Resolution Foundation

The Care Crunch

Low earners and social care

The Resolution Foundation is an independent research and policy organisation set up in 2005. We seek reform of the mixed economy to achieve better outcomes for low earners – people independent of state support but on below average incomes. The Foundation works on a project basis, focusing our resources on one issue at a time in order to bring about real policy change. We achieve this by producing robust research and economic analysis to generate evidence-based policy suggestions and engaging actively in the policy-making process.

In 2008 we began a programme of work looking at long term care for older people. Our first piece of work, entitled *Lost: low earners and the elderly care market*, explored how low earners perceived and experienced the current long-term care system.

In April 2008, the Foundation built on these findings by publishing *A to Z: mapping long-term care markets*. This analysis mapped the existing mixed market of care and assessed how well it was functioning. A number of the weaknesses identified by this work are now being explored as part of our research programme.

Redesigning social care

In defining the problems of the long-term care market – and in particular how this shaped the experiences of low earners who needed care, their families and low earning carers – a number of avenues of further investigation and policy development work presented themselves. These now form part of our research programme:

1) Navigating care markets
2) Innovation and efficiency in care supply
3) Local market shaping
4) Funding care

Low earners and the care crunch

Our research has demonstrated how low earners are caught in a "care crunch":

- They are on the "cliff edge" of care eligibility criteria, with around 70% of low earners likely to be ineligible for any state funding. Yet their low incomes (only just above those qualifying for free or subsidised care) mean privately purchased care can be unaffordable.
- Low earners tend to keep more of their wealth in their homes than others: whilst the value of their homes often disqualifies them from state funding, accessing this wealth to then pay for care is often difficult.
- Low earners are more likely to be informal carers of elderly relatives. As fewer people become eligible for state funded care (due to local authority rationing), and cannot afford to buy it privately, the burden on informal carers increases. Cutting back on or giving up work can have a huge impact on a low earning family's quality of life and future retirement prospects.

In addition, a key conclusion from our A to Z analysis was that the long-term care market operates as a series of interdependent parts. As such, any reform of the system must be considered in the round. With this in mind, the Foundation has sought to frame its research within a broader discussion regarding an overall vision for a new long-term care system. This is important because whilst the principles and outcomes identified by the Government in its *Case for Change* document are well articulated[1], what a system capable of achieving such outcomes would look like, in terms of its infrastructure, remains undetermined.

[1] DH, 2008 *The case for change – Why England needs a new care and support system*

The architecture of future care

In July 2008, the Foundation brought together a number of expert groups, each with their own specialist perspective on care, to discuss the architecture of a future care system capable of achieving better and fairer outcomes for older people.

The expert groups were made up of representatives from:

1. The financial services industry
2. Care providers
3. Representative groups of older people and carers
4. Local authorities
5. Care research and policy experts

Key themes which emerged from the debates generated during this process included:

Care and wellbeing

There was a broad consensus that a future "care and support" system ought to be able to achieve a wider goal of improving the wellbeing of older people, their families and carers. This included concepts of prevention, leisure and social opportunities, but also active citizenship, inclusion and community cohesion.

Individual responsibility

There was much greater emphasis on the individual's responsibility to define and commission their own care and support, with the system around the individual empowering and supporting this through advice, advocacy, brokerage, and a responsive and diverse range of services to choose from.

Information and advice

An information, advice and advocacy (IAA) service will be central to a future care system, in the light of personal budgets and a greater emphasis on personal responsibility and choice. Balancing local knowledge with universal access and consistency of an IAA service was a point of much debate.

The role of national and local government

- Many experts felt that national government ought to have at least two key responsibilities in a future care system: establishing a clear framework to clarify what the family and the individual were entitled to and responsible for; and raising awareness of and encouraging preparation for care through information and education.

- The role of the local authority proved a more divisive point, though all agreed that it would be dramatically different in the future and involve some form of facilitation of older people's choices and stimulation of local markets to meet the entire older population's needs.

The role of the family and informal care

There was concern that a future care system would have to rely less on informal care. As such, a future system would have to do more to recognise the contribution made by carers financially and with support and training. Enabling informal carers to work was seen as key to encouraging people to take on caring roles, and also reduce the negative economic impact informal care could have.

Care provision, personal budgets and the workforce

- The future of care provision was seen as more diverse and flexible, with a spectrum of care options on offer rather than the "either or" choice currently available.

- This would certainly have an impact on the workforce, and many groups hoped to see a future care workforce which was better paid and trained to carry out a wider range of services to meet more diverse needs. The use of technology might free up staff to provide "real", more skilled care and social interaction.

- The use of personal budgets and personal assistants, and the risks allowed in a future care system, was widely debated, with a balance between personalisation and choice, and safety and quality care, proving difficult to find.

Funding care

Most of the discussion groups acknowledged that a future care system would be funded jointly between the individual and the state. Obstacles to this, such as a lack of planning by individuals and low awareness of the care system, were debated, as was the range of vehicles currently available to people to fund their care. Concerns were raised as to whether a new funding system appropriate for the near future – when baby boomers would make up the majority of care users – would be suitable for the (potentially less wealthy) generations which followed.

Next steps

The Resolution Foundation will be publishing its next report in December 2008. This report will develop the concept of the care architecture presented here, but look in more depth at key areas vital to a healthy care market and suggest policy solutions to deliver better outcomes for low earners.

To download our reports and the full summary of our expert group discussions, go to **www.resolutionfoundation.org**