



Care and State Pension Reform:

Projecting the costs of local authority funded home care for older people: the impacts of potential expansion of the eligibility criteria

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## Introduction

Our study includes scenarios involving an expansion of eligibility criteria for adult social care. The number of service users funded by local authorities has been falling over much of the last decade due to constraints on local authority budgets. This has led a range of stakeholders to call for additional resources for social care at least to prevent a further reduction in services if not an expansion of services.

We have explored two scenarios on expansion of eligibility for publicly funded community-based care for older people. These are intended to be illustrative, to give an indication of the scale of resources that could be required to meet possible changes to eligibility criteria. We do not in these scenarios assume any change to the means test for community-based care.

The Care Act 2014 provides for national minimum eligibility criteria for publicly funded adult social care. While local authorities have discretion to operate more generous eligibility criteria, in general only people with high levels of care needs (critical or substantial) receive publicly funded care. Moreover, not everyone with high needs receives publicly funded care: some people are not eligible under the means test – because of their savings and/or incomes – and some may not want to receive publicly funded care.

## Scenario one: care for people with high level needs, subject to means test

Our first scenario involves assuring a minimum level of personal budget<sup>2</sup>, subject to the means test, for all older people with a high level of need. More specifically, we investigate a scenario under which older people with three or more limitations in Activities of Daily Living (ADLs) (such as bathing, dressing and feeding) would be eligible for 8 hours of home care per week, and older people with two ADL limitations would be eligible for 3 hours of home care per week. Personal budgets sufficient to fund these levels of care would be guaranteed for all those who meet both these ADL based eligibility criteria and the means test conditions (but whose needs were not sufficiently high to receive residential care or high intensity home care).

We estimate that currently around 285,000 older people in England have two ADL limitations and 760,000 have three or more ADL limitations. These estimates are based on analyses of Health Survey for England data and data on numbers of older care home residents, and should be treated with some caution. Of this group some 155,000 receive publicly funded residential care, around 200,000 receive publicly funded community-based care and around 45,000 receive direct payments. 62% of them therefore receive no publicly funded care and are likely to rely on unpaid care, to purchase care privately or to have unmet needs for care.

Our modelling suggests that, if this scenario was implemented by 2020, some 185,000 additional older people would receive personal budgets for 3 hours of home care per week and some 330,000 additional older people would receive them for 8 hours of home care per week home care in 2020 (Table 1). These numbers are projected to rise in 2035 to 250,000 and 455,000 respectively. The net cost to local authorities would be £2.05 billion in 2020 and is projected to rise to £2.4 billion in 2025 and £3.6 billion in 2035 (at constant 2015 prices).

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<sup>2</sup> A personal budget is a statement that sets out the cost to the local authority of meeting an adult's care needs (Department of Health, 2014, p.428)

**Table 1: Estimated impact of scenario one**

	2015	2020	2025	2030	2035
3 hours of home care per week, extra users (000s)	165. 0	185. 0	205. 0	225. 0	250. 0
8 hours of home care per week, extra users (000s)	300. 0	330. 0	365. 0	410. 0	455. 0
Gross extra LA expenditure (£million)	2,62 5	3,10 0	3,65 0	4,50 0	5,50 0
Net extra LA expenditure (£million)	1,70 0	2,05 0	2,40 0	3,00 0	3,60 0
User charges, additional amounts (£million)	925	1,05 0	1,25 0	1,50 0	1,90 0

It should be noted that some older people meeting the criteria in terms of ADL limitations might not in practice apply for and accept publicly funded care. This could apply especially to older people with incomes such that they would be required to contribute to the cost of their care through user charges. (People who would be ineligible for any publicly funded care because of high incomes or savings are excluded from the estimates in Table 1).

### **Scenario two: care for those with moderate needs**

Our second scenario involves extending the eligibility criteria to cover those with moderate needs, again subject to the means test. A study by Fernandez et al (2013) investigated the impact of extending eligibility to include moderate needs. Their analysis showed that to provide care for moderate needs would imply a total of 889,000 older service users in 2010 and 1,075,000 older users in 2020.

We build on this earlier analysis' finding that this scenario would mean a total of 1,075,000 older publicly funded service users in 2020. Since there are currently around 400,000 older service users, this implies that the number of older publicly funded service users would need to more than double by 2020. We assume that the additional service users would receive, subject to means test, a personal budget sufficient to purchase 8 hours of home care per week.

Our modelling suggests that, if this scenario is implemented by 2020, some 620,000 additional older people would receive personal budgets for 8 hours of home care per week (Table 2). This is projected to rise to 700,000 in 2025 and 930,000 in 2035. The net cost to local authorities would be an estimated £2.8 billion in 2020 and is projected to rise to £3.45 billion in 2025 and £5.6 billion in 2035 (at constant 2015 prices).

**Table 2: Estimated impact of scenario two**

	2015	2020	2025	2030	2035
8 hours of home care per week, additional users (000s)	560.0	620.0	700.0	810.0	930.0
Gross extra LA expenditure (£million)	4,025	4,550	5,675	7,250	9,200
Net extra LA expenditure (£million)	2,450	2,800	3,450	4,425	5,600
User charges, additional amounts (£million)	1,575	1,750	2,225	2,825	3,600

The same caveats apply as in scenario one. Some older people with moderate needs might not in practice apply for and accept publicly funded care. This could apply especially to

older people with incomes such that they would be required to contribute to the cost of their care through user charges.

## **Conclusion**

Our modelling of two illustrative scenarios suggest that substantial additional resources will be required if eligibility for publicly funded care is extended to a wider group of older people defined either in terms of ADL limitations or moderate needs. In practice any such change in eligibility criteria would also be applied to younger adults, which we have not considered in our modelling and which would further increase the costs.

## **References**

Department of Health (2014) Care and Support Statutory Guidance. London: Department of Health.

Fernandez J-L, Snell T, Forder J and Wittenberg R (2013) Implications of setting eligibility criteria for adult social care service in England at moderate needs level, PSSRU discussion paper DP2851.

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Editing decisions remain with the authors who take responsibility for any remaining errors or omissions.

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