
This note outlines the policy developments that have influenced the Government’s vision and sets out details of the proposals in the Green Paper. The Green Paper applies to England only.

1 Background

1.1 The current social care system

Eligibility

The prime responsibility for the provision and commission of community care services rests with local authority social services departments. Councils have a duty to assess whether a person is entitled to care services. The Department of Health’s Fair Access to Care Services (FAC) guidance provides councils with a framework for setting their eligibility criteria for adult social care. It categorises an individual's needs under four eligibility bands - critical, substantial, moderate and low. Each council is responsible for its own adult social care budget and councils are able to take into account their resources when determining the threshold level for providing care. Anyone below the eligibility threshold will have to fund their own care. This has led to variations in the eligibility thresholds across the country with some local authorities restricting services to those with critical or substantial needs.

Social care funding

In England, once a person has been assessed as eligible to receive social care, they will be required to undergo a financial assessment to determine how much they should contribute to their care package. The rules will differ depending on the type of care received:

- For **residential care** local authorities are required to comply with national rules on charging. An individual with capital above the higher capital limit of £23,000 (for
2009/10) does not receive any financial support towards the cost of their care home place. The capital limit includes the value of any property owned by the individual. For those with capital below the higher limit, they may receive local authority financial support but they must contribute their income towards this cost, subject to any income disregards that may apply and subject to their weekly Personal Expenses Allowance of £21.90 (for 2009/10.) The system focuses on supporting those who cannot afford to pay for their own care. However, critics argue that it penalises those who have saved for old age. Further information on local authority charging policy is available in the Library standard note, Financing Care Home Charges.  

- Councils are not required to charge for non-residential services but most do. They have a wide discretion when setting charging policies for domiciliary or home care but these have to comply with minimum standards set out in Fairer Charging guidelines which require that a user’s net income must not fall below a defined level after charges are applied. The discretionary charging system has led to a wide variation in funding between councils for equivalent services and consequently, criticism has been directed at the lack of fairness and transparency of the system.

- Since October 2007 the NHS has contributed a single weekly rate (£106.30 for 2009/10) to cover the cost of registered nursing care for all newly eligible care home residents (NHS nursing care in a person’s home is provided for free). Any individuals who were on the high band (£146.30) before the single rate was introduced continue to receive the higher amount.

1.2 Policy developments

In recent years the Government has published a number of policy documents seeking to address the challenges for social care posed by a changing and aging population. The policy direction has been to provide people with greater independence and control over the support they receive from the state in their own homes, thereby averting the need to move into residential care.

The 2005 social care Green Paper, Independence, Well-being and Choice, set out a vision of social care which would maintain the independence of the individual by giving greater choice and control over the way in which their needs are met. The proposals focused on developing greater use of direct payments, individual budgets and early intervention to maintain an individual’s independence by allowing them to remain active in the community.

The subsequent White Paper, Our health, our care, our say, built on the social care proposals introduced in Independence, Well-being and Choice, with emphasis on the importance of joint-working between health, housing and social care to allow individuals greater choice in service delivery and the tackling of inequalities in access and care.

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1 SN/SP/1911
2 Department for Health, Fairer charging policies for home care and other non-residential social services: guidance for Councils with Social Services Responsibilities; Cm 2003
3 CSCI, Cutting the Care Fairly: CSCI review of eligibility criteria for social care, 2009
4 Department of Health, Independence, Well-being and Choice. Cm 6499; March 2005
5 Department of Health, Our Health, our care, our say: a new direction for community services, Cm 6737, January 2006
The Government’s commitment to independent living for all adults was confirmed in the 2007 *Putting People First*⁶ ‘concordat’ signed by Central Government, local government, the professional leadership of adult social care and the NHS. The concordat included a commitment to transform social care through a system of personalised budgets to allow greater individual choice in the commissioning of care services. In order to comply with the additional duties to transform social care, the Government announced local authorities would be allocated a new Social Welfare Reform Grant worth £85 million in 2008/09, £195 million in 2009/10 and £240 million in 2010/11.⁷

1.3 The Wanless Review: funding long-term care

Against a background of the policy shifts in social care support and funding, which placed greater emphasis on individual choice and independence, the health think-tank, the King’s Fund, commissioned Sir Derek Wanless to undertake a review of social care. The review projected that by 2026, 1 in 5 people in England would be over 65, with the number of people over 85 growing by two-thirds.⁸ The review further projected that by 2025, there would be a 53 per cent increase in those with some need and a 54 per cent increase in those with a high level of need.⁹

The review found that despite users’ preference to stay in their own homes, local authority spending on care home placements had risen at a faster rate than that on home care. In 2004/5, almost 60 per cent of local authority gross spending on older people’s social care went on residential and nursing home placements. Furthermore, in directing resources to people with the most intensive needs, a substantial number of people with lesser but still significant needs, were not being helped in many cases. More recent figures obtained since the review reveal that in 2007/08, 72 per cent of councils were not providing support for people assessed as having low or moderate care needs.¹⁰

The Wanless review also strongly criticised the current funding of social care services.¹¹ It found:

> There is … widespread dissatisfaction with the current funding system. In part this results from ignorance about what to expect. It often comes as an unwelcome surprise to older people to discover that social care is means-tested and they are expected to rely on their own savings and income until their assets have fallen to the threshold set for state funded care. It is a common complaint that the existing system penalises those who have saved for their old age.¹²

The review recommended abandoning some aspects of means-testing and changing the current means-testing rules so that fewer users would have to pay charges. It further recommended a ‘partnership model’ which would provide a universal minimum level of care with incentives for individual’s to ‘top-up’ contributions which would be matched by the state. Those on low incomes would be supported in making additional contributions through the benefits system.

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⁸ *Securing Good Care for Older People – Taking a long term view*, Derek Wanless (March 2006), p32
⁹ *Securing Good Care for Older People – Taking a long term view*, Derek Wanless (March 2006), *Summary*
¹⁰ CSCI, *Cutting the Care Fairly: CSCI review of eligibility criteria for social care*, 2009
¹¹ *Securing Good Care for Older People – Taking a long term view*, Derek Wanless (March 2006)
¹² *Ibid*, *Summary*
The particular strengths of the partnership model were identified as:

- It would limit means-testing to the benefits system, leaving care services to focus on meeting need.
- It provides a guaranteed minimum level of care, making the system universal and inclusive.
- It provides incentives for people to save for their needs in older age as almost everyone would be required to make some form of contribution.
- It produces best value-for-money – the best ratio of outcomes to costs.
- It forces far fewer people to dispose of assets to pay for care than under means-testing.
- It is sustainable – the system will cost more than means-testing but it also provides significant additional value by way of better outcomes in return; it also makes a charge that both deters use of service beyond the benchmark level and is an important source of revenue.
- It provides clarity about what care people can expect, how much they are entitled to receive, and also how much they have to pay.

Identified weaknesses with the partnership model are:

- Compared with means-testing, the differential between what better-off people pay and poor people pay is lessened.
- Social care funding arrangements need to work with the benefits system. The partnership model is no exception, with all the complexities that this implies.
- The partnership model is not as expensive overall as free personal care, but it is more expensive than means-testing, at least in terms of the direct care costs. The political and economic costs of public funding (for example, the effects on the economy of higher taxes) need to be considered.

The review estimated that moving from the current means-tested model to a partnership one would cost an extra £4.3 billion a year but that a significant amount of that figure could be diverted from social security benefits:

The state also currently funds care indirectly via the benefits system. The main benefits – Attendance Allowance and Disability Living Allowance (care component) – cost around £3.7 billion. These benefits are used to help pay charges under means-testing, to top-up care beyond that which is directly funded, and to cover non-care related costs. The data about their use is poor, but under means-testing, a large proportion is used to pay charges for care packages.13

The Government’s response to the Wanless Review

Following publication of the review, the Department of Health announced that the Wanless review would form an important starting point for the Treasury’s spending review of social care funding in 2007.14

In the Comprehensive Spending Review 2007 (CSR2007) the Government announced that a ‘radical rethink’ was required of the way the state supports people to retain their independence. The report confirmed that the Government would be building on the work of Sir Derek Wanless and others and consulting on reform options for social care. The CSR2007 provided:

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13 Ibid
14 HC Deb 25 May 2006 c1878W, Ivan Lewis MP
The Government has three requirements for reform: it must promote independence, wellbeing and control for those in need; be consistent with the principles of progressive universalism; and it must be affordable.

The Government believes that there are real opportunities for reform within a system that shares the cost between the individual and the state and that provides both universal and progressive elements. Greater overall benefits for individuals may also be achieved by reviewing the state systems that people are able to access for such support. There is an opportunity to replace the current systems with a new offer focusing on service users and placing the individual at the centre of these care and support systems, giving them more personal choice and control and directing state resources to where they can have the greatest impact on wellbeing.

The Government therefore intends to develop a reform strategy, and will spend the next period in consultation with public, private and third sector organisations who have contributed to the debate thus far. Next year the Government will set out a process involving extensive public engagement and ultimately leading to a Green Paper identifying key issues and options for reform.15

The Government also announced that it would be increasing the Department of Health’s social care funding, which directly supports new policy initiatives, by £190 million, taking it to £1.5 billion by 2010-11.16

The Secretary of State for Health, Alan Johnson, provided further details of the proposals to reform social care in a statement to the House:

In the face of unprecedented demographic change, it is clear that our social care system needs to respond. The Chancellor has announced that we will develop a Green Paper exploring options for reform, with the aim of increasing dignity and reducing dependency for those who rely on our social care systems. The social care settlement is divided into two parts: local government grant and direct funding from my Department for social care. The local government support grant will increase by £2.6 billion by 2010-11 and direct funding from the Department of Health for adult social care, which covers, for example, carers, mental health and the social care work force, will increase by an average of 2.3 per cent. a year in real terms, worth £190 million.

That funding will enable social services to do more to give service users and their carers greater choice and control over the way in which their needs are met. In particular, the investment will enable further expansion of care tailored to the individual; it will go into prevention and improving people’s quality of life. It will enable more individuals to live independent lives in their own home. But as the Wanless report on social care identified, we need a radical rethink about how we fund that crucial element for everyone in need, not just the elderly, in the future. The Green Paper will begin that important process.17

2 The Green Paper

2.1 The Case for Change

In May 2007, the Government published its consultation paper on care services, The case for change - Why England needs a new care and support system.18 In the paper, the

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16 Ibid, para 6.8
17 HC Deb 10 October 2007, cc299-300
Government accepted that the current social care system lacked efficient early intervention measures:

The existing system does not always live up to people’s expectations. Too often, our existing system also underfunds the kind of preventative home-based domiciliary care necessary to keep people active and healthy. The current system has a tendency to create an overreliance on residential care or even healthcare options, when the preference of many people would be earlier interventions to help them stay in their home and help them stay active.

The Government also acknowledged that means testing in order to assess eligibility for care services was not the fairest system:

The current system of social care is criticised for penalising those who save for their old age, whereas the current benefits system gives the same amount to everybody, regardless of their financial means. People say they do not like means testing, and yet they also say that money should be targeted at those who need it the most. We need to discuss how to balance these conflicting arguments.

The consultation paper set out the challenges facing the care system which arise from people living longer and the proportion of older people in society growing. The consultation paper asked the following questions:

1. What more do we need to do to ensure that this vision of independence, choice and control becomes a reality?

2. What should the balance of responsibility be between the family, the individual and the Government?

3. Should the system be the same for everybody or should we consider varying the ways we allocate government funding according to certain principles?

- Should there be one system for everyone or different systems depending on the type of need for care and support that somebody has?
- Which is more important to us: local flexibility or national consistency?
- What should the balance be between targeting government resources at those who are least able to pay and having a system that supports those who plan and save?  

The Government ran a six month ‘engagement’ process to investigate what people wanted from care and support and how well their needs were being met. The information collected during the process would inform options in a social care Green Paper.

2.2 The Green Paper: Shaping the Future of Care Together

The Green Paper, *Shaping the Future of Care Together* was published on 14 July 2009 for consultation. The paper acknowledged that the current system of means-testing for social care meant that the elderly had to use their savings and, in some cases, sell their homes, to pay for care. Even for those individuals who qualify for state help the system presented difficulties:

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19 Ibid. p10
21 A selection of responses to the consultation are available on the Care and Support website.
There are wide variations in the standards and the quantity of care and support offered by different local authorities. Such postcode lotteries are worsening as funding struggles to keep pace with rising number of older people in need of support. There are few clear rights or entitlement underpinning the service, and what people can expect to receive is often unclear until the actually apply for support.\textsuperscript{23}

Furthermore, responses to the care and support consultation revealed service-user frustration that state funded care was often only provided when they had developed high levels of needs.\textsuperscript{24} There was evidence that people found the system confusing and fragmented in terms of their entitlement to services and navigating the system. Users complained of multiple assessments from different agencies with seemingly different criteria for providing support. There was an identified lack of information about services and users did not feel involved in the decision-making process.\textsuperscript{25}

\textbf{A National Care Service}

In order to counter the weaknesses in the system and the projected further strain by changes in life expectancy, the Green paper proposes ‘radical reform’ of the current care and support system.\textsuperscript{26} At the heart of these reforms is a new National Care Service which would allow everyone to get a consistent service wherever they live in England, and help with their high level needs.

Chapter 3 of the Green Paper sets out what everyone in the country should be able to expect as part of a National Care Service:

- **Prevention services**: a right to support to help individuals stay independent and well for as long as possible and to stop their care and support needs getting worse.

- **National assessment**: everyone will have the right to have their care needs assessed in the same way, wherever they live in England. And they will have a right to have the same proportion of their care and support costs paid for wherever they live.

- **A joined-up service**: services that will work together smoothly, particularly when an individual's needs are assessed. These services might include social care, health and housing services, and the benefits system.

- **Information and advice**: a simple and easy to navigate care and support system which supports people going through it so that they receive comprehensive information, and where appropriate, support from advocates.

- **Personalised care and support**: services based on individual personal circumstances and need. As part of a care and support plan, individuals will be given greater choice and control over how they receive support, and with the possibility of controlling their own budget. The reforms will push forward the vision in \textit{Putting People First}.\textsuperscript{27}

\textsuperscript{23} Ibid, p8  
\textsuperscript{24} Ibid, p42  
\textsuperscript{25} Ibid, p43  
\textsuperscript{26} Care and support is used in the Green Paper to describe the ‘activities, services and relationships that help people to stay as independent, active, and safe and well as possible, and to participate in and contribute to society throughout the different stages of their lives.’

\textsuperscript{27} See pp3-4 of this note.
• **Fair funding**: everyone who qualifies for care and support from the state will get some help meeting the cost of their needs.

**Options for funding**

The Green Paper explores a number of funding choices for the new care and support system based on the public and stakeholder opinion gauged during the engagement process. It provides:

There are no easy answers, and our engagement process showed us that people have mixed views and find these decisions difficult.\(^{28}\)

The debate following the engagement process is set out Chapter 5 of the Green Paper.

Chapter 6 examines the funding options for the National Care Service. The Green Paper provides that a number of options were explored ‘on a continuum which stretches from people paying more for their own care privately, via a partnership that share the costs between individuals and the state, to insurance approaches with increasing degrees of coverage, including one where everyone who can afford to is required to enrol and costs are shared across society.’\(^{29}\)

A pay for yourself system was considered, where everybody would be responsible for paying for their own basic care and support, whether through insurance or savings. It was however ruled out as it would leave many people without the services they need. A fully tax-funded system for all was also ruled out for placing a heavy burden on people of working age. The three options put forward in the Green Paper for funding National Care Service are:\(^{30}\)

• **Partnership** – everyone who qualifies for care would be supported by the Government for a proportion of cost of their basic care and support costs (for example a quarter or a third) or more if they have a low income. Under this system only those who develop care needs contribute to the system and then the contribution is only towards their own care. However, those with high care needs, for example long term residential care, may still have to pay high contributions.\(^{31}\)

• **Insurance** – Like the Partnership model in that people would be entitled to a share of care costs but with a further element of insurance to cover additional costs. To develop this approach the state could work closely with the private insurance market to create its own insurance scheme. This approach offers people a choice and flexibility over whether they want to pay to insure themselves. The disadvantages are that those that choose not take out insurance would, like the partnership approach, still face high care costs.

• **Comprehensive** – Everyone over retirement age, who can afford to, would be required to pay into a state insurance scheme whether or not they need care and support. The advantage of the system is that it would provide peace of mind – once people had paid their contribution they would know that their care costs would be paid for. The disadvantage is that even those who may not need care and support themselves would have to contribute.

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28 Green Paper, p93
29 *Ibid,* p95
30 *Ibid,* p95
31 The partnership model was also the approach identified as the best option in the Wanless review.
Whichever option is used to develop the new system, the Government believe that:

[T]here is a case for drawing some funding streams together to enable us to deliver the new and better care and support system we want to create. We think we should consider integrating some elements of disability benefits, for example Attendance Allowance, to create a new offer for individuals with care needs.32

This aspect of the Green Paper proposals is examined in a separate Library note, The Future of Attendance Allowance.

Next steps
The consultation period on the Green Paper is open until 13th November 2009 and anyone can submit their views.33 Responses will inform a White Paper in 2010 followed by legislative change. Reforms would be phased in gradually over a number of years.34, 35

3 Reaction
Initial responses to the proposals have been mixed. The British Geriatrics Society has welcomed the Green Paper’s emphasis on the need for better service integration and early intervention.36 The King’s Fund, which commissioned the 2006 Wanless Review of social care and which identified the partnership model as an option for reforming the system, also commended the Government for its vision for a fair, simple and affordable system. However, it pointed out that the funding options focused on the elderly:

The implications for those of working age are unclear. It is worth noting that the biggest current pressure on councils’ social care budgets are from learning disability services; it should be clearer how the needs of those of working age will be addressed and funded. Funding reform should address resource needs across all parts of the social care system; it should also avoid creating anomalies and unfairness at a time when the retirement age is likely to change.37

The lack of focus for the disabled has been a common criticism of the Green Paper from many disability groups including Action for Blind People and United Response.

The King’s Fund also stressed that the National Care Service proposal needed further clarification because ‘it raises profound questions about the balance of responsibilities between central and local government, including finance and accountability that will require careful analysis.’38

The Local Government Association strongly oppose the formation of the National Care Service arguing that it would:

- undermine councils’ flexibility in commissioning and designing care services around the needs of the user, which is clearly at odds with the commitment to personalisation;

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32 Ibid, p103
33 Information on how you can contribute to the debate is available at: www.careandsupport.direct.gov.uk
34 Green Paper, p95
35 Further information on the proposals for reform is available at on the Care and Support website.
36 BGS Letter to Society Guardian, posted 29 July 2009
37 King’s Fund, Shaping the future of care together - our analysis, July 2009
38 Ibid
- hamper the ability of councils to join up social care, health, housing and other systems to provide better outcomes for local people; be less responsive than a locally-funded and locally-managed system;

- lessen accountability by removing overall decision-making from democratically elected local councillors. Local people would effectively lose their voice on a service area that will affect everyone; and

- change the nature local government funding which could reduce local flexibility.\(^39\)

**The Conservative Party**

When the Green Paper was published, the Conservatives criticised it for being ‘long on options and short on costs and conclusions, published in the hope that it will see the Government through to an election, when it will no longer be their problem.’\(^40\) They announced that they would ‘build a system that guarantees our older citizens the care and dignity they deserve.’\(^41\)

Further details of a ‘home protection system’, aimed at averting the need for pensioners to have to sell their homes to pay for care costs, were unveiled at the Conservative Party conference.\(^42\) Shadow Chancellor, George Osborne, explained that under Conservative proposals, on retirement people would be invited to pay a one-off fee of £8,000, in return for which the state would pledge to meet their care home fees for life. Those participating in the voluntary scheme, which the Conservative say would be self-funding, would then be free to bequeath their family home to their children on their death.

The proposals have been criticised by a leading pensioners group, the National Pensioners Convention, as unrealistic for addressing the growing number of people who need care in old age. They point out that the typical cost of long-term care for a pensioner is £52,000, twice as much as the Conservative proposals suggest.\(^43\)

**The Liberal Democrats**

Liberal Democrat health spokesman Norman Lamb criticised the Green Paper as coming ‘12 years too late’ but welcomed the principles for reform.\(^44\)

4 Free Personal Care

During the period of consultation on the Green paper, the Government announced that it would be introducing free personal care in England for those people with the highest needs in their homes.\(^45\) This would cover bathing and cooking in people’s own homes and will start in September 2010. It will not apply to those already in residential care, but in principle, help people to remain in their own homes.

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\(^{39}\) LGA, *Care and Support Green Paper*

\(^{40}\) Andrew Lansley, HC Deb 14 July 2009, c161

\(^{41}\) Ibid

\(^{42}\) 3 October 2009

\(^{43}\) The Independent, 5 October 2009

\(^{44}\) HC Deb 14 July 2009, c162

\(^{45}\) Prime Minister Gordon Brown, Labour Party Conference, 30 September 2009
The proposals were supported by groups representing the elderly. Andrew Harrop, head of policy for Age Concern and Help the Aged, welcomed the commitment to free care but stressed:

“It will be essential that councils are properly funded to provide this care so that there is not an incentive for them to push older people into care homes or claim that their needs are not critical enough to warrant free care at home.”\(^{46}\)

The chief executive of the King's Fund, Niall Dickson, questioned the timing of the announcement:

“We will also have to be clear how this new announcement fits with the proposals in the social care Green Paper. The government spent more than a year developing the options, and is now in the middle of a major consultation, yet this idea was not among them.

It does seem slightly odd to produce this rabbit from a hat just as the debate is getting under way.”\(^{47}\)

A free personal care system was adopted in Scotland in July 2002. People aged 65 and over, who have been assessed as needing care, became eligible to claim personal care payments, which contribute towards the cost of their care.\(^{48}\)

\(^{46}\) Quoted on the BBC website

\(^{47}\) Ibid

\(^{48}\) Community Care and Health Act (Scotland) 2002, section 1