The NHS plan : the government's response to the Royal Commission on Long Term Care / presented to Parliament by the Secretary of State for Health by Command of Her Majesty, July 2000.

The NHS Plan

The Government's response to the Royal Commission on Long Term Care

DH Department of Health

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Secretary of State for Health
By Command of Her Majesty

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1 Introduction

The background

1.1 We live in an ageing society. Since 1931 the number of people aged 65 and over has more than doubled. Now one in five of us is over 60. And the upward trend is projected to continue for the next thirty years. Many of us are also living much longer. Between 1995 and 2025 the number of over 80s will increase by almost 50 per cent and over 90s will double.

1.2 The fact that people are living longer reflects the achievements of organisations like the National Health Service, social services and the voluntary sector. It is something for society to celebrate and take pride in. Older people are not and must never be seen as a burden on society. They are a vital resource of wisdom, experience and talent. But our ageing society creates a new set of challenges to which we must rise. People aged 65 and over now use almost two thirds of general and acute hospital beds. In England, spending on long term care will total an estimated £10.5 billion in 2000.

1.3 People are now living longer. But we cannot be complacent. People want to enjoy their extra years as healthy active years. At present, men's average life expectancy of some 75 years will on average include nearly 8 years of poor health. For women the picture is similar: they will spend nearly 11 years out of 80 in poor health. If we are to succeed in rising to all these challenges then we need to take a strategic look forward – and plan for the long term.

1.4 We need to tackle the complex causes of ill-health – causes rooted in individuals' lifestyles, and in wider community and economic issues. We must also modernise the present system of care, which can be confusing, unfair and unresponsive to

people's needs. And we need to improve the range, quality and capacity of health and social care services for older people. All of these issues are addressed in the NHS Plan where the Government has set out new solutions and new ways of delivering improved services.

The future

1.5 In future, as a result of the changes we are announcing in the NHS Plan, all older people should have greater confidence in the ability of health and social care services to meet their needs more effectively. That the focus in future will be on maintaining their health and independence, preventing unnecessary ill health. That the care system will be there to support them properly when help is needed. That it will treat them fairly and see their carers as equal partners.

1.6 In practice, this should mean:

- People have faster access to care with readily available information about services on offer;
- They are assessed as individuals, promptly and in a co-ordinated way;
- Services are related to needs, have clear objectives, are of guaranteed quality and are provided seamlessly by the different agencies involved;
- Any contribution people are asked to make to the cost of their care is fair, predictable and related to their ability to pay.

1.7 Most people prefer to remain in their own homes, living independently, for as long as they can. This needs effective support from primary care and community health services, social services and housing.

1.8 Older people are more likely to have a disability – nearly half of the disabled population is aged 65 or older, with sensory impairments becoming increasingly common as people age. We can be proud of the fact that disabled people are living longer, particularly people with learning disabilities, and we recognise that people who are disabled from birth or who become disabled earlier in life may face additional challenges as they grow older. It is important that all older people with disabilities are able to access the services and support they need to live as independently as they wish.

1.9 The NHS Plan will also ensure that there will be more flexible services available, including more intensive support that prevents older people being admitted unnecessarily to hospital. When older people do need to be admitted to hospital for specialist care, they must receive high quality care on the basis of need.

1.10 Leaving hospital can be a difficult time for older people. They can take longer to recover from acute medical problems than younger people. Older people need access to active rehabilitation and specialist recovery services, designed to help them regain as much independence as possible and to offer support while they are recovering. Sometimes it is not possible to improve someone's medical condition. But it is possible to help people to live with their illness or disability, through provision of proper support or good palliative care that can provide relief from painful and distressing symptoms.

1.11 For some older people, the time may come when longer term care and support is necessary. Residential and nursing homes have provided much of this and the Government is taking action to ensure that standards here are high. But a good range of other options is needed, including housing developments with immediate care and support available close by, as well as adaptations and care in people's own homes. The aim must always be to help people do things for themselves, not to do things to them.

1.12 In future therefore, new service standards need to be set and monitored, to ensure greater satisfaction with the quality, organisation and timeliness of care. These will be set out in the forthcoming National Service Framework for Older People. (See Chapter 15 of the NHS Plan).

1.13 Stronger and deeper partnerships between health and social care agencies will be needed in many places, with better communications, pooling of budgets and more integrated services. They should also bring in housing agencies to provide a greater choice of suitable accommodation. Increasingly the technological means to help people live independently will be built into the housing. (See Chapter 7 of the NHS Plan).

1.14 A new tier of services – "intermediate care" – will give more people the help they need to remain independent at home, immediately after or even through a period of acute illness. (See Chapter 15 of the NHS Plan).

1.15 New incentives will be created for both the NHS and social services to improve the provision of more integrated services which will deliver better care to older people. (See Chapters 6 and 7 of the NHS Plan).

1.16 Finally, a fairer and lasting balance between taxpayers and individuals must be found for the funding of long term care, including for disabled people of working age, to ensure that people's health care is provided squarely in line with NHS principles and they are not forced to sell their homes as soon as they enter residential care. Chapter 15 of the NHS Plan sets out the Government's general response to the recommendations of the Royal Commission on Long Term Care. This annex to the NHS Plan sets out the terms of this response in more detail.

1.17 Many of the proposals set out here will apply equally to younger disabled people. The initiatives on enhancing technological assistance, improving support for carers, increasing availability of direct payments and introducing fairer charging systems for home care and residential care, will all improve the support for – and increase the opportunities available to – younger disabled people and their carers. And our proposals for reforming the funding of long term care will bring benefits to all users of long term care, regardless of their age.

1.18 The Government recognises that delivering these new services together with fairer funding for those entering long term care will require more investment in services for older people. The details of this new investment are set out in Chapter 15 of the NHS Plan. This investment must help improve the overall quality and consistency of services, develop better models of care, and target resources to those most in need. It will be linked to new incentives for all parts of the health and social care system to work better together for the benefit of older people.

1.19 This programme of change and the extra resources which we are investing will create a modern system of care which older people can trust. For this to happen, services in future will be:

- Organised around their own needs and preferences
- Easy to access and quick to respond
- Reliable, consistent and stable, so they know what is expected from them
- Fairly funded
- Designed with the incentives for every agency to work together in the interests of older people.

The Royal Commission on Long Term Care

1.20 The Royal Commission, under the chairmanship of Sir Stewart Sutherland, was set up to examine the short and long term options for a sustainable system of funding long term care for older people both in their own homes and in other settings and to recommend how and in what circumstances the cost of such care could be apportioned between public funds and individuals. The Commission was also asked to consider the numbers of people who were likely to need long term care, the expectations of older people for dignity and security in relation to their long term care needs, together with the need for cost effectiveness and the constraints on public funds.

1.21 In total the Commission made 24 recommendations. Chapter 2 sets out the details of all of these recommendations and the Government's response to each of them.

2 Response to the Royal Commission

2.1 The Government has already acted on many of the Royal Commission's recommendations. As the Commission itself acknowledged, many of the proposals in the 1998 White Paper *Modernising Social Services* were fully in tune with the Commission's approach. Initiatives on carers and direct payments are two important examples. Legislative changes in the Health Act 1999 have created new flexibilities for the NHS and social care to work together to provide better integrated services which focus on individual needs. In December last year, the Government announced it was broadly accepting one of the Commission's two main recommendations, through establishing the National Care Standards Commission to regulate providers and support consumers.

2.2 Following its Spending Review, the Government can now respond to the Commission's recommendations for changes in the funding of long term care.

2.3 The table below provides a summary of the Government's response to all the recommendations. More details are in the Appendix.

SUMMARY OF THE GOVERNMENT'S RESPONSE TO THE ROYAL COMMISSION RECOMMENDATIONS

Recommendations	Government Response
1. Personal care should be available after an assessment, according to need and paid for from general taxation	The Government is making an unprecedented new investment over the next three years in improving older people's services making them more responsive and more fairly funded. The Government's investment would fund the cost of the Royal Commission's recommendation. However the Government, does not believe that making personal care universally free is the best use of these resources.
2. The Government should establish a National Care Commission	Broadly **accepted** in December 1999 with the announcement of a single National Care Standards Commission, now enshrined in the Care Standards Act 2000.
3. The Government should ascertain precisely how much money goes to supporting older people in residential settings and in people's homes	Any division between acute and long term health care spending would be somewhat arbitrary. The Government believes that it is more important to get the right incentives in the system to promote older people's independence and to provide care closer to home. This is what the proposals in the NHS Plan on intermediate care and associated services aim to do.
4. The value of the home should be disregarded for up to three months after admission to care in a residential setting and the opportunity for rehabilitation should be included as an integral and initial part of any care assessment	Both elements **accepted** in this response. Value of home will be disregarded for up to 3 months from April 2001, benefiting around 30,000 people a year.
5. Measures should be taken to bring about increased efficiency and improved quality in the system, including a more client centred approach	**Accepted.** Proposals in the NHS Plan for personal care plans and closer working between health and social care. Quality Strategy for Social Care to be published next month.
6. Other changes to the current system, such as changing the limits of the means-test, or making nursing care free (subsumed by recommendation 1)	Many suggestions **accepted** – free NHS nursing care from October 2001, benefiting around 35,000 people. Capital limits to be uprated to restore 1996 value from April 2001, benefiting around 20,000 people.
7. The resources which underpin the Residential Allowance in Income Support should be transferred to local authorities	**Accepted** – will be implemented from April 2002.
8. The Government should consider whether "preserved rights" payments in social security should be brought within the post 1993 system of community care funding	**Accepted** – will be implemented from April 2002, benefiting up to 65,000 people

9. The Government's proposals on pooled budgets should be taken further, with pooled budgets being implemented nationally	Broadly **accepted** in the NHS Plan, with proposals for strengthening partnerships between health and social care.
10. Budgets for aids and adaptations should be included in and accessible from a single budget pool and Local Authorities should be enabled to make loans for aids and adaptations for individuals with housing assets	**Accepted** in principle for aids and minor adaptations. Potential for use of pooled budgets using Health Act 1999 flexibilities.
11. The system for making direct payments should be extended to the over 65s	**Accepted** and implemented from February 2000.
12. Further research on the cost effectiveness of rehabilitation and the development of a national strategy on rehabilitation	**Accepted** in principle. Research is being undertaken on cost effectiveness of rehabilitation, and the National Beds Inquiry and NHS Plan proposals on intermediate care provide the context for developing a national framework for rehabilitation.
13 and 23. Further longitudinal research is required to track the process and outcomes of preventive interventions	**Accepted** in principle. Work with the Office for National Statistics on proposal for a longitudinal survey of ageing.
14. It should be a priority for Government to improve cultural awareness in services offered to black and ethnic minority elders	**Accepted** as important in the NHS Plan and will be addressed as part of the National Service Framework for Older People. Reinforced for social care by project work with individual councils and inspection reports.
15. The role of advocacy should be developed locally, with backing from central Government	**Accepted** as important. Chapter 10 of the NHS Plan sets out our new proposals for patient advocacy services in the NHS.
16. There should to be wider consultation on the provision of aids and adaptations and on what should be free and subject to a charge	Broadly **accepted**. New powers in Care Standards Act 2000 will enable statutory guidance to cover fairer charging arrangements for services provided at home.
17. Better services should be offered to those people who currently have a carer	**Accepted** in principle. Additional resources for carers' services provided in the Spending Review
18. The Government should consider a national carer support package	**Accepted**, as above, and through the Government's National Carers' Strategy.
19. The National Care Commission should be made responsible for making and publishing projections about the overall cost of long-term care	Agreed that this is an important task, but it is not central government's responsibility. The Department of Health has commissioned the Personal Social Services Research Unit at the LSE to make projections.

20. The Government should set up a national survey to provide reliable data to monitor trends in health expectancy.	The Government **agrees** that a national longitudinal data may be valuable for measuring trends in health expectancy. Approval for this is being considered.
21. The Government should conduct a scrutiny of the shift in resources between various sectors since the early 1980s	The Government believes joint commissioning has developed significantly and that the new partnership arrangements (including pooled budgets) in the Health Act 1999 are also changing the allocation of resources and therefore remove the need for such scrutiny.
22. A more transparent grant and expenditure allocation system should be established	**Accepted.** The Government intends to issue a Green Paper in September 2000 on improving the way funding is allocated to local government.
24. The Government should consider how the provision of care according to need would relate to Independent Living Fund provision for the personal care needs of younger disabled people	This recommendation relates to recommendation 1.

2.4 In the NHS Plan we have announced new investment in intermediate care and associated services rising to £900 million a year by 2003/04 to promote independence, provide more choice for older people and deliver higher quality care. On top of this we shall be targeting additional resources, rising to £360 million a year by 2003/04, to tackle the anomalies and inequities of the present funding system for long term care. And we shall introduce a raft of reforms to make the system more logical and more responsive to the changing needs of the individual.

2.5 Firstly, we will make NHS nursing care free in all settings, ending the present unfair situation where a minority of people in nursing homes pay all or part of their nursing costs. Secondly, we will ease the burden of residential care costs and reduce the need for premature home sales when people enter residential care. Thirdly, we will issue new statutory guidance to reduce the scale of variation in the amounts people are asked to pay for help at home. Fourthly, we will transfer to local councils the resources behind two social security benefits, the Preserved Rights to higher levels of Income Support and the Residential Allowance, and make available additional resources to support the care costs of pre-1993 residents whose income support rates have fallen short of their care home fees. This will provide for greater choice and a more coherent system, as well as ensuring that people who entered care homes before 1993 no longer face particular difficulties in meeting their care costs. Finally, we are reviewing the role that the financial services sector can play in complementing this extended state provision.

2.6 The main report of the Royal Commission recommended that "personal care", which includes nursing care and some social care tasks such as help with bathing, should be funded from general taxation, subject to an assessment of need. At the moment, this is usually provided on a means-tested basis through local councils, so people who are least able to pay receive it free. As a result, three quarters of those in residential or nursing care already get some or all of their personal care costs met from public funds. Making personal care free for everyone carries a very substantial cost, both now and in the future. It would consume most of the additional resources we plan to make available for older people through the NHS Plan. Yet it would not necessarily improve services as the Note of Dissent to the Royal Commission's report makes clear. It does not help the least well off. We have not followed this recommendation because we believe our alternative proposals to improve standards of care and fair access to services will generate more important benefits of health and independence for all older people, now and in the future.

2.7 Our investment in intermediate care services and in other preventive and rehabilitative services, such as community equipment, is fundamentally geared towards restoring older people's independence, particularly after an acute illness, or a fall, or some other crisis. This major investment will mean that more people will be able to continue living independent lives in their home communities rather than entering residential care. Where people need to enter residential care for a short time, our intended changes to the charging rules will help ease the pressure on people to sell their own homes against their wishes and will lessen the burden of care costs. This targeting of resources will provide a sustainable framework for future generations. It will ease the financial burdens on older people and their families, and drive up standards for everyone.

Free nursing care

2.8 There can be no justification for charging people in care homes for their nursing costs. We will make nursing care available free under the NHS to everyone in a care home who needs it. Both the report of the Royal Commission and the Note of Dissent to it supported this. It will require primary legislation and we will introduce this as soon as possible. The change cannot apply retrospectively but we intend to introduce free NHS nursing care in all nursing homes by October 2001.

2.9 In the future, the NHS will meet the costs of registered nurse time spent on providing, delegating or supervising care in any setting. This is a wider definition of nursing care than proposed in the Note of Dissent to the Royal Commission report, which suggested it should include those tasks that only a registered nurse could undertake.

2.10 Therefore people identified as needing nursing home care will no longer have to meet any of the costs for the registered nurses involved in their care, or for the

specialist equipment used by these nurses. Instead, the NHS will meet these costs. People who can afford to do so will still have to make a contribution towards their personal care and accommodation costs while in a nursing home.

2.11 This change will benefit around 35,000 people at any time. They could save up to around £5,000 for a year's stay in a nursing home.

2.12 The introduction of free nursing care in every setting will provide the right incentives to the NHS and social services to work together to provide the modern quality care that people need. It will encourage the NHS to provide rehabilitation services that people are able to benefit from. It will reduce the perverse incentive to discharge people too early to social services funded care. It will create a fairer system, where people can receive the nursing care they need wherever they live, paid for or provided by the NHS. It will end the most obvious inconsistency in the funding of long term care.

Paying for residential care

2.13 We intend to reform the current unsatisfactory charging arrangements for residential care – arrangements that have caused much confusion, uncertainty and distress. In particular, people can feel pressurised into hasty home sales at the stressful time of first entering care. This can rule out the possibility of returning home after a period of support and rehabilitation.

2.14 We will make changes to three aspects of the arrangements for adults who enter residential accommodation with public support. The changes will:

- ensure there is a reasonable length of time between entering a care home and any question of selling the family home, to give people time to think about their future and to allow the possibility of a return home;
- give greater help to people who do not want to have to sell their homes in their lifetimes to pay for their care by making loans more widely available;
- restore the capital limits to their 1996 value and keep these limits under review.

2.15 These changes to the system of charging for residential care will make a real difference to people's lives, and will provide support during what can be an upsetting time of uncertainty. Our proposals will lead to greater fairness, and more effective guaranteed support for people who need residential care.

Giving people time to think about their future

2.16 For the first three months from admission to residential care, the value of the resident's home will be disregarded from the means test. This will allow valuable time between admission to a care home and any decision to sell the property to pay care costs. It will provide more financial stability at this difficult time. It will also keep open the possibility of returning home after a period of support and rehabilitation, should people be able and wish to do so. This change will be made from April 2001.

2.17 This change will benefit around 30,000 people each year. A person who needs residential or nursing home care and has a house but few other assets, will save up to £2,000-£2,500 during the first three months of their stay.

Helping people who don't want to have to sell their homes to meet care costs

2.18 From October 2001 councils will be given additional financial help through a special ring fenced grant to become more active in covering the costs of care for those people who would otherwise have to sell their homes. Councils have current powers to place legal charges on homes and to recoup their costs at a later stage once the house is sold, but the use of these powers is inconsistent. The new grant will help support councils in extending these schemes. This will benefit around 5,000 people at any time and help them avoid having to sell their home against their wishes.

2.19 On top of this, we will keep under review the issue of giving homeowners without significant other assets, the right to request that their care costs be met by councils through a loan until their homes are sold. This could reassure people that they will not be forced into selling their homes during their lifetimes to meet the costs of their care.

Raising the capital limits

2.20 At present the national system for residential charging operated by local councils takes no account of people's capital assets up to £10,000. Where someone has assets of over £16,000, councils do not contribute to the costs of their residential care. These limits were set in 1996. We are taking other steps to reduce the impact of the means test for residential care, including the new disregard of housing assets for the first three months of care. However, we believe it is also fair to restore the 1996 real terms value of these capital limits and to keep them under review. This change will increase the upper capital limit to more than £18,000.

2.21 This change will benefit around 20,000 people in residential care homes and nursing homes and will take effect fom April 2001.

Paying for services at home

2.22 We highlighted the need for a fairer and more consistent approach to home care charges in the White Paper *Modernising Social Services*. As we made clear in the White Paper, the Government considers that the scale of variation in the discretionary charging system, including the difference in how income is assessed, is unacceptable. There is also great inconsistency in the system. At present, every authority can develop its own rules for assessing income. This can lead to certain types of income being taken into account by one local authority but disregarded by another. At present, councils have complete discretion in setting such charges. The report by the Audit Commission, *Charging with Care*, published in May 2000, has shown the full extent of variations in policy between councils.

2.23 *Charging with Care* described four main approaches adopted by councils in setting home care charges:

- 10% of councils charge all users the same (with a possible exception of no charge for users on Income Support and on low incomes)
- 19% base the charge on the level of service provided, without regard to a person's means
- 10% base the charge on a user's means, regardless of the service provided
- 55% base charges on both the service provided and the user's means.

In addition, 6% of councils do not charge at all for personal care.

2.24 Not only do charging policies vary hugely, but in some councils it is the poorest members of society who are most in need of care who pay the highest charges. The Government has therefore taken a new power in the Care Standards Act to allow binding statutory guidance to be issued under section 7 of the Local Authority Social Services Act 1970 on discretionary charges for non-residential social services. Once consultation on a detailed draft of new guidance on home care charging is completed, we propose to exercise this new statutory power early next year.

Entitlement to state benefits while in long term care

2.25 The community care arrangements that came into operation in 1993 altered the respective responsibilities of councils and the Department of Social Security (DSS). This has led to benefits for users who can get individually tailored packages of care. However some users were effectively excluded from the developments in 1993 and for others, a perverse incentive in favour of independent sector

residential care was created. It is important that all care users are able to see the benefits of the Government's agenda for improving quality, choice and fairness. The Government will ensure this by transferring further resources from DSS to councils in April 2002.

Preserved Rights to higher rates of Income Support

2.26 People who were already in residential care on 31 March 1993 have had a Preserved Right to receive a special, higher rate of Income Support from which they can purchase their care. The concept of Preserved Rights was introduced to reassure people already in care homes that they could remain there, and it avoided councils suddenly having to assume responsibility for a quarter of a million care home residents *en masse*.

2.27 A decade after the arrangements were designed, there are some 65,000 people in England in receipt of Income Support at preserved rights rates. Of these, around 40,000 are over pension age and around 25,000 are younger disabled people, including people with learning disabilities. Many concerns have emerged. Some of the younger disabled people with preserved rights probably should not be in residential care at all. Our priority is that, wherever possible, people should be encouraged and supported to live more independent lives and have real choices about the options open to them. Some of the people with learning disabilities who have preserved rights might find their needs could more appropriately be met in supported accommodation. However as a result of the preserved rights system they do not get offered this opportunity.

2.28 There are also concerns about a shortfall between the fees charged by care homes and the weekly benefit income of residents. DSS data shows that about 45% of residents with preserved rights may be experiencing such a shortfall. This can lead to very difficult circumstances in which people on preserved rights have no income of their own, lose all their capital or become dependent on family or charity to pay the extra costs of care. In some cases, people have even been evicted from the care home because of the extent of the benefit shortfall.

2.29 The Government has concluded that the time has come to wind up the preserved rights scheme. If it were to continue, we would eventually be in the position in fifty years time or more where there were still some people with disabilities on preserved rights, and still constrained by assumptions about care delivery that are already out of date. We will therefore legislate as soon as Parliamentary time allows to give councils responsibility for the assessment and care management of everyone with preserved rights. We aim to make this change in April 2002, helping up to 65,000 people.

2.30 We recently consulted service users, their carers and families, care providers and councils on the impact of the abolition of preserved rights and the transfer of the residential allowance to councils (see paragraphs 33-37). We received over 240 responses. It was clear from these that many people share the Government's concern about the current arrangements, in particular the preserved rights shortfall. We accept, however, that the prospect of changes to both schemes also worries some people. They feel that preserved rights entitlement provides security and independence through the guarantee of social security benefits and by allowing individuals to buy residential care services of their choice. There are also concerns that some people with preserved rights might have to leave their existing care home under the new arrangements.

2.31 We understand these concerns and will ensure that the new arrangements do not disadvantage people who have previously had preserved rights or who would have received the residential allowance. The Government will therefore issue guidance that people must not be moved against their will out of their existing care homes unless there is a compelling reason why they should move. When the money is transferred, we will ensure that it continues to be spent on the client groups which currently benefit from the preserved rights. We will also require councils to offer the option of direct payments to anyone who meets the prescribed conditions so that they have the opportunity to move out of residential accommodation and exercise more choice and control over the support they receive.

2.32 Later this year, we will be consulting with councils on the best way to distribute the money which is transferred from DSS. In the meantime we will change the regulations later this year to give councils powers to help people with preserved rights to pay the fees of their residential care home if they would otherwise face eviction from that home. This will give people reassurance that they can remain where they are, provided that the home is able to meet their care needs and provided that that is where they want to stay.

The Residential Allowance

2.33 In 1993, the residential allowance was introduced as a component of Income Support or income-based Jobseeker's Allowance. It is payable to residents of independent or voluntary sector residential care or nursing homes. Those in council-run homes get a lower rate of Income Support. This means that, for example, a resident in his eighties in an independent sector home outside London could be entitled to Income Support of £147.35 a week (including the higher pensioner premium) – £79.85 more than a resident living in a council-run home.

2.34 Residents placed by local councils in independent sector homes do not themselves benefit from this additional payment. Councils simply recoup the payment through

the means test towards the cost of the placement, leaving the residents with the same personal expenses as those in council-run homes. The result is that the residential allowance subsidises part of the council's costs in purchasing this type of residential accommodation. It encourages councils to use the independent sector for purely financial reasons. More importantly, it can tip the financial balance for councils between placing people in residential care and caring for them at home.

2.35 In the White Paper *Modernising Social Services* we highlighted that we would want to transfer the residential allowance to councils in order to give them more flexibility to use the resources in promoting independence. The Royal Commission on Long Term Care supported this.

2.36 This change will be in respect of new cases only and will aim to ensure that more people are helped to remain at home and that packages of care for people remaining at home will not be subject to the low cost ceilings that some councils currently operate. It will support our agenda for rehabilitation and intermediate care. Subject to Parliamentary approval, this change will take place at the same time as preserved rights cases are transferred.

2.37 There is one group of people who self-fund their own residential care but benefit from the residential allowance while they are in the process of selling their own home. The changes which we are making to the capital disregard rules should mean that these people do not lose out overall in financial terms.

The availability of private investment and insurance products

2.38 The measures set out here aim to increase the numbers of people who are helped to live independently at home through stronger preventative and rehabilitative support. And they aim to lessen the financial burden for those that do need long term care.

2.39 Understandably, some people may still worry about possible care costs and, if they can, may want to set aside some resources to safeguard against these. A number of products have become available over recent years. These include pre-funded insurance contracts taken out earlier in life, usually around retirement age, and immediate needs policies which provide an income for the remainder of life in return for a lump sum payment on first needing extra care.

2.40 The Government is committed to consult on the regulation of long term care insurance once a Treasury led committee has reported on how the financial services industry can reassure its customers about the quality and reliability of the products available for financing long term care. The committee's report will be published shortly as part of this consultation exercise, which will consider whether the impact of regulation would be beneficial and proportionate.

Implementation Timetable

Autumn 2000	Treasury reports on work on long term care investment products.
By April 2001	Statutory guidance on home care charges issued.
April 2001	Changes to residential charging rules come into effect.
October 2001	Free nursing care extended to all settings comes into effect. Councils given incentives to place more charges on homes.
April 2002	Preserved Rights cases transferred to local councils for assessment, funding and care management. Residential Allowance component of Income Support transferred to local councils for new cases.

Appendix

The Government's detailed response to the recommendations of the Royal Commission on Long Term Care

Main recommendations:

1 *The costs of care for those individuals who need it should be split between living costs, housing costs and personal care. Personal care should be available after an assessment, according to need and paid for from general taxation: the rest should be subject to a co-payment according to means.*

The Government believes this would not be the most effective targeting of resources. At present, personal care is provided on a means-tested basis through local councils. Making personal care free for everyone carries a substantial cost, and one that is difficult to predict for the future. It would demand substantial resources without necessarily improving services.

The Government is committed to developing a system of care for older people that is based squarely on the principles of quality, choice and fairness. To improve the quality of services, we are setting up a National Care Standards Commission (see recommendation 2) and developing national minimum standards for care homes and agencies providing home care. Later this year, we will publish a National Service Framework for Older People which will, for the first time, set national standards and define service models for the care of older people.

To maximise individual choice and promote independence, by 2004 we will invest £900 million in intermediate care and related services such as community equipment. This will mean that more people will be able to avoid entering residential care, and that many will stay for a shorter period.

We are taking several steps to make the funding of long term care fairer. The introduction of free nursing care, together with changes to the charging rules for residential care, are intended to allay the fears many people have felt about being forced to sell their houses and lessen the burden of care costs. This focussed approach will provide a sustainable framework for future generations. It will ease the financial burdens on older people and their families, and drive up standards for everyone.

2 *The Government should establish a National Care Commission which will monitor longitudinal trends, including demography and spending, ensure transparency and accountability in the system, represent the interests of consumers, encourage innovation, keep under review the market for residential care, nursing care, and set national benchmarks, now and in the future.*

A National Care Standards Commission will be set up through the Care Standards Act and will begin regulating services in April 2002. It will take on the four main roles suggested by the Royal Commission – monitoring, representing the consumer, providing national benchmarks and encouraging the development of better services. For the first time, there will be a single, independent, national watchdog to ensure that standards are high. The Commission will advise and inform the Government, reporting on quality standards nationally and trends in the provision of long term care. It will support consumers on complaints and with clear and accurate information on services.

The Commission will also enforce the new minimum standards for residential and domiciliary services which we are developing . The Government has already confirmed the details of some new standards such as minimum requirements concerning room sizes which care providers will have several years to meet. Other standards will be introduced from 2002. The Government will shortly publish the full set of the final standards for older people in residential care, taking full account of the responses to its consultation document, *Fit for the Future? – National Required Standards for Residential and Nursing Homes for Older People.*

Care home providers will have to meet national minimum standards to gain and maintain their registration. Older people and their carers will be able to know what to expect as a minimum and will have guaranteed access to an effective complaints procedure. These new standards will ensure that all older people are cared for by staff who are reliable and properly trained. The new standards will promote better quality care, firmly grounded in the principles of dignity, choice, and respect. Every care home will be required to publish a brochure and prospectus stating what services it offers, what facilities it provides and how it caters for the special needs of different groups.

It is important that the Commission has a coherent and viable role that helps everyone needing long term care. Too broad a remit might compromise its functioning. Other bodies already exist to monitor longitudinal trends and are better placed to take up those aspects of the Commission's recommendations (see recommendations 19 and 22).

Funding:

3 *The Government should ascertain precisely how much money, whether from NHS, Local Authority Social Services and Housing budgets, or from Social Security budgets, goes to supporting older people in residential settings and in people's homes.*

The Government agrees with the Royal Commission that there is a need for greater transparency in the system. In addition our partnership agenda will remove incentives for cost shunting between agencies.

However it will always be difficult to give a single figure such as the Royal Commission calls for. This is because, for example, older people benefit from NHS acute services, but it would be meaningless to differentiate between interventions delivered to people receiving long term care and people who are not receiving long term care. Any division of health services expenditure into long-term care and acute care expenditures would be somewhat arbitrary.

4 *The value of the home should be disregarded for up to three months after admission to care in a residential setting (with appropriate safeguards to prevent abuse) and the opportunity for rehabilitation should be included as an integral and initial part of any care assessment before any irreversible decisions on long-term care are taken.*

The Government agrees. A three month disregard will be introduced to keep open the possibility of a return home. Our extra investment in intermediate care services will extend scope for recuperation and rehabilitation. Further investment is being provided for the provision of aids and adaptations and new guidance on fairer charging for home care services will help those that wish to return to their own homes.

5 *Measures should be taken to bring about increased efficiency and improved quality in the system, including a more client centred approach, a single point of contact for the client with devolved budgeting, budgets shared between health, social services and other statutory bodies and greater integration of budgets for aids and adaptations.*

The Government is undertaking a number of complementary initiatives to improve the quality of care services and provide for greater client involvement. *Care Direct* will provide a new, single point of access to information about social care, health and housing services and social security benefits. The new service, which will be piloted in 2001, is designed to help older people and people who have no prospect of working, as well as their carers and families.

A telephone help-line will provide general information and advice. Where necessary, the help-line staff will route callers directly to help-desks that provide information about local services and practical help to access them. For example, help-desk staff may make telephone calls or appointments with service providers on behalf of clients or help them complete forms.

Better Care, Higher Standards, a charter for long term care, already requires social services, health, and housing authorities jointly to set service standards. New and more stretching standards will build on this base and new institutions will safeguard a higher quality of services. The forthcoming National Service Framework is at the core of this, driving up standards in health care for older people. It will be complemented by a Quality Strategy for Social Care Services which will include a new Social Care Institute for Excellence to spread best practice.

Provisions in the Health Act 1999 enable the NHS and local councils to operate new partnership arrangements (pooled budgets, lead commissioning, integrated provision) from April 2000. This includes all health related local authority functions, and many acute and community health services. This enables a wide range of possible services to be provided from a single point – intermediate care is a good example – and a greater flexibility in responding to people's individual needs.

The Government agrees that there needs to be a more client-centred approach in the delivery of disability equipment and housing adaptations, with better links between services and closer partnerships between health, social services, and housing.

Extra resources for the NHS and social services will enable community equipment services to be improved over the three years from 2001/02, allowing a 50% increase in the number of people benefiting from these services. The Government will make available an additional £39 million for disabled facilities grants to fund housing adaptations over the same period.

The NHS and social services already run joint community equipment services in some areas. This approach was endorsed in the recent Audit Commission report "Fully Equipped". We wish to see all community equipment services integrated across health and social services by 2004. We will expect local partners to have considered the use of the Health Act partnership arrangements for this purpose.

The Department of Health will publish joint guidance with the Department of the Environment, Transport and the Regions at the earliest opportunity on the provision of housing adaptations. This will promote close partnership working between housing authorities, social services, and the NHS.

6 *The Commission set out a number of other changes to the current system, such as changing the limits of the means-test, or making nursing care free, which would be of value in themselves, but which would be subsumed by the main recommendation.*

The Government will make nursing care available under the NHS to everyone who needs it, whether they are in an NHS hospital, in a residential care or nursing home, or living in their own home. The introduction of free nursing care in every setting will provide the right incentives to the NHS and social services to work together to provide

the modern quality care that older people need. It will encourage the NHS to provide rehabilitation services that older people are able to benefit from. This will take effect from October 2001, subject to the passage of the necessary legislation.

The capital limits used when assessing people's ability to contribute to the costs of their residential care will be restored to their 1996 value and we will keep them under further review. This will take effect from April 2001.

7 *The resources which underpin the Residential Allowance in Income Support should be transferred to local authorities.*

The Government has done so Subject to the approval of Parliament, payment of the Residential Allowance will cease for new care home residents from April 2002 and the resources will be transferred to local authorities. At present these resources can encourage councils to place older people in residential care and to select independent sector homes. The individual does not benefit from the money because it is usually recouped by the local authority. In future this money will be available to promote independence and active rehabilitation for older people.

8 *The Government should consider whether "preserved rights" payments in social security should be brought within the post 1993 system of community care funding, or whether some other solution can be found to address the shortfall in funding experienced by this group.*

The Government agrees. The Preserved Rights scheme has caused hardship and anxiety to some recipients and will be brought to an end. Under this scheme, people who entered residential care before April 1993 received a higher rate of income support. Local authorities will be made responsible for the assessment, care management and financial support of the 65,000 people in England currently with Preserved Rights. We intend this change to take effect from April 2002. In the interim, we will change the Regulations to allow councils to support older people with Preserved Rights threatened with eviction to remain in their existing residential care homes. We will also make sure that people must not be moved against their will out of their existing care homes unless there is a compelling reason why they should move, such as the home's closure.

9 *The Government's proposals on pooled budgets should be taken further, with pooled budgets being implemented nationally.*

Pooled budgets have been available nationally from April 2000. Pooled funds are discretionary and require partners to agree the level of resource to be used on a defined range of services according to the needs of the individuals assessed – thus gaining from the flexibility. Many areas are considering the use of pooled funds; some 25 schemes, worth over £200m are already in place. The NHS Plan sets out our further proposals for closer partnership working between health and social care involving the greater use of partnership flexibilities.

10 *Budgets for aids and adaptations should be included in and accessible from a single budget pool and a scheme should be developed which would enable Local Authorities to make loans for aids and adaptations for individuals with housing assets.*

As the response to recommendation 5 makes clear, the Government wishes to see integrated community equipment services by 2004 and will expect health and social services to have considered the use of the Health Act partnership arrangements (lead commissioner, integrated provider, and pooled budget) for this purpose.

The Health Act 1999 and Local Government Bill (when in force) will enable local health, social services, and housing authorities to pool budgets for a range of services, including home repairs and minor adaptations. However, disabled facilities grants, which are a mandatory benefit over which local housing authorities have limited discretion, are unlikely to be suitable for including in pooled budgets.

The Housing Green Paper contains proposals to give housing authorities a wider range of options for grants and loans for home improvements, and raises the option of loans to help applicants for disabled facilities grants to meet their contributions.

11 *The system for making direct payments should be extended to the over 65s, subject to proper safeguards and monitoring.*

Direct payments were extended to those aged 65 and over on 1 February 2000. The Government wants to see more people benefiting from the choice and control that direct payments can give. *An Easy Guide to Direct Payments* was published in April 2000 to promote direct payments for people with a learning disability. The Government is also keen that people who currently have Preserved Rights to Income Support for long term care costs should also be offered direct payments if they want to leave residential care.

Provision of services:

12 *Further research on the cost effectiveness of rehabilitation should be treated as a priority, but that this should not prevent the development of a national strategy on rehabilitation led by the Government to be emphasised in the performance framework for the NHS and Social Services.*

The Government takes cost-effectiveness very seriously. For example, the West Midlands Office of the NHS Executive recently commissioned a thorough review of types and places of care for older people, which included rehabilitation services. The Government is making £900 million available by 2004 to invest in new intermediate care services, which includes substantial additional resources for rehabilitation, as part of modernising and improving the care that patients and users receive. In rolling out this programme, the

Government intends to stress the importance of rehabilitation activities and to closely measure performance in this area accordingly.

The Department will be evaluating the most effective forms of intermediate care as services are rolled out.

The Department of Health supports a programme of research on the care of older people including a stream of current and planned studies on the care of older people at home, some of which focus on support services at the interface of health and social care.

Continuing to improve rehabilitation services for older people is a specific objective in the current National Priorities Guidance. We are also giving priority to the development of intermediate care as a vital part of the Government's programme to improve services for older people. The key aims of intermediate care are:

- To maximise independent living and social functioning
- To reduce avoidable hospital admissions
- To minimise premature or avoidable dependence on long term care in institutional settings.

These will only be achievable by facilitating prompt and supported discharge from hospital and promoting effective rehabilitation.

Intermediate care could include focused rehabilitation in a range of settings, step-down beds for rehabilitation and recovery, or residential rehabilitation. Whatever the model and whatever the focus on rehabilitation, intermediate care will require all parts of the health and social care system to work better together, ensuring the right emphasis at each level of care. Evaluation of the cost-effectiveness of intermediate care services will be included as part of the overall planning and implementation programme.

Proposals for this new tier of services for older people are being taken forward though the NHS Plan and will emphasise the importance of good joint working between health and social services. After the NHS Plan, we will be publishing the National Service Framework (NSF) for Older People, which will set standards and service models for particular conditions affecting older people, ensuring high quality services throughout the country. Implementation of the NSF will be planned and monitored as part of the NHS's clinical governance mechanisms (the National Priorities Guidance has already emphasised that the development of older people's services should be a priority).

13 & 23 *Further longitudinal research is required to track the process and outcomes of preventive interventions and to assess their impact both on quality of life and long-term costs.*

The Department of Health has participated in an investigation by a group of Government Departments, led by the Office for National Statistics, of the need for longitudinal data to inform policy. The Government Departments concerned have received, from a consortium of research and survey organisations, a proposal to conduct a longitudinal study of ageing. This proposal, which would involve substantial funding over a five year period, is currently under consideration.

14 *It should be a priority for Government to improve cultural awareness in services offered to black and ethnic minority elders.*

Through two national conferences and the 'Developing Services for Black Older People' project, the Government has worked with social services departments, related health bodies and the voluntary sector to develop culturally sensitive services. The report of the project will be disseminated this year.

NHS policies and practices are aimed to include all members of our communities. Sometimes this will require recognising the particular needs of different communities. This may include considering special action if some health conditions are more prevalent in certain communities. More generally, attention needs to be given to, for example, providing information in a way which patients and their carers can understand, providing nutrition and nutritional advice in a culturally appropriate way, and recognising the needs of different communities in providing bereavement support.

The NSF for older people will set standards which seek to improve services for all communities, but it will also seek to recognise where particular action is needed to ensure all communities are able to benefit from the initiative.

The Department of Health funded the first ever national Black Carers' conference and is actively engaged with the Black Carers' Network in delivering on aspects of the Black Carers' Manifesto.

15 *The role of advocacy should be developed locally, with backing from central Government.*

The Government has held listening events to listen to the views of local people, including an ongoing Internet discussion page. The Government is keen to encourage the development of local advocacy projects.

The Government is supporting local advocacy schemes through Health Action Zones (HAZ), which are area based initiatives established to address health inequalities and the

underlying causes of ill health. Involving local people in the development of services more suited to their needs is central to all HAZ work and many projects specifically address the needs and concerns of older people. For example, the Agewell Project in the Sandwell HAZ is actively engaging local older people (including Black and Minority Ethnic elders and housebound elders) through its policy review group and has recently trained 24 older people as health advocates.

Care Direct will pilot new ways of providing local and national information about, and access to, care and support services including social care, health, housing and social security benefits. Care Direct advisers, based in each local authority area, will provide active assistance to help clients negotiate and access services. For example, they will help people complete forms, make appointments on their behalf and take follow-up action to ensure that service providers have implemented the action expected or agreed with the client.

Older volunteers will be attached to each Care Direct help-desk to "befriend" older clients. These befrienders will offer support to their clients (for example by visiting them in their homes, acting as intermediaries to find out information and accompanying them to appointments).

While none of these Care Direct roles meet the formal definition of advocacy – particularly the need for the intermediary to be independent – they will provide a practical, active way forward that goes a long way to meeting the spirit of this Royal Commission recommendation.

Chapter 10 of the NHS Plan sets out the Government's new proposals for developing Patient Advocacy and Liaison Services in the NHS.

16 *There should to be wider consultation on the provision of aids and adaptations and on what should under a new system be free and what should be subject to a charge.*

Provision of equipment by the NHS is already free of charge. While local councils will retain the right to charge for disability equipment, we would hope that they would consider carefully the cost-effectiveness of doing so within the new integrated community equipment services.

We agree with the Commission that adaptations funded by disabled facilities grants should be subject to a charge.

Help for carers:

17 *Better services should be offered to those people who currently have a carer.*

The Government's National Carers Strategy addresses support for current carers in a number of ways. In particular, the Carers Special Grant was launched in April 1999 to

increase the resources which councils can spend specifically to enable carers to have a break from caring. The Carers Grant was initially set at £140m over three years. We intend that the Carers and Disabled Children Act should come into force next year. This will enable local councils to offer new support to carers.

The issue of quality of services to carers has also been addressed through the publication in February 2000 of Quality Standards for local carers support services; these were drawn up in consultation with carers' organisations and individual carers.

18 *The Government should consider a national carer support package.*

The National Strategy for Carers (published in February 1999) has three strategic elements – better information for carers, better support for carers and better care for carers. The Strategy pulls together policy strands from across Government.

The Government Carers' website launched in February 2000 (www.carers.gov.uk) allows carers and carers' workers to access government information relating to carers in one place, from relevant benefits information to debates in Parliament, and provides links to carers organisation and other web-sites. The Employment Relations Act, which came into force on 15 December 1999, gives carers in paid work the right to have time off to deal with a family emergency. The State Second Pension will be introduced from April 2002 and will boost the second tier pension of carers who would otherwise lose out through caring.

As part of the welfare reform process, the Government has made a commitment to keep financial support for carers under review.

Information and projections:

19 *The National Care Commission should be made responsible for making and publishing projections about the overall cost of long-term care at least every five years.*

A number of organisations have made projections of demand for long-term care. They include the Institute of Actuaries, London Economics and the Personal Social Services Research Unit (PSSRU). The Department of Health funded PSSRU to construct the model used to prepare projections for the Royal Commission and continues to fund PSSRU to update the model and produce revised projections. The Institute of Actuaries and City University are also preparing new projections. The Department believes that the production of projections is more appropriately performed by these organisations than by the National Care Standards Commission. However, the National Care Standards Commission will be uniquely well placed to advise the Government on the state of market and trends in long term care provision.

20 *The Government should set up a national survey to provide reliable data to monitor trends in health expectancy.*

The Department of Health appreciates the potential value of national longitudinal data for monitoring trends in health expectancy and for studying the impact of preventive interventions. Its Expert Working Group on Health Expectancy Measures also recommended that a longitudinal study should be conducted.

The Department of Health has participated in an investigation by a group of Government Departments, led by the Office for National Statistics, of the need for longitudinal data to inform policy. The Government Departments concerned have received, from a consortium of research and survey organisations, a proposal to conduct a longitudinal study of ageing. This proposal, which would involve substantial funding over a five year period, is currently under consideration.

21 *The Government should conduct a scrutiny of the shift in resources between various sectors since the early 1980s, and should consider whether there should be a transfer of resources between the NHS and social service budgets given changes in relative responsibilities.*

The Government believes that joint commissioning has developed significantly and that the new partnership arrangements (including pooled budgets) in the Health Act 1999 are also changing the allcoation of resources and therefore remove the need for such scrutiny.

22 *A more transparent grant and expenditure allocation system should be established. This is a task which could be referred to the National Care Commission.*

The Government intends to issue a Green Paper in September 2000 on improving the way funding is allocated to local government

23 *Further longitudinal research is required to track the process and outcomes of preventive interventions and to assess their impact both on quality of life and long-term costs.*

See response to recommendation13 above.

Younger disabled people:

24 *In the light of the Commission's main recommendations, the Government should consider how the provision of care according to need would relate to Independent Living Fund provision for the personal care needs of younger disabled people.*

The Independent Living Funds (ILFs) are independent discretionary trusts, managed by a board of trustees and wholly financed by grant aid from the Department of Social Security and the Department of Social Development Northern Ireland. They will continue to be means tested.

The ILFs were set up to support severely disabled people who wish to live independently. This means that the funds support people living in their own homes. ILF support is not therefore affected by the Government's proposed changes in the provision of funding for some people in nursing homes. As already noted, the Government does not believe that making personal care universally free would be the best use of the resources needed to make older people's services better and more responsive.

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The Government's response to the Royal Commission on Long Term Care is also available in Hindi, Punjabi, Gujarati, Urdu, Bengali, Chinese, Vietnamese, Greek, Turkish, Somali and Arabic.

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