



intergenerational foundation

Fairness for Future Generations

A response to the public consultation on the reforms to adult social care

Who we are...

The [Intergenerational Foundation](#) (IF) is a think tank which researches fairness between the generations in the UK, in order to protect the interests of younger and future generations, who are at risk of being ignored by current policy-makers.

Our response...

Our responses to the individual questions set out in the consultation document are as follows:

Q1: Do you agree that the future charging framework should be based on the following principles?

IF agrees with all of the principles included in the list within the consultation document, although IF also feels that intergenerational fairness should be an essential principle of the care funding reforms.

We believe that it is intergenerationally fair for as many as possible of the costs created by rising longevity to be borne by its principal beneficiaries i.e. older individuals themselves, rather than being passed on to the general taxpayer. Many members of today's older generation have been extremely fortunate to have lived through the dramatic uplift in asset values during the latter part of the 20th century (although we acknowledge that this did not include everyone), especially the increase in house prices, and enjoy a sufficient level of wealth to fund their own care that it would be extremely regressive to transfer the burden of paying for their care onto the general taxpayer.

IF is glad that the funding reforms as they stand attempt to share the burden fairly between the individual and the taxpayer by applying a higher threshold to the means test for financial support, but enshrining intergenerational fairness as a key principle of the reforms would be an additional step which would ensure that the interests of younger and future generations are also being considered during the process of reforming care funding.

Q2: Do you agree that the decision on the level of the cap on care costs set for working age adults between the ages of 18 and state pension age should be based on the following principles?

IF is pleased with these principles as they stand and has no further recommendations on the issue of care costs for working age adults.

Q3: Do you agree in order to support transitions from children to adult care and support we should extend free care for eligible needs to young people up to age 25? Or are there alternatives we should consider such as through integration between child and adult care and support and the guidance provided on how to set the level of the cap?

IF takes the view that it would be fairest and most efficient for young people to continue receiving free care for eligible needs up to the age of 25. It should be remembered that young people who need care have often suffered the misfortune of being born with a disability, and they have not had same opportunities as older people to accumulate assets during their lifetime; therefore it is only fair that young people who need care should be able to receive it for free.

Q4: Do you agree the contribution a person makes to daily living costs should be calculated on the same basis as financial assistance with care costs, taking into account both income and assets?

IF agrees that the contribution towards living costs should be calculated on the same basis, taking into account both income and assets. The implication of altering this would be that income-poor but asset-rich people older people who need care should receive a greater subsidy from the general taxpayer in order to protect them from having to sell off their assets, a policy which would be both unfair to the taxpayer and socially regressive, especially during an era of austerity.

Q5: Do you agree what our criteria for determining who qualifies for a deferred payment should be? The criteria include people who would benefit from residential care and people with less than £23,250 in assets excluding their home. Are there any examples of where greater flexibility might be necessary to ensure people do not have to sell their homes in their lifetime to pay for care?

In principle, IF does not feel that it is the most beneficial use of taxpayer money to spend it protecting the assets of pensioners who are fortunate enough to be owner-occupiers. However, if other people still need to live in the house then the deferred payment scheme should be designed in a way which is flexible enough to enable them to go on living there for as long as they need to, before the money which is owed is eventually reclaimed from the sale of the property once the last surviving permanent resident has died.

Q6: Do you agree with the principle that local authorities should have the discretion to introduce reasonable safeguards to ensure deferred payment agreements can be repaid? If so how can this be done in a way to support people's choice of care home?

One of the difficulties which the deferred payment scheme is likely to encounter is that, to an extent, it will force local authorities to act as stewards of the unoccupied homes against which care charges are being accumulated while their owners are still alive (in order to ensure that

they maintain their value), and it seems inevitable that they will eventually have to become involved in property speculation, in terms of determining when the property should be sold in order to ensure that they can recoup all of the money which they are owed. Whether local authorities are equipped to fulfil these functions, and what kind of assistance they might need in order to do so more effectively, are issues which deserve more attention than they appear to have received so far.

Regarding the main thrust of this question, it is important that local authorities should be able to recoup as much as possible of the financial liabilities which they are owed through the deferred payment scheme, in order to protect the interests of younger taxpayers; therefore any reasonable safeguards which they think are necessary should be put in place.

Q7: Do you agree local authorities should normally wait at least 3 months after someone has died before actively seeking repayment? Are there circumstances in which the Local Authority should wait longer?

Ideally, local authorities would be able to reclaim the money which they are owed as quickly as possible, in order to minimise the risk of non-repayment and the burden which this would place on younger taxpayers. However, it does not seem to be clear what would happen if the total debt owed through the deferred payment scheme was greater than the value of the entire estate of the deceased person who had been using care. For instance, would this mean that the local authority could assume control of their entire estate, including any property it contains, so they could then wait longer than 3 months if they think it is appropriate to do so because property values are likely to rise? The issue of how local authorities should manage and ultimately collect these debts deserves more attention than it has received so far in the process of designing these care reforms.

Q8: Do you agree that local authorities should have additional flexibility to go beyond what they would normally cover and allow people to defer care charges to help them get the care they want in wider circumstances such as domiciliary care?

As mentioned above, IF questions the use of taxpayer money to protect the assets of the most fortunate members of the older generation; therefore we would not in principle support any measures which are likely to lead to a further increase in the liabilities of the deferred payment scheme.

Q9: Do you agree with the proposed principles for calculating the independent personal budget and personal budget?

IF agrees with the proposed principles for calculating the independent personal budget and the personal budget.

Q10: Do you agree that local authorities should have flexibility on providing annual updates where a person has not had care needs for many years, or they have already reached the cap? In what other circumstances should discretion be given?

IF has no view on this element of the reforms.

Q11: Do you agree that the following principles should underpin dispute resolution mechanisms?

IF agrees with the principles for dispute resolution that are outlined in the consultation document. We are particularly concerned that disputes should be reconciled in the timeliest and most efficient manner possible. In addition, we feel it is important that the dispute resolution system genuinely evaluates all cases on their individual merits, and does not develop a reputation for automatically overturning the initial decision if it ruled that the individuals with care needs should receive less taxpayer funding than they feel they are entitled to.

Conclusion...

In order to help promote the interests of younger and future generations, IF would be willing to discuss any of these ideas further with Department of Health.

For more information about the Intergenerational Foundation and its work, please visit www.if.org.uk or contact Liz Emerson, Co-Founder at liz@intergenerational.org.uk.

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