	Launch consultation on draft regulations and guidance for the introduction of: <ul style="list-style-type: none">• The cap on care costs• Extension to the means tests• Care accounts
7 May 2015	General election
October 2015	Introduce regulations to Parliament Publish Guidance
April 2016	Regulations and guidance come into force



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Charging Framework

Charging Framework

- Minimal changes for 2015.
- But, currently have over 200 pages of guidance across 4 documents, therefore taken the opportunity to update & to:
 - Create a more transparent and concise framework
 - Ensure clarity
 - Ensure plain English
- Aim to deliver commitment for continuity & to enable local authorities to continue current practice
- LAs still need to be clear on what their individual charging policies are – need to make an active decision by the LA
- Need your continued help to make sure this still works

Principles for charging

- Ensure that people are **not charged more than it is reasonably practicable** for them to pay;
- Be **comprehensive**, to reduce variation in the way people are assessed and charged;
- Be **clear and transparent**, so people know what they will be charged;
- Promote **wellbeing, social inclusion**, and support the vision of personalisation, independence, choice and control;
- **Support carers** to look after their own health and wellbeing and to care effectively and safely;
- Be **person-focused**, reflecting the variety of care and caring journeys and the variety of options available to meet their needs;
- Apply the charging rules **equally** so those with similar needs or services are treated the same and minimise anomalies between different care settings;
- Encourage and enable those who wish to stay in or **take up employment, education or training** or plan for the future costs of meeting their needs to do so;
- Be **sustainable** for local authorities in the long-term.

12 week property disregard

Applies in:	Residential care
Purpose:	Disregards the value of a person's property for 12 weeks
Aim:	To ensure no-one is forced to sell their home at a time of crisis
Current practice:	Eligible when someone's non-housing assets are below the upper capital limit (£23,250)
In practice:	As well as those first entering care, this means that a self funder in residential care who has run down their assets receives LA support for 12 weeks, then returns to being a self funder
Recommendation:	<p>Continue protection, but re-target to meet aim. Protection offered to:</p> <ul style="list-style-type: none">- those first entering residential care- those who lose protection from an existing disregard- flexibility to offer in other circumstances that result in a sudden change

Summary of recommendations

No	Group	Current Status	Recommendation
1	Those first entering residential care.	Protected	Protect
2	Those already in residential care who spend down their assets	Protected. (limited in practice)	Protection not needed
3	Those who lose eligibility for an existing property disregard due to a sudden change in circumstance	Not protected	Protect
4	Those who suffer financial shocks	Not protected	Local discretion

Debt Recovery (1)

- The Care Act repeals all current legislation, including the local authority power to place a charge against someone's property that is currently provided for under S22 of HASSASSA 1983.
- Any debt currently secured by HASSASSA will be able to continue.
- **No new arrangements from 1 April 2015**
- Section 69 of the Care Act provides new powers to recover debts. This gives:
 - Equal protection for the individual and the local authority
 - The option of offering a DPA to recover debts
 - The power to recover debts through the County Court system where a DPA has been refused
 - Power to recover associated costs

Debt Recovery (2)

- The guidance will set out principles for the approach to debt recovery. These are proposed as:
 - Taking Court action to recover a debt should be the last resort
 - The local authority should act reasonably
 - Possible debts should be discussed with the person receiving care
 - Arrangements for debt repayments should be agreed, if possible, with the person receiving care or their representative
 - Repayments should be affordable for the person receiving care

Pension Reforms

- Budget announced number of changes to pensions that will introduce far greater choice for how people are able to fund later life.
- This means that from April 2015 a person with a defined contribution pension, whatever its size, will be able to take it how they wish, subject to the marginal rate of tax.
- People will still be the option to purchase an annuity, but the reforms will give greater flexibility for people to access their money and invest or spend it as they wish.
- HMT are running a consultation until 11 June.
- Available at:
<https://www.gov.uk/government/consultations/freedom-and-choice-in-pensions>

What does this mean for charging?

- This could impact on what a person is charged for any care and support needs and what a local authority may need to contribute to meet those needs.
- But, full impact for care and support is likely to be 10-20 years away
- Do not have an answer as yet.
- Currently working with HMT to consider whether the current charging rules for care and support need to be amended in light of the pension reforms
- Upcoming consultation on the Care Act will seek views on what the impact might be. Welcome thoughts.

What will the consultation ask?

****NOTE – THESE ARE INDICATIVE QUESTIONS AND NOT YET FINALISED OR AGREED****

- **Key Questions on Charging:**
 - Whether the regulations and guidance provide a clear modern framework?
 - Whether anything has been missed from the current rules?
 - Should we amend the 12 week property disregard? Do you agree it would be cost neutral?
 - Should disregards for products such as Investment Bonds be removed and disregards for pre-paid funeral plans introduced?
 - What are the risks of the introduction of self-funder top-up fees and how can these be mitigated?
 - What is the impact of the pension reforms?



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Universal Deferred Payment Scheme

What have we committed to do?



Deferred payments should prevent people from having to sell their home in their lifetime to fund their care.

They will be available universally across the country.



DH has committed to funding the expansion of the scheme and announced £110m for 2015/16

What will be different in April 2015?

- Local authorities will be required to offer DPAs to people who are at risk of selling their home in their lifetime to pay for care.
- There will be eligibility criteria setting out who these people are.
- LAs will be able to charge an interest rate and an administration fee.
- LAs will have to defer the costs of someone's care but you will keep discretion over the amount of top-ups you will defer.
- LAs will be able to require a contribution from people's income towards their costs.
- LAs will have to accept a land registry charge as adequate security but there will be an upper limit on deferrals too.

What will be the same in April 2015?

- Local authorities will have a broad power to offer a deferred payment agreement to people they think would benefit.
- Where you exercise your discretion to offer a deferred payment agreement, you will be responsible for managing your own risk.
- Much of the running and administration of the scheme will remain the same but there will be more help and support provided by national guidance and implementation tools.
- People can choose how long they want their agreement to last. This may be until death but for many DPAs will remain an important, temporary relief at a time of crisis.

What does a *universal* scheme mean in practice?

- There will be a core standard offer available universally across the country.
- People know what to expect and whether they are entitled to a DPA.
- More people will know about the scheme and whether it might benefit them.
- There are more rules for LAs to follow.
- There will be a lot more places to look for help, guidance and support.
- LAs need to be prepared with good information and advice to help people decide whether a DPA is right for them.



What will the consultation ask?

****NOTE – THESE ARE INDICATIVE QUESTIONS AND NOT YET FINALISED OR AGREED****

Key Questions on DPAs:

- Should the eligibility criteria be extended to those in extra care housing and sheltered housing? Would there be demand?
- Should the maximum LTV should fall between 70 and 80%?
- Do you agree the maximum interest rate should be between 3.5 and 5%? Is it affordable for people?
- Should there be a different interest rate for DPAs made at the LA discretion? If so, what should be the maximum?
- Should people be able to keep a portion of any rental income they earn on a property with a DPA? Are there other ways to incentivise people to rent out their house?



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Quick Look ahead

Getting ready for Dilnot

- Start planning **NOW**.
- Are your systems and structures in place?
- Who are your self funders?
- How are you going to identify them?
- When do you need to start doing assessments for care accounts?
- Where to start to minimise the need for re-assessment?
- What are your plans for making people aware of the changes?
- How are you going to get information and advice to your local population?



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Thank you

Consultation will launch end of May

Please respond!

Questions?

Consultation Questions on DPAs

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- *Should the eligibility criteria for deferred payment agreements be extended to include people in extra care and very sheltered housing? Do you have evidence of the likely demand for deferred payment agreements from people whose needs are met in extra care or very sheltered housing?*
- *Do you think we should seek to introduce a scheme which is compliant with Sharia law at a later date?*
- *Do you agree that the maximum LTV for deferred payment agreements should fall between 70 and 80%? Do you have any evidence to support a particular amount within that range?*
- *Do you agree that people should be able to keep a proportion of any rental income they earn on a property they have secured a deferred payment agreement on? Are there other ways people could be incentivised to rent out their houses?*
- *Do you have any views or evidence to suggest how much rental income people should be able to keep to incentivise them to rent their property out?*
- *Do you agree that local authorities should be required to accept any legal charge on a property as security for a deferred payment agreement when they are required to enter into one and not just a first charge?*
- *In line with the recommendations of the Independent Commission on Funding of Care and Support, do you agree that the interest rate should be set so that it is reasonable for people, cost neutral to local authorities and such that it does not create incentives for people to apply for deferred payments where they are not needed?*
- *Do you agree that there should be a different interest rate for deferred payment agreements made at the local authority's discretion? If so, what should the maximum rate be?*

Consultation Questions on Charging

****NOTE – THESE ARE INDICATIVE QUESTIONS AND NOT YET FINALISED OR AGREED****

Overview

- *Do the regulations and guidance provide a clear modern framework for charging that will enable local authorities to maintain existing flexibilities in how people contribute to the cost of meeting their care needs? Are there any particular areas that are not clear?*
- *Is there anything from the current rules that has not been re-created that you feel should have been? If so, please list along with a brief explanation of why.*

12 week property disregard

- *Do you agree that we should adjust the operation of the 12 week property disregard to better support those most at risk?*
- *Would you prefer to see the current approach retained?*
- *Do you agree that this proposal is cost neutral for local authorities? If it is not, please provide evidence?*

Other disregards

- *Do you think these bonds should be taken account of in the financial assessment? What are the risks and costs to local authorities and individuals?*
- *Should pre-paid funeral plans be disregarded and if so should there be a limit to the size of plan that can be disregarded? If so, how much?*

Choice of accommodation and ‘top-ups’

- *Does the guidance need to particularly cover these types of accommodation (shared lives and extra care housing)? If so, what would it be helpful to discuss?*
- *What are the risk of the expansion of the additional cost provisions so that the person can meet this cost themselves (to both local authorities and the person)? How can any risks be mitigated by regulations and guidance?*

Pension Reforms

- *What do you think the impact of the increased pension flexibilities might be for social care charging for people and local authorities? How can any risks be mitigated via regulations and guidance?*