

NEWS RELEASE

For immediate use: Monday 12th May

RESOLUTION FOUNDATION WELCOMES GOVERNMENT DEBATE TO AVOID THE CARE CRUNCH

The Resolution Foundation recently revealed that the fragile long-term care system faced a likely 'care crunch', and that low earners³ were often 'squeezed' the most:

- people are not planning for their future care needs - 7 out of 10¹ people have made no provision for their care in old age
- access to care is being restricted by tightening eligibility criteria and funds – local authorities continue to ration care
- low earners face particular challenges as they get caught on the cliff-edge of means-testing – over 72% of low earners have assets above the means-testing threshold for free state care

The Foundation is, therefore, delighted to see that the Government is now taking this threat seriously with the launch of a public debate on 'radical change' of care support and services.

The Foundation's report, based on research commissioned to Deloitte, *A to Z: mapping long-term care markets* provides a comprehensive overview of how the long-term care system operates and the potential impact of current trends. It concluded that a 'care crunch' will only be avoided through realistic reform of the long-term care system, and that whole system reform is needed alongside a new funding settlement.

Sue Regan, Chief Executive of the Foundation said:

"I am pleased to see that the impending 'care crunch' is now being addressed by the Government. Only through realistic and lasting reform will we avoid further deterioration in the care for our older people and reach a settlement which is both fair and efficient for all."

Clive Cowdery, Chairman of the Resolution Foundation said:

'Low earners face a particular challenge – too poor to pay for care, but falling outside of state support. Realistic reform must address those caught in the care crunch.'

The Foundation's first report, 'Lost – low earners and the long-term care market' found that:

- Low earners are more likely to be both carers and care users
 - They have a deep sense of unfairness regarding long-term care, believing the system punishes those who work and save to prepare for old age
 - They are convinced care is declining in quality and becoming less affordable
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- The complexity and lack of guidance in navigating their care choices is their single most pressing concern
- They would like to see the majority of people receiving free or subsidised care, and say they are willing to pay more tax in order for the state to deliver such an outcome

The Resolution Foundation will be publishing policy proposals before the end of 2008 and is currently embarking on a period of consultation based on the key areas of weakness identified in an *A to Z*.

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All the Foundation's research, reports, briefings, seminar notes are available on our website www.resolutionfoundation.org

Notes to editors:

1. The Resolution Foundation is an independent research and policy organisation established in 2005. The Foundation's goal is to improve the wellbeing of low earners in today's mixed economy. We aim to deliver change in areas where this income group is currently disadvantaged by producing new research and actively engaging in the policy-making process.

2. *A to Z – mapping long-term care markets* based on analysis commissioned from Deloitte, identified five key areas of weakness that undermine the current system:

1. **Reliance on informal care** – a system which relies so heavily on informal care from friends and relatives is vulnerable and has unseen costs particularly for low earners
2. **Navigation** – the severe shortage of adequate information, advice and advocacy in a highly complex system leaves people confused and under-served
3. **Funding** – tight budgets result in short-term solutions which delay moves towards more efficient long-term solutions like preventative services
4. **Local variation** – a postcode lottery of access to, and quality of, care exists
5. **A responsive service** – it is difficult for suppliers to respond effectively to peoples' needs

The Foundation published, *A to Z: mapping the long-term care markets*, at its Annual Conference on Tuesday, April 29th 2008. Speakers included, Nick Clegg MP; David Willetts MP; Julia Unwin, Joseph Rowntree Foundation; Julie Jones, Social Care Institute for Excellence; Mike Turley, Deloitte; Clive Cowdery and Sue Regan of the Resolution Foundation.

3. The Foundation recently submitted written evidence to the Commission for Social Care Inspection's Review of the FACS eligibility criteria – please visit our website or contact the Foundation for a copy.

4. Our definition was based on those individuals on "low" incomes, but who were mainly independent of state support. In order to identify this group, we used an upper and lower benchmark:

- Upper benchmark = those individuals and households earning up to median income. Median income was used because it is a widely understood figure, and guaranteed that we focused on households and individuals with incomes below the average.
- Lower benchmark = those who receive no more than 20% of their income from welfare benefits.

Using BHPS 2006 data, we calculated median income for those both in and out of work as £11,747 for an individual and £22,548 for a household.

Median income is the “middle point” of the UK population. i.e., there are equal numbers of people earning above £11,747 for an individual and £22,548 for a household as earning below. Median may seem low, but this will be due to large numbers of people on very low incomes (part time workers, welfare dependents, unemployed, students, etc.). Because many people in the UK are very rich (i.e. the distribution of incomes is skewed), the average income is higher than the median (about 30k).