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# Older People's Care Survey 2017

Joshua Cottell

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## Foreword

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Legal & General are very happy once again to be sponsoring the Family and Childcare Trust's Older People's Care Survey.

The provision and funding of care, both in the home and in residential settings, are huge challenges for society in general, and for our over 1 million senior customers.

Many studies have shown the importance of keeping people in their own homes. If they can be made safe and secure, it is one of the best ways of maintaining health and happiness for older people. It also reduces the costs and burdens on the NHS and the care system in general.

This report presages the greater role of using housing wealth to meet care costs – housing equity owned by the over-60's of £1.5 trillion dwarfs the annual state bill for elderly care of around £10bn for example.

However, the wide regional variations in house prices and housing wealth create huge disparities in terms of the ability of people to meet self-funded care costs – the average house in the North East would pay for around 3 years of residential care, whereas in London over 13 years of care could be "bought" with a typical house price.

Going forward as a country we need to combine private sector solutions such as lifetime mortgages with public and collective savings and insurance initiatives. We also need to provide more specialist elderly accommodation to reduce levels of isolation for older people, and greatly increase efficiency of care provision.

While there has been some improvement in some parts of the country, this report shows there remains a lack of sufficient capacity in the care system with only 22% of authorities reporting having enough in their areas.

As the report shows, we still have a long way to go in the funding of care, the efficiency of care and the supply of care – when we get all three of these elements working in harmony we will really start to change the care system in the UK for the better.

**Chris Knight, Managing Director, Legal & General Retirement**



Everyone has a right to safe and dignified care as they get older. At the moment, too many people can't be confident of this: large parts of the country report gaps in the availability of care, and the problems are most acute for the oldest people with the most complex needs. And it can be hugely expensive, meaning too many older people are now going without the care they need.

When older people can't get the care they need, everyone loses out. The NHS is forced to pay for hospital beds for people who would be happier and safer out of hospital. Grown-up children can struggle to manage a parent's or grandparent's care alongside their own work and caring responsibilities, and spouses and partners can be forced to look after their loved one with little support even as their own health declines.

The way we look after our vulnerable people defines us as a society, and developing a fair and sustainable care system is one of the great policy challenges of our age. We hope that this report, the second in our series, will help local and national policy-makers to understand the detail of our complex and varied care system, and ultimately to make sure everyone gets the care they need, wherever they happen to live or how much money they have.

**Ellen Broomé, Chief Executive, Family and Childcare Trust**

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## Executive summary

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Older people's care is vitally important to all of us. Everyone has the right to safe, comfortable and dignified care, and no one should have to be frightened about what will happen when they get old. Good quality care that is affordable at the point of use supports older people to live well into old age. When it is not available it can cause avoidable suffering, create stress and worry for families, and often force spouses into looking after a loved one without much, if any, support. Failures in the care system cause major problems for the NHS, with delays in discharging people from hospital because no care is available costing many millions of pounds each year.

Local authorities are responsible for providing care for older people who cannot afford it themselves, generally by paying third party providers. They also have a role in managing the market for people who pay for their own care. The Family and Childcare Trust surveyed all local authorities and health and social care trusts (collectively referred to as funding authorities in this report) to find out about care across the UK. We asked whether there was enough provision available, and how much it cost funding authorities and individuals to pay for it.

The survey reveals that older people and their families face an ongoing struggle to get the care they need. For many people affordable care services that are appropriate for their needs is simply unavailable. Their choices are often made harder due to a lack of information about the care that is available in their area, and what they can expect to pay.

As the pressure on the system keeps growing, the governments of the UK must act so all older people can access safe, reliable and affordable care when they need it.

## Key findings

### **There is not enough care available for older people**

- ▶ One in four funding authorities (22 per cent) reported having enough older people's care in their area to meet demand. In the UK over 4.2 million people aged 75 and over live in areas with insufficient care provision. Sufficiency has increased slightly since last year when the figure was 20 per cent.
- ▶ There is wide regional variation in availability of care services. No funding authorities in the South West of England or Northern Ireland reported having enough care to meet demand in their area, while in the North East the figure is 56 per cent.
- ▶ There is also wide variation in the types of services for which funding authorities have problems meeting demand. While 81 per cent of respondents in the UK said they had enough availability for care home places, that figure falls to 37 per cent for nursing homes with specialist dementia support. This pattern is broadly unchanged since last year.
- ▶ Some 38 per cent of funding authorities expect the situation to worsen in the next year, compared with only 2 per cent who expect it to get better.

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### **Funding authorities do not hold the information they need to help people**

- ▶ Some 20 per cent of respondents reported having insufficient data about whether the supply of social care in their area could meet demand. More local authorities report gaps in their data than last year, when the figure was 16 per cent.
- ▶ Certain regions showed greater awareness of their market than others. Every funding authority in the East Midlands and Inner London was able to say whether their supply met demand, compared with just 40 per cent of funding authorities in Northern Ireland.
- ▶ There are large gaps in the data that authorities hold on the numbers of private funders in their area, and the fees they pay for care.

### **The price of care varies widely between and within regions**

- ▶ The average weekly price paid by funding authorities for all residential care types in the UK is £556. This is almost unchanged since last year when the weekly price was £553.
- ▶ The average weekly price paid by funding authorities for specialist nursing care has increased by 12 per cent to £624 this year. This may reflect difficulties across the sector in recruiting and retaining skilled nursing staff.
- ▶ There is wide regional variation based on average residential fees paid by local funding authorities. The average price for a week of residential care in Inner London is 34 per cent more expensive than in the North West: £663 vs £494.
- ▶ UK averages show that self-funder fees for residential care are 14 per cent more expensive than local authority fees.
- ▶ Because they have the lowest average property prices, self-funders in Northern Ireland and the North East of England will use up savings taken from the value of their home in the quickest time (three years and two months in both areas for average residential care fees).
- ▶ In contrast, self-funders in London will take the longest to spend the value of their property (13 years and 11 months for average residential care fees).
- ▶ At nearly £17 an hour, it will take just 1 year and 1 month for self-funders using 21 hours of support a week to spend £20,000 of savings on average UK home care fees.

### **The way that older people contribute to the costs of their care varies greatly across the UK**

- ▶ Deferred payment agreements (DPAs), which prevent older people from having to sell their home to go into care, are distributed unevenly across English funding authorities. While the average local authority in the West Midlands has 67 DPAs in place, the average local authority in London has only 16.
- ▶ One in seven older people (15 per cent) receiving authority-funded care use third party top ups – typically made by family members to help older people access higher quality care. In Northern Ireland 32 per cent of older people use third party contributions, compared with only 4 per cent of older people in Scotland.



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## Recommendations

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- ▶ **Central and national governments should provide funding authorities with adequate funding to make sure that there are enough safe, high quality care services available for everyone who needs them.** As well as providing funding that is reflective of the higher cost of specialist services, governments should provide funding to support upstream intervention services such as home care and extra care housing.
- ▶ **Local authorities and health and social care trusts should make sure that there are enough services available for people who need them.** This involves engaging and working with providers and local communities to develop a strong understanding of local conditions and how to facilitate a diverse and sustainable market.
- ▶ **Central and national governments should make sure that older people have the information they need to make positive choices about their care.** Older people and their families need to have access to timely and accessible information when planning for their care, choosing a provider and considering funding options and available support.
- ▶ **In the long term, central and national governments must address the strategic challenge of reforming care and funding.** They must commit to creating a sustainable social care system that supports people to plan for old age, gives them genuine choices and delivers high quality care which is accessible to everyone that needs it.

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# Acknowledgements

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## **About Legal and General**

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with a number of growing businesses in the US and in other countries. At 30th June 2017, we had over £951 billion in total assets under management. Over fifteen million people worldwide rely on us to help them save for the future and to protect their families and their homes.

We work with companies and pension trustees to help people build security in retirement, being the UK's largest investment manager for UK corporate pension schemes, a major provider of auto-enrolled pensions and a market leader in pensions de-risking. We have also made a commitment to invest around £15 billion in direct investments, with £12 billion already invested in areas such as homes, urban regeneration, clean energy and small business finance, driving economic growth and making a positive difference to the UK's built environment.

## **About the Family and Childcare Trust**

The Family and Childcare Trust aims to make the UK a better place for families. We are a leading national family charity in the field of policy, research and advocacy on childcare and family issues, with over 40 years' experience. Our on-the-ground work with parents and providers informs our research and campaigns. We focus on the early years and childcare because they are crucial to boosting children's outcomes throughout life and supporting parents to work.

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# 1. Policy background

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Needing social care is a worry for millions of people who are faced with a complicated and unpredictable market. It is impossible to know how much care each person will need, how much it will cost, or even whether it will be available. In this section, we outline the key trends and the deteriorating outlook for older people's care in recent years.

We should celebrate the fact that people are living longer, with the number of people aged 85 or over set to double in the next 25 years (ONS, 2017a). However, as well as an increased number of healthy years, the number of years in which older people require support with domestic routines or personal care is rising. To meet the growing care needs of older people, we need a sufficient supply of high quality and affordable care.

## 1.1 Who provides care for older people?

People access care through formal and informal channels. Formal care is managed by organisations such as providers of care homes. There is public funding available to pay for this care for older people above a threshold of care need and with assets below a certain level.

The vast majority of the care received by older people continues to be provided by friends and relatives. In 2015–16, 8 per cent of the population, or just fewer than 5 million people, were informal carers (Department for Work and Pensions, 2017). Over a third (35.7 per cent) of unpaid carers provided care for over 100 hours per week (NHS Digital, 2017a). Many carers find their roles rewarding and enjoyable. However, the challenge of juggling work and caring responsibilities can represent a triple burden that exacerbates pressures on health, finances and the ability to remain in full time employment.

Local authorities in England, Scotland and Wales and Local Commissioning Boards in Northern Ireland are tasked with ensuring that social care is provided which meets the need of older people. To achieve this, funding authorities need to have an understanding of the care market in their local area.

However, funding authorities are working with tightened budgets<sup>1</sup>. According to the Institute for Fiscal Studies, spending by funding authorities on adult social care in England fell 8 per cent in real terms between 2009–10 and 2016–17, despite being disproportionately protected by funding authorities who made bigger cuts elsewhere (Simpson, 2017). These cuts have been greatest where needs were previously highest. Councils are set to receive a growing pot of funding ring-fenced for social care which could raise enough money to reverse by 2019–20 all the cuts that have been made to social care since 2009–10. However, this is conditional on funding authorities making maximum use of their powers to raise council tax.

If funding authorities struggle to shape their care market there can be significant consequences for older people. The Local Government Authority (LGA) estimates that

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<sup>1</sup> Older people's care is the responsibility of local authorities in England, Scotland and Wales and of health and social care trusts in Northern Ireland (collectively referred to as funding authorities throughout this report).

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local government faces a social care funding gap of £1 billion by 2020 which 'includes only the unavoidable cost of demography, inflation and the National Living Wage,' as well as an immediate need for £1.3 billion of emergency funding to stabilise the market (LGA, 2017).

There is significant debate about the way in which older people's care should be funded. Regardless of how the funding is organised, our report adds to the growing evidence that the current funding system is inadequate, with huge regional variation in the availability of care and particular problems for those with the most complex needs.

## 1.2 Variation in meeting care needs

Older people's experiences of care can vary widely. Because of differences in care needs, a quarter of people aged 65 will need to spend very little on care over the rest of their lives, half can expect care costs up to £20,000, and one in ten can expect costs over £100,000 (Dilnot et al, 2011). However, two older people with the same level of need may have very different experiences of care due to differences in the quality and availability of care providers. This is discussed in more detail later in the report.

There is large regional variation in spending by funding authorities on social care. The proportion of funding authority budgets for local services (excluding education and public health) in England that is allocated to social care varies from less than a third in some funding authorities to almost half in others (Phillips & Simpson, 2017b). Only a small proportion of the variation in spending can be explained by variation in actual needs as measured by an official needs assessment. This could mean that how much funding is spent on an older person's care could be determined in large part not by their need but by where they live.

As well as variation in funding, there is significant variation in quality between regions. The Care Quality Commission (2017) found that social care providers in the East of England were significantly more likely to be rated as good or outstanding than those in the North West. Overall, the Commission found that 78 per cent of adult social care service providers were rated 'Good.' However, 19 per cent of care providers – with the capacity to care for about 16,000 people – were rated as 'Requires improvement.'

It is estimated that nearly 1.2 million older people have unmet care needs (Age UK, 2017a). This means that nearly one in eight older people 'don't receive the help they need with daily essential living activities'. A study which used the Care Act's own definition of care needs in which burden on the carer and impacts on well-being were taken into consideration found that over half of older people with care needs had unmet need for support with at least some of their difficulties (Ipsos MORI, 2017).

Good quality care which is affordable at the point of use supports older people to live well into old age. When it is not available it causes entirely avoidable suffering, creates stress and worry for families, and often forces people into impossible efforts to look after a loved one without support. Variations in care needs, the quality of care, and the extent to which needs are met are part of a bigger picture in which older people often face unavailable, unaffordable or unsuitable care. We hope that the findings of the Older People's Care Survey will highlight the urgent need to address these challenges, and remind policy makers and politicians of the importance of this issue for older people, their families, and for society as a whole.

## Box 1. Glossary of terms

### Government bodies

*Local authorities:* local government bodies which oversee the provision of social care in England, Wales and Scotland. As well as providing some services themselves, local authorities commission most of the health services provided from the independent and third sectors. They are responsible for conducting needs and financial assessments of individuals and for providing funding contributions to those older people who are eligible.

*Health and social care trusts (HSCTs):* provide health and social care services across Northern Ireland.

*Funding authorities (or just 'authorities'):* the general term for local authorities and HSCTs used throughout this report.

### Types of care

*Standard care home:* 24 hour support in residential accommodation, rather than care in an adult's own home. Includes meals and personal care, such as help with washing and dressing.

*Care home with dementia support:* Residential care home with specialist support for people living with dementia.

*Standard nursing home:* Care home with 24 hour access to a qualified nurse.

*Nursing home with dementia support:* Nursing home with specialist support for people living with dementia.

*Extra care housing:* Schemes that support older people to live independently in their own home by providing 24 hour emergency or onsite support. These are also sometimes called 'very sheltered housing'.

*Home care:* Support provided at a person's own home to help with personal care tasks, preparation of meals, etc.

*Authority-funded places:* Places that are entirely, or partly, funded by the local funding authority.

*Self-funded places:* Places that are entirely funded by the service user's own funds.

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## 2. Availability

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### 2.1 Sufficiency

Across the UK, one in four funding authorities (22 per cent) have enough care in their area to meet demand. The sufficiency of care for older people has increased slightly since last year when the figure was 20 per cent. This figure is derived from data gathered from funding authorities across the UK, who were asked to report whether there was enough care in their area to meet demand across a range of residential and community-based services (see the appendix for more information about methodology). Of the six services we asked about, nine funding authorities (6 per cent) in the whole of the UK said they do not have enough provision for any service. Nearly a quarter of a million older people live in these areas.

Across the UK, over 4.2 million people aged 75 and over live in areas with insufficient care provision. These people are less likely than those in other parts of the UK to find care suitable for their need. People who use care services can drive up the level of quality in their area, but only if they are able to make a choice from a range of providers. If there is not enough care to meet demand in an area, their choices are likely to be limited.

Our survey shows that 38 per cent of funding authorities expect this situation to worsen in the next year. These authorities expect the demand for older people's care to be relatively higher than supply in a year's time than it is now. While 89 per cent of funding authorities expect demand for older people's care to increase, fewer than half as many (43 per cent) expect supply to do so. These figures are derived from data gathered from funding authorities across the UK, who were asked to report whether they expect the demand and supply of social care to increase, decrease, or stay the same over the next year. Only a handful (2 per cent) expect sufficiency of care in their area to improve over the next year.

These expectations are consistent with other research conducted this year which suggests that the provision of residential care is not set to keep up with rising demand. These findings indicate that at current levels of provision, there will be a shortfall of more than 70,000 care home places in the next decade (Fenwick, 2017).

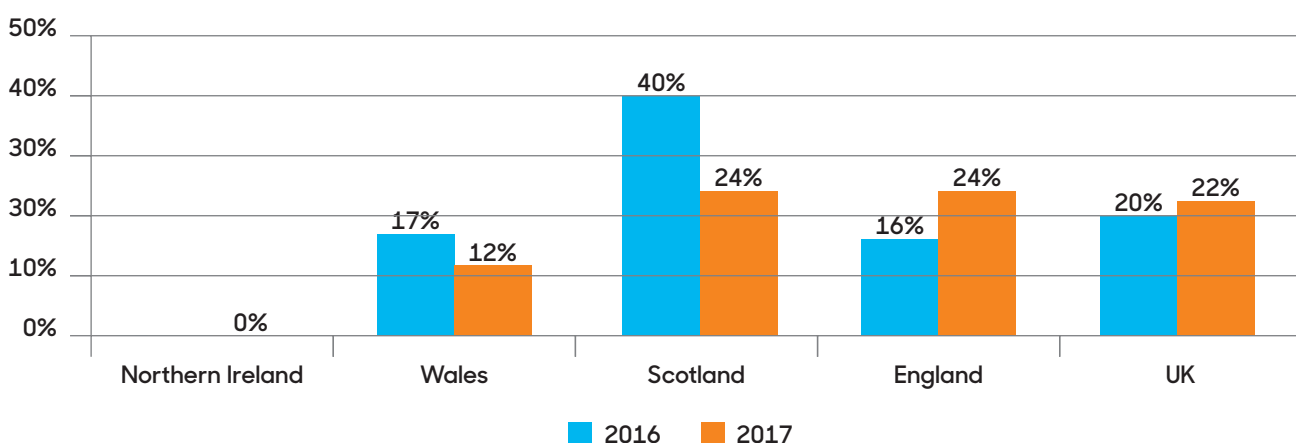
**Recommendation: Local authorities and Health and Social Care Trusts should make sure that there are enough services available for people who need them.**

## 2.2 Variation between regions and services

Our survey reveals wide regional variation in availability of care. Not a single funding authority in the South West of England or Northern Ireland reported having enough care to meet demand in their area, while over half (56 per cent) did in the North East. Although overall sufficiency remains unchanged, there have been significant movements within nations. The proportion of respondents with enough provision in Scotland has fallen by 16 percentage points, compared with in England where the proportion has increased by 8 percentage points (Figure 1.1).

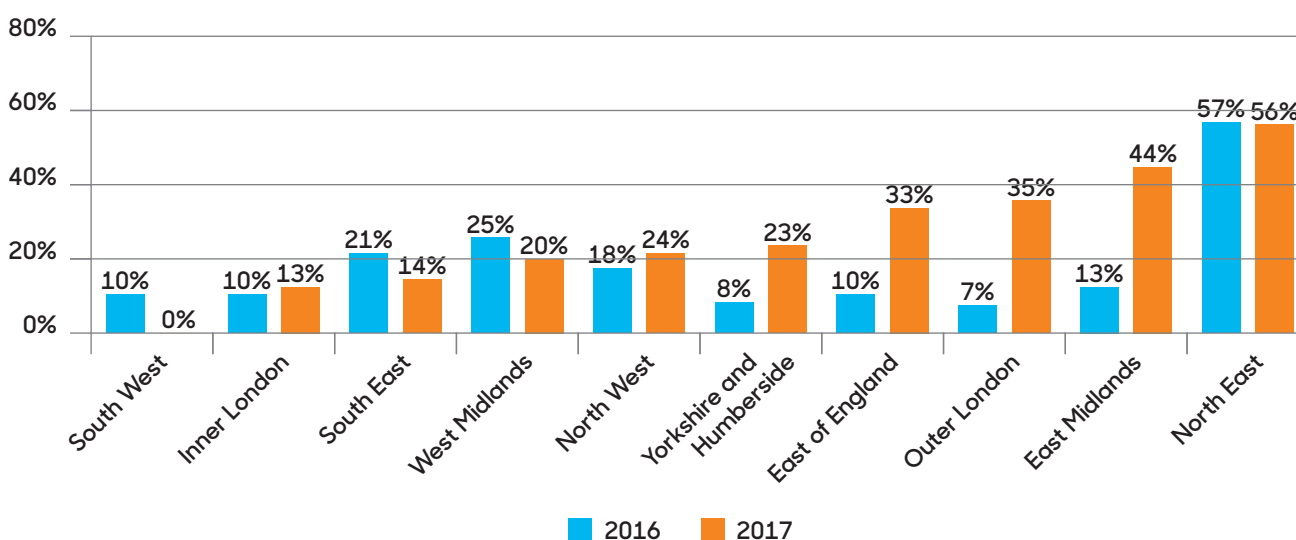
There has also been a slight increase in how much availability varies between regions (Figures 1.1 & 1.2). Whether or not there is enough care for an older person continues to depend in large part on where they happen to live.

Figure 1.1. Proportion of respondents with enough provision of care to meet demand, by nation.



Note: Data is not available for Northern Ireland in 2016 due to a low response rate

Figure 1.2. Proportion of respondents with enough provision of care to meet demand, by regions in England.



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The comments provided by funding authorities highlight some of the challenges they face in meeting older people's care needs.

*"Generally there is availability but not in area or home of choice"* – **Northern Ireland**

*"The shortage of nurses has resulted in increased agency use which is expensive and over 250 nursing beds have been lost however there is just enough capacity to manage at this time."* – **East of England**

We also found considerable variation in the degree to which local areas had enough provision for different types of services (Figure 2). While 81 per cent of respondents in the UK said they had enough availability for care home places, that figure falls to 50 per cent for extra care housing, 46 per cent for home care, and 37 per cent for nursing homes with specialist dementia support. This indicates that the people who are most likely to struggle to find suitable care are those with moderate needs, who could be supported with home care or extra care housing, and those with much higher support needs, who require specialist nursing care.<sup>2</sup>

There have been some minor changes in the availability of some types of care since last year. Most notably, the proportion of funding authorities with enough provision of nursing homes with dementia support has increased from 32 per cent to 37 per cent. While this is a welcome improvement, it means that more than three fifths of funding authorities still lack enough care for older people with the highest level of needs.

The sufficiency of provision of extra care housing has increased despite concerns that the Government's plans to change the way supported housing such as extra care is funded would restrict investment (Communities and Local Government Committee, 2017). It has since been announced that the proposed changes to funding will not apply to supported housing, which will receive a 'flexible funding approach' (DCLG & DWP, 2017). This may lead to stronger growth in the availability of extra care housing in the future. Many funding authorities highlighted the importance of extra care housing as an alternative to residential care and several noted ongoing developments in their area. However, only a small minority of older people in authority funded care currently use extra care housing.

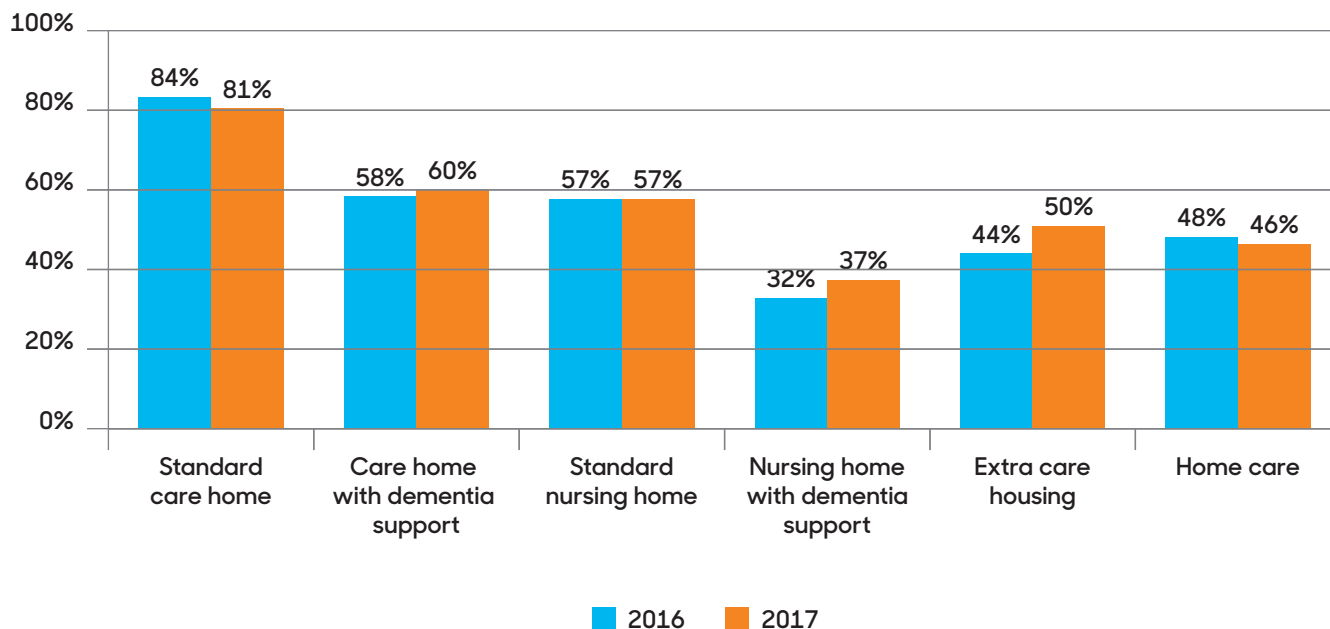
Instead, the majority of older people receiving authority-funded care are cared for in their home. Home care has the potential to reduce the pressure on the provision of other, more expensive forms of care, by enabling older people to remain independent for longer. Across the UK, there is still not enough home care, suggesting that the approach to providing care at present is fiscally unsound. Ensuring that upstream services such as home care and extra care are available to all who need them could lead to overall savings in the future for funding authorities.

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<sup>2</sup> Please see the glossary for a full definition of services and other terms used in this report.



Figure 2. Proportion of respondents with enough provision of care to meet demand, by service.



The comments on the availability of older people's care provided by local authorities offer some explanations for the insufficiency of different types of care. Many of these comments mentioned the difficulty of recruiting and retaining staff for various types of care, with it being particularly difficult to recruit qualified nursing staff.

*"[Our funding authority] is subject to the same problems as are occurring nationally in relation to recruitment of nurses and appropriately trained staff" - North West of England*

*"We are finding that developers [of extra care housing units] are in some cases hesitant to commit to building new schemes in light of the current uncertainties regarding the future of public subsidy for supported housing" - South East of England*

*"A reducing working age population combined with rurality mean that workforce is the key driver of capacity in certain parts of the region" - Scotland*

## 2.3 Out of area placements

To increase the amount of care that they can offer to residents, funding authorities may use out of area placements. These are placements of older people in residential care such as a care home outside of their funding authority area. Across the UK, 97 per cent of funding authorities report that they use out of area placements. One in seven (14 per cent) residential care places are provided outside the person's home funding authority. The proportion of older people who have a place out of area varies between regions. While only 8 per cent of care places in the North East of England are out of area, 59 per cent of older people whose care is managed by a funding authority in Inner London are out of area.

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Individuals may choose out of area placements, for instance so that they can access care in a setting which is closer to family members. Funding authorities, too, can benefit from out of area placements by taking advantage of the lower costs of providing care in neighbouring authorities. Out of area placements can also benefit funding authorities by allowing them to make use of each other's excess demand and supply.

*"We have had to place a number of people out of borough due to there being no in-borough vacancies at certain times" - North West of England*

*"We have sufficient Nursing Home capacity in the borough to meet the needs of the Council but this provision is also being accessed by other boroughs which puts pressure on capacity" - London*

However, concerns have been raised about the impact that out of area placements can have on older people's experiences, particularly if they are not given a choice about them. It may be distressing for people to be required to move far away from their home, where their family, friends, and support network including familiar health professionals live.

**Recommendation: Central and national governments should make sure that older people have the information they need to make positive choices about their care.**

## 3. Prices of older people's care

Funding authorities hold good information on the costs they are paying for older people's care, but less robust information on self funders.

### 3.1 What do funding authorities pay for residential care?

In the UK, the average price of residential care funded by authorities is £556 a week. This figure is derived from data provided by respondents, who were asked to provide the average weekly prices for places funded by the authority. We also asked about the number of people receiving these services, in order to produce regional and national averages that took into account different patterns of use across the country.

**Table 1. Prices funding authorities pay for older people's social care (lowest prices highlighted in green, highest in red).**

Region	Standard Care Home (weekly)	Care Home with Dementia Support (weekly)	Standard Nursing Home (weekly)	Nursing Home with Dementia Support (weekly)	Overall Residential (Weekly)	Home care (21 hours)
UK	£503	£531	£599	£624	£556	£318
England	£492	£527	£586	£611	£544	£311
Wales	£534	£543	£647	£654	£578	£319
Scotland	£576	<b>£640</b>	£628	£715	£616	£344
Northern Ireland	£514	£507	£605	£627	£584	£327
East of England	£491	£559	£569	£649	£531	£325
East Midlands	£494	£501	£580	£532	£516	£327
Inner London	<b>£627</b>	£607	<b>£836</b>	<b>£819</b>	<b>£663</b>	<b>£331</b>
Outer London	£596	£592	£653	£662	£622	£306
North East	£524	£549	£572	£601	£547	£284
North West	£436	£459	<b>£507</b>	<b>£508</b>	<b>£494</b>	<b>£271</b>
South East	£519	£545	£622	£675	£574	£352
South West	£553	£591	£577	£635	£600	<b>£360</b>
West Midlands	£503	£498	£619	£597	£544	£323
Yorkshire and Humberside	<b>£430</b>	<b>£455</b>	£542	£571	£501	£306

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The data shows that prices vary widely across the UK (shown in Table 1). The region where funding authorities pay the most for overall residential care is Inner London, followed by Outer London and Scotland. The North West of England is the region where funding authorities pay the lowest prices for residential care on average, followed by Yorkshire and Humberside and the East Midlands. Average residential places are 34 per cent more expensive in Inner London (£663 a week) than in the North West (£494 a week). There are even larger regional differences for certain types of care. The weekly price for a place in a standard nursing home is 65 per cent higher in Inner London than in the North West (£836 compared with £507).

There are several possible reasons for these regional differences. One is that the costs of providing care vary by region. For instance, rental costs for residential care are likely to be the highest in London. Additionally, where availability of care is lowest, the price is likely to be highest as more people contend to access fewer places in care. Our data bears this out, showing a slight negative association between the sufficiency of older people's care and its price.

Funding authorities are paying about the same price for residential care as last year. This means that the price that care homes and nursing homes are receiving for providing care has increased by less than inflation. The prices of authority-funded care may reflect rates agreed in contracts which were signed with providers in the last financial year or even earlier. In this case, prices may yet catch up as new care contracts come into place.

However, it is possible that funding authorities' squeezed budgets and their position in the market as a price setter have led to prices not keeping pace with inflation. This is indicated by a recent report from the Local Government Association which says that an annual national injection of £1.3 billion is needed 'to close the gap between what social care providers say they need and what councils currently pay' (LGA, 2017). Providers of care facing inflating costs and stagnant prices are less likely to be able to provide high quality care, or may be forced to pass costs to self-funders so that they effectively subsidise authority-funded places.

**Recommendation: Central and national governments should provide funding authorities with adequate funding to make sure that there are enough safe, high quality care services available for everyone who needs them.**

## 3.2 What do funding authorities pay for home care?

On average, the price of 21 hours a week of authority-funded home care in the UK is £318. This has increased by 3 per cent since last year, in line with inflation. However, the hourly rate of £15.15 falls short of the United Kingdom Homecare Association's minimum price for home care services of £17.19 per hour (UKHCA, 2017). This rate is designed to allow full compliance with the National Minimum Wage and the delivery of sustainable home care services to local authorities.

At 33 per cent, the difference between the most expensive and the cheapest region is about the same as in residential services, but there are differences in where those high and low prices are found. Whereas councils in London tended to report the highest average prices of residential care, the average price of home care in London is similar to the overall UK figure. In rural regions, home care providers can be expected to cover much larger distances than in towns and cities. Some funding authorities said that recruiting and retaining care staff is difficult in rural areas. The additional costs of travel time, mileage and recruitment are likely to contribute to the higher prices for home care in more rural regions.

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*"The provision of care at home is not uniform across [our funding authority area]. There are difficulties in recruitment to some areas, and ... there are areas, particularly remote and rural areas, where there are shortages of provision impacting hospital discharges in particular."*

**- Scotland**

*"On a daily basis there are a number of people where the council cannot arrange an appropriate home care service because of the lack of agency availability ... We currently have a 49% staff turnover rate in the home care market. This means that unmet need is increasing and quality of care is adversely affected."*

**- East of England**

*"Due to the council's rural location it can be difficult to recruit and retain care staff. This is a particular problem in the domiciliary care market"*

**- South East of England**

### 3.3 Third party top ups

Some older people decide that they would like to receive residential care from a provider who charges more than the 'standard rate' that the funding authority would be prepared pay for care to meet their level of assessed needs. For example, fees may be higher in a bigger room, or one closer to home. In that case, third parties, usually family members, can contribute to the cost of a person's care home fees through 'top ups'. We asked funding authorities about the use of these third party contributions. Only 61 per cent of respondents were able to answer this question so responses should be treated with some caution.

One in seven older people (15 per cent) receiving authority-funded care use third party top ups. The proportion of older people using top ups varies significantly between regions and nations, with 32 per cent of older people in Northern Ireland using top ups compared with only 4 per cent of older people in Scotland.

#### **Box 2. Third party top ups and the Care Act 2014**

While top ups can be a way for some older people to access better care, there have been concerns raised about cases of older people and their relatives feeling that they have no choice but to 'top up' (Age UK, 2017b).

The Care Act 2014 requires that local authorities in England 'ensure that the person has a genuine choice of accommodation' (Department of Health, 2017,). Local authorities 'must facilitate markets that offer a diverse range of high-quality and appropriate services.'

Some older people report feeling pushed into paying for more expensive care because that offered by the funding authority is low quality or unsuitable. Others feel like they do not have any choice but to top up if their provider or funding authority demands it after they have settled into a care home, even if it does not provide particularly high quality care.

If an older person is offered a choice between care homes which are low quality, unsuitable or a long distance from where they used to live, their funding authority is not meeting its duty under the Care Act 2014.

**Recommendation: Central and national governments should make sure that older people have the information they need to make positive choices about their care.**

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## 3.4 Deferred Payment Agreements

Older people who have few savings moving into a care home may not have to sell their home immediately. This is because they may be eligible to enter into a Deferred Payment Agreement (DPA) with their funding authority. (In England, Scotland and Wales a local authority must enter into a DPA with any individual who meets eligibility criteria set at a national level.) A DPA typically gives a funding authority a charge over an older person's property while they cover their cost of care, recuperating the funds when the older person sells their house, or after their death.

For many older people, not having to sell their house when they go into care can provide significant benefits. These include the security of knowing that there is a home to return to, especially if an older person is not expecting to enter care permanently. Additionally, older people who postpone selling their house can benefit from house price inflation and the possibility of letting their property to help pay part of their care costs.

However, not all older people have an equal chance of accessing these benefits. While the eligibility criteria for entering into a DPA are identical across England, the number of agreements entered into varies hugely between funding authorities and between regions. For instance, while the average funding authority in the West Midlands had 67 DPAs in place at March 31 of this year, the average funding authority in London had only 16 (NHS Digital, 2017b). Only part of this disparity can be explained by the larger populations of funding authority areas in the North West than in London. Research by Independent Age (2017) suggests that even if an older person applies for a DPA, the likelihood of it being accepted depends on where they happen to live.

Depending on where they live, older people going into care have varying amounts of control over where they receive their care, the quality of that care, and how they pay for it. The variability in access to DPAs adds another layer of uncertainty for older people entering care.

**Recommendation: Central and national governments should make sure that older people have the information they need to make positive choices about their care.**

## 3.5 What do self funders pay for care?

In the UK, the rates that self-funders pay for residential care are, on average, 14 per cent higher than the rates paid by funding authorities. While a self-funded place in home care is 8 per cent more expensive than an authority-funded place, that figure rises to 12 per cent for nursing care with specialised dementia support and 17 per cent for a place in a standard care home.

These figures should be treated with some caution, as respondents generally reported large data gaps relating to the private paying market. Just 28 per cent of respondents were able to provide data on how much self-funders pay for a standard care home place in their area. As such, we were unable to produce regional averages. A similar proportion of respondents were able to tell us the numbers of older people self funding their care, and many of those that did highlighted limitations in the quality of the data.

There are at least two explanations for why self-funders are paying higher fees for their care than people funded by their funding authority. It may be that they are simply paying more for better facilities and additional services. Or it may be that providers are charging self-funders more for the same care, and cross subsidising state-funded residents, in order to recoup losses from lower fees paid by funding authorities.



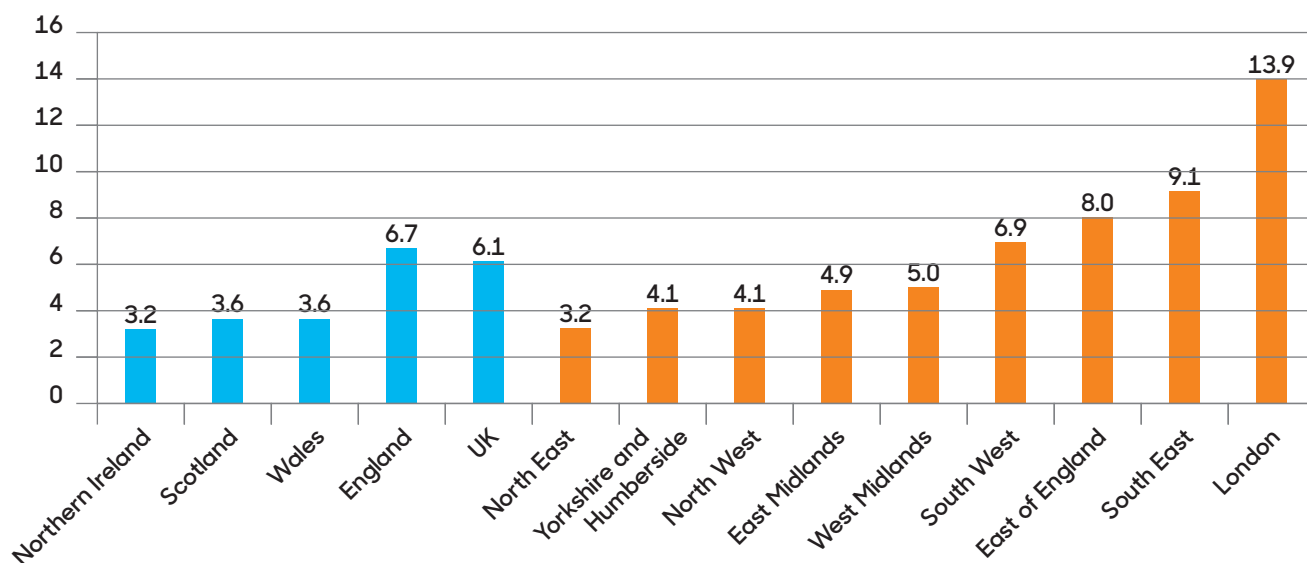
### 3.6 How long will self-funders take to spend their savings on care?

The level of savings a person has determines whether they fund their care themselves or are supported by their funding authority. If an individual has assets worth more than £23,250 in England and Northern Ireland, £26,500 in Scotland and £30,000 in Wales, they will have to fund their own care. This includes the value of their home, unless their partner (or another dependent) is still living in it. Below this threshold, the funding authority will fund part or all of the person's care costs. Based on average UK property prices (ONS, 2017b), and average UK residential care fee data provided by our respondents, self-funders will take six years and one month to spend the value of their property on average residential fees before they reach the threshold for funding authority support.

However, as property prices vary widely across the UK, self-funders in one part of the country can expect to take considerably longer spending their savings on residential care than in other areas (Figure 3). Because they have the lowest property prices, self-funders in Northern Ireland and the North East are likely to use up savings taken from the value of their home in the shortest time (three years and two months for average residential fees). In contrast, self-funders in London will take the longest to spend the value of their property (13 years, 11 months for average residential fees).

At nearly £17 an hour, it will take just one year and one month for self-funders receiving 21 hours of support a week to spend £20,000 of savings on average UK home care fees.

**Figure 3. Years taken to spend value of property on residential care before reaching threshold for state support, by region.**



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## 4. Market awareness

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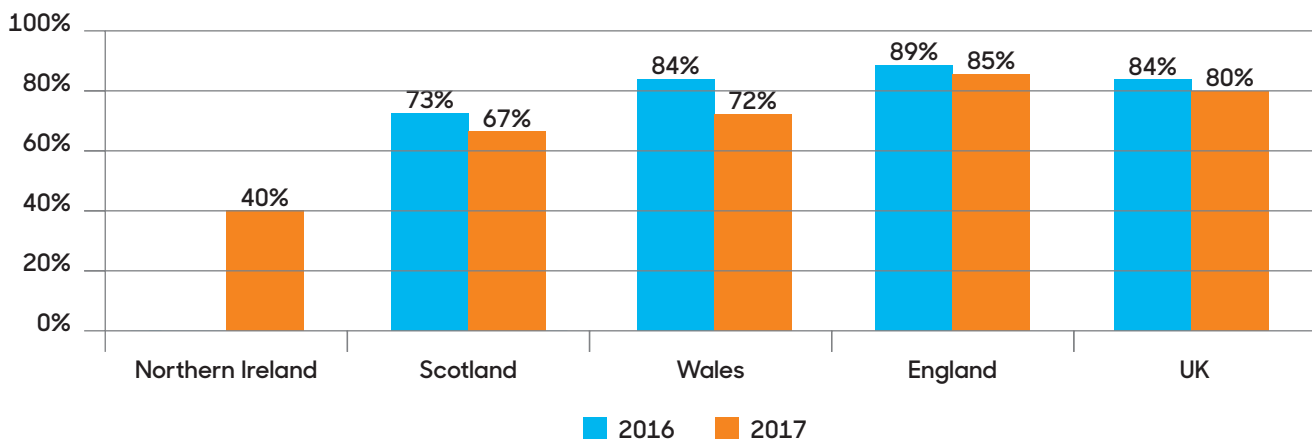
Central and local government need a strong understanding of the local and national care market if they are to identify and resolve capacity issues. To make sure that the needs of older people are met by a sufficient supply of social care, funding authorities need to have an understanding of the market. It is also important for councils to provide information to older people and their families about care in their area so they can learn more about what is available, and what they can expect to pay.

In England, the Care Act places duties on local authorities to shape the local adult social care market. According to the statutory guidance, 'the core activities of market shaping are to engage with stakeholders to develop understanding of supply and demand' (Department of Health, 2017). Similarly, in Wales local authorities 'must identify the services already available' which enable people to 'live their lives as independently as possible' (Social Services and Wellbeing (Wales) Act 2014).

Funding authorities reported large gaps in data relating to availability of care. Some 20 per cent of respondents reported having insufficient data about whether the supply of social care in their area could meet demand. This has increased from 16 per cent last year, suggesting that funding authorities have a poorer understanding of their local market than previously. The number of funding authorities reporting that they lack data on whether the supply of any of the six types of care service asked about could meet demand has doubled this year to 6 per cent of respondents.

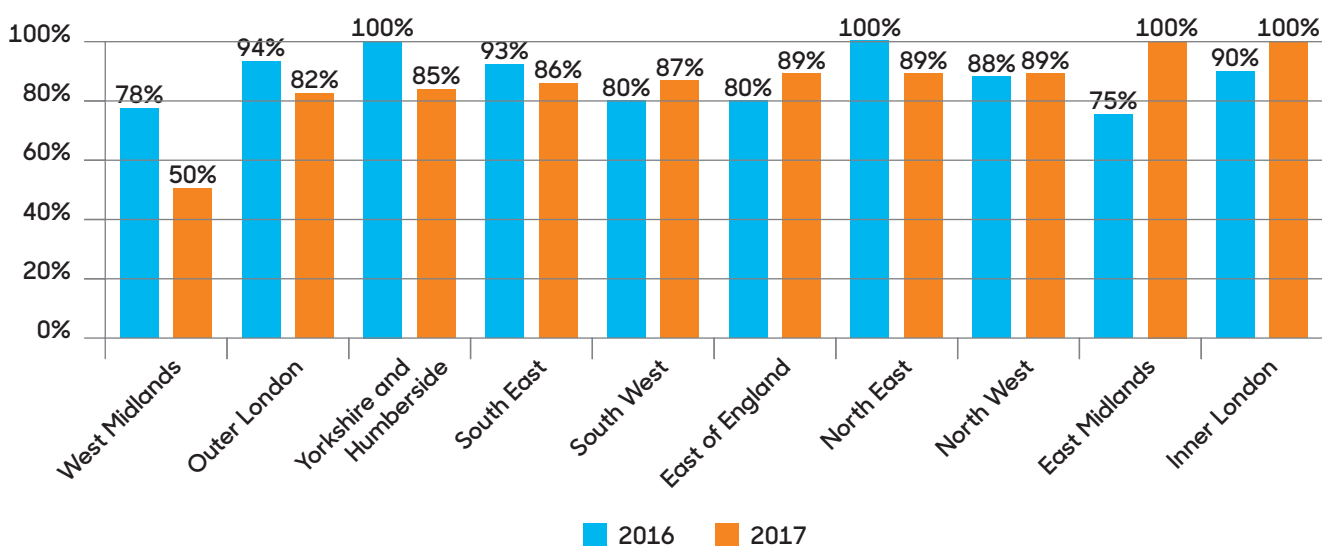
Certain regions showed greater awareness of their market than others. Every funding authority in the East Midlands and Inner London were able to say whether their supply met demand, compared with just 40 per cent of funding authorities in Northern Ireland (Figures 4.1 & 4.2). Among the four nations, Wales saw the most marked decline in the proportion of funding authorities with enough data to determine sufficiency, from 84 per cent last year to 72 per cent this year. At 85 per cent, England has the highest proportion of funding authorities with enough information about the market to determine sufficiency, despite a decrease since last year. This may be due to stronger statutory duties placed on local authorities in England.

Figure 4.1. Proportion of respondents with sufficient data to assess whether care meets demand, by nation.



Note: Data is not available for Northern Ireland in 2016 due to a low response rate

Figure 4.2. Proportion of respondents with sufficient data to assess whether care meets demand, by regions in England.



Many respondents acknowledged that their understanding of the self-funded market was particularly low. Some authorities pointed out that because self-funders pay for their care privately, normally without any involvement from their funding authority, providers are under no obligation to share their data, and are often reluctant to do so. Funding authorities therefore tended to hold data only on those self-funders whose care was being managed or supported by the authority. This data may therefore not be representative of self-funders more broadly.

Funding authorities also vary in their understanding of how older people fund their care, with only 61 per cent of respondents providing data about the use of third party top ups. It is clear that certain funding authorities are doing better than others at developing an understanding of the care market in their area. This is supported by research by Independent Age (2017) which found that local authorities in England vary significantly in the extent to which they monitor the market, especially regarding the quality of providers and the use of third party top ups.

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It is important that older people and their families have access to good quality information about the care that is available, and how they can pay for it. Older people who are unable to find information on the range of local provision are more likely to be limited in their choices on price and services.

**Recommendation: Central and national governments should make sure that older people have the information they need to make choices about their care.**

Our findings highlight significant variation across the UK in whether there is enough care for older people, how much it costs, and how much information funding authorities hold about it. The findings also raise questions about the degree of choice older people have over the way their care is funded and where they receive it, as illustrated by wide variation in the use of third party top ups and out of area placements. Millions of older people across the UK face an ongoing struggle to get the care they need. As the pressure on the system keeps growing, the governments of the UK must act so all older people can access safe, reliable and affordable care when they need it.

**Recommendation: In the long term, central and national governments must address the strategic challenge of reforming care and funding.**

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## Appendix 1: Methodology

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In August 2017, we submitted surveys as Freedom of Information (FOI) requests to all 206 local authorities across England, Scotland and Wales, and five Health and Social Care Trusts in Northern Ireland.

We received 185 responses out of 211, giving an overall response rate of 88 per cent, and a minimum response rate of 77 per cent in all regions and nations of the UK.

The survey asked about the average fees paid for authority-funded and self-funded places for various types of care, and the numbers of older people in receipt of those services. It asked about the proportion of older people receiving care whose places were entirely, partly, and not at all funded by the funding authority, and the proportion of places partly paid for by third party contributions.

The survey also asked about whether there was enough provision of care to meet the demands of older people, and what was expected to happen to the demand and supply respectively of social care in the next year. Respondents were asked to provide qualitative feedback about the sufficiency of care in their area. Finally, the survey asked whether funding authorities used out of area placements, and what proportion of their provision was sourced in this way.

For fees paid by local funding authorities, this data was used to produce average fees across the four different residential care services, and regional and national averages for all services. These figures were weighted against the numbers of people in receipt of these services to take into account different patterns of use across the country and different types of care.

For comparisons against fees for self funders, UK averages were weighted against figures drawn from mid-year population estimates for people aged 75 and over (ONS, 2017c).

For calculations of the time taken to spend the value of a house on care costs, data was taken from the most recently available House Price Index (ONS, 2017b). Changes introduced in June 2017 to the methodology used to calculate this index by the ONS translate into a significant shift in reported house prices. This means that the time taken for older people to spend the value of their house on care costs reported this year are not directly comparable with those published in our 2016 report.

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## Appendix 2: Eligibility criteria for public funding

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How much public funding an older person is eligible to receive is determined by two factors: the extent and type of their care needs and the value of their property and savings.

### Needs eligibility

Depending on their level of need, some people are able to access financial support from their funding authority covering all or part of their care costs.

In order for an older person living in England to be eligible for financial assistance based on need, their need must be such that their wellbeing is significantly impacted by their inability to achieve two or more activities out of ten listed by regulations accompanying the Care Act 2014. Such activities might include being able to make use of the home safely, or making use of public transport to visit the doctor or to meet a friend (Department of Health, 2017). In Wales, there is a similar but slightly more generous minimum eligibility threshold.

In Scotland, funding authorities retain discretion over eligibility rather than all having to abide by the same threshold. However, they must provide free personal care (e.g. assistance with bathing, dressing, and preparing food) to anyone who needs it aged 65 and over, and free nursing care for all ages.

In Northern Ireland, Health and Social Care Trusts must provide care to those with substantial or critical needs, which is measured in a different way to the system in England. For instance, someone may be categorised as having 'substantial need' in Northern Ireland if they have only partial choice and control over the immediate environment, or involvement in many aspects of work, education or learning cannot or will not be sustained (Department of Health, Social Services and Public Safety, 2008).

### Means test

Older people may also qualify for financial assistance with social care based on the value of their property and savings.

The eligibility criteria differ by country within the UK, but there are some common features. There are two aspects of each means test: one measures an older person's level of capital and the other measures their income. If an older person has capital above a certain threshold, they will not be eligible for any funding from their funding authority. Otherwise, they will be eligible for financial assistance, the extent of which is determined by their remaining level of capital (except in Wales) and their income. Further detail about how the means test works in each country of the UK is set out below.

**England and Northern Ireland:** if an individual has assets worth more than £23,250 they will have to fund their own care. This includes the value of their home, unless either they are receiving home care or their partner lives in it. Below this threshold, the funding authority will provide



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financial assistance. Based on their assets, individuals will still contribute to social care costs from their capital until those assets fall below £14,250, at which point the funding authority will not require any contributions from their capital. Instead only their weekly income will be considered (e.g. State Pension or Attendance Allowance) when deciding how much funding the authority will contribute to cover the costs of care based on eligible need. However, in Northern Ireland help at home with daily tasks is free for people aged over 75.

Based on income alone, the funding authority must provide enough financial assistance so that each individual has a Personal Expenses Allowance (PEA), currently set at £24.90 a week. The maximum amount a funding authority in England will contribute to care costs is up to funding authorities' discretion. If the cost to the funding authority of providing residential care for a person is more than they would normally expect to pay for someone with that level of assessed needs, they do not have to pay for this care so long as there is suitable, available accommodation elsewhere. However, an individual may opt to receive top ups from third parties to cover the difference between their preferred care costs and those the council would otherwise cover.

**Wales:** In Wales, there is only one capital limit, currently set at £30,000.<sup>3</sup> Below this capital threshold, an older person would only be expected to contribute to care home costs from their income (e.g. their pension), in the same way as older people in England or Northern Ireland who fall below the lower capital threshold. An older person holding assets worth more than the capital limit will have to fund their own care. However, there is a limit of £70 per week set on the amount that local authorities can charge a person for the care they receive at home or in the community.

**Scotland:** The means test plays a less significant role in the calculation of costs than in England, Northern Ireland and Wales. This is because funding authorities in Scotland must provide free personal care (up to £171 per week) to anyone aged 65 and over, and free nursing care (up to £78 per week) for all ages. Where a gap exists between the cost of care and the amount of free personal and/or nursing care a person is eligible for, a means test is conducted to calculate how much (if any) of this gap should be filled by the older person's income and wealth.

In Scotland, the means test is conducted along similar lines to in England and Northern Ireland, except that the two capital thresholds are slightly higher, at £16,500 and £26,500 respectively. This means that older people in need of care will receive financial assistance from the funding authority while holding on to slightly more of their capital. The maximum amount that a funding authority will contribute to an individual's care costs are determined by nationally set standard rates for people who are publicly funded, unlike in the other countries of the UK. These rates are currently set at £574.42 per week for standard residential care and £667.09 per week for nursing care (COSLA, 2017).

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<sup>3</sup> This increased in April 2017 from £24,000 and there are plans to increase it further up to £50,000 in the future.

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