

Impact case study (REF3b)

Institution: University of Kent
Unit of Assessment: 22, Social Work and Social Policy
Title of case study: Paying for social care
1. Summary of the impact Research on the financing of adult social care in England resulted in the development of a full simulation model of the social care economy. This has allowed for the quantification of the costs and benefits of different funding reform options. The research has hence allowed for identification of the limitations of the current financing of social care, and has been relied on by the Government and by the Dilnot Commission in the formulation of new funding policies. It has also been used by social care groups (such as Age UK) to highlight the problems facing the funding of social care.
2. Underpinning research The Personal Social Services Research Unit (PSSRU) at the University of Kent has a long history of research concerning the financing of social care. The research underpinning this case study was principally completed by Forder (who joined Kent as a Professor in 2007 and became Director of PSSRU in 2013) in a joint collaboration with Fernández (PSSRU, LSE). It commenced in April 2008 following a commission from the Department of Health to provide analyses for its Green Paper on funding and thereafter for its White Paper. The research was subsequently incorporated into the work of the NIHR Policy Research Unit on economic systems of social and health care (ESHCRU) in 2011, part of which funded work for the Dilnot Commission. Previous studies (e.g. the Wanless Review [see <i>reference 3.5</i>]) investigated the public funding of social care and presented various options, but research was needed about the costs and benefits of different funding systems as they impacted on individuals over time. This research identified that: <ul style="list-style-type: none">• Underlying demand for care is set to rise significantly as a result of the ageing population and trends in chronic diseases.• The price per unit of care service is, and is likely to continue, to rise faster than the rate of inflation.• Social care funding is beset by problems, including under-consumption; under-insurance; poor incentives to save; and perceived inequity, particularly for low-to-middle income groups.• A dynamic model is needed which can take basic information about the observed population of older people and their willingness to pay for social care, and apply the rules and features of the current social care and benefits system to determine what support people in different circumstances require. Accordingly, the first component of the research was the development of a new dynamic, micro-simulation model (DMS). This involved analyses of the demand and supply of publicly- and privately-funded social care using existing PSSRU datasets, and data from both the British Household Panel Survey (BHPS) and the English Longitudinal Survey of Ageing (ELSA). Statistical models of the social care assessment and delivery systems were estimated and combined with analysis of the organisation and funding of social care [ref 3.2] to develop the DMS [ref 3.4 and 3.1]. The model uses a baseline sample of people aged 65 and over from the BHPS. These people are aged in the simulation with the model predicting their need for social care, their intensity of use, the costs of their care and financial liability, and a range of outcomes for people that stem from their social care. The model calculates morbidity, mortality, and income and wealth flows for each individual.

The primary objective of the DMS modelling was to evaluate potential changes in care funding policy. The model provided quantitative estimates of the impact of alternative funding arrangements on resource use, cost and outcomes. As well as the overall impact, the model simulated the distributional impacts: i.e. who would gain and who would lose from any given reform proposal.

The **second** component of the research (which ran concurrently from 2008) was to identify and review social care funding systems that could potentially be used in England. The research assessed the long-term funding arrangements that are used in different countries. A set of criteria was developed to consider the efficiency, equity and sustainability of different systems [ref 3.3]. These criteria could be used to interpret the output from the DMS modelling of different funding options.

The research has accordingly made two key contributions to the understanding of paying for social care. Firstly, it has provided a tool (the DMS) to comprehensively assess the implications of alternative funding systems. Secondly, it has identified and evaluated the best options for social care in the English situation, showing that more expensive options can produce better outcomes overall [ref 3.5].

3. References to the research

3.1 - Fernández, J.L. and Forder, J. (2010) 'Equity, efficiency, and financial risk of alternative arrangements for funding long-term care systems in an ageing society' *Oxford Review of Economic Policy* 26 (4): 713-733 [submitted to REF2, output ID SSPSSR053].

3.2 - Fernández, J.L., Forder, J. and Knapp, M. (2011) 'Long-term care' in P. Smith and S. Glied (ed) *The Oxford Handbook of Health Economics*. Oxford, Oxford University Press.

3.3 - Fernández, J.L., Forder, J., Trukeschitz, B., Rokosová, M. and McDaid, D. (2009) 'How can European states design efficient, equitable and sustainable funding systems for long-term care for older people?' *World Health Organization Policy Brief 11*, ISSN 1997-8073

3.4 - Forder, J. and Fernández, J.L. (2009) *Analysing the costs and benefits of social care funding arrangements in England* technical report, PSSRU, University of Kent and London School of Economics. PSSRU DP 2644.

3.5 - Wanless, D., Forder, J., Fernández, J.L., Poole, T., Beesley, L., Henwood, M. and Moscone, F. (2006) *Securing Good Care for Older People: Taking a long term view*. London, King's Fund.

Research Funding

This research has been funded by a series of awards from the Department of Health and the King's Fund totalling over £500,000. These include:

- Dilnot Commission, **Department of Health**, ESHCRU responsive mode, £136,217, Prof Julien Forder (with Fernández, LSE), 2012-2014.
- Building a National Care Service White Paper – analysis, Commissioned by the **Department of Health**, £127,051, Prof Julien Forder (with Fernández, LSE), 2009-2010.
- *Care and Support Green Paper – quantitative analysis*, Commissioned by the **Department of Health**, £299,758 (£188,734), Prof Julien Forder, 2008 -2010.
- Wanless Social Care Review, **King's Fund**: £133,186, Prof Julien Forder, 2006 – 2008.

4. Details of the impact

The research has impacted on policy-making concerning the funding of social care via the provision of new models and estimates of the costs of social care. The beneficiaries include governmental departments and policy-makers, with the key impacts being as follows:

Assisting government to assess and formulate policy

Reacting to the debate prior to 2008, the Government set about developing new policy solutions for the funding of social care. This research was used in this context by Government to help develop new policy in this area, with the aim of improving the accessibility, efficiency and equitable provision of social care. The Government published a Green Paper in 2009 outlining potential reform options. It used the PSSRU research to quantify the costs, benefits and distributional consequences of each option [see *corroboration 5.1*].

The Department of Health also commissioned analysis and projections based on PSSRU research for the subsequent White Paper on care and support, *Building a National Care Service*, published in 2010 [*corrob 5.2*]. A particular function of the DMS model in this case was to investigate the potential for a 'care duty' to act as a contribution mechanism for social care.

Following the election of the Coalition Government, a new Commission on social care funding was set up, chaired by Andrew Dilnot. After an independent review of the DMS by the Institute for Fiscal Studies, the Commission used PSSRU research and modelling to understand the problems and possible solutions regarding social care funding. The Commission's key recommendation of a capped risk model was designed to tackle the under-insurance problem, and drew heavily on PSSRU's research on the distribution of lifetime risk [*corrob 5.3 esp. fig 2*]. The Government brought the main recommendations forward in its *Care and Support Bill* (expected to receive assent in 2014).

Informing the policy debate on the reform of social care funding

The research has had impact through shaping the views of senior policy-makers as to the best options for social care funding reform. Forder sat on the *Stakeholder Panel on Reform of the Care and Support System* chaired by the Director General of Social Care and attended by the care services Minister (in 2009). Forder also gave a number of briefings to high-level decision-makers, including to the Chancellor of the Exchequer (following a personal invite, 25 February 2009). The Parliamentary debate on social care, which shaped the developing legislation, made specific references to PSSRU research, as recorded in *Hansard* [*corrob 5.4*]: Forder was accordingly called as a witness in front of the House of Lords Public Service and Demographic Change Committee, 13 November 2012 [*corrob 5.5*].

Lord Lipsey, an active participant in these debates, stated of PSSRU research: 'The work of the Personal Social Service Research Unit has been invaluable to all those involved in policy-making in this field. Indeed, it is scarcely an exaggeration to say that there would have been no informed public debate on these crucial issues without the factual and analytical material in which it excels' [*corrob 5.6*].

Transforming public understanding of the costs of social care

The research informed the wider public debate, being used by non-government stakeholder organisations to raise the priority given to care funding, and to improve public understanding of this issue through a series of engagement exercises.

A number of influential organisations, such as Age UK, the King's Fund and the Strategic Society Centre, have drawn on the research when making the case for reform [*corrob 5.7*].

Public understanding – particularly of the financial liability of individuals in paying for social care – was improved by the research as it was discussed in the media and at stakeholder events. For example, BBC Radio 4 ran a month-long series of programmes on care, including an interview with Forder [corrob 5.8]. A *Guardian* article highlighted the PSSRU research on the potentially catastrophic costs faced by some care users, a key argument for reform used by Dilnot [corrob 5.9].

Forder was also invited to discuss the research at a number of seminars and debates with social care stakeholders, including the Voluntary Organisations Disability Group (VODG) (19 September 2008), Age UK (One Voice) (7 April 2009), National Care Forum (11 May 2011) and a meeting of private health care investors (Investing in social care, 29 November 2011). Such activity has helped shape the public policy debate and raised the profile of social care, which in turn is likely to have helped to (a) secure a programme of reform on social care funding by Government, and (b) protect levels of social care funding.

5. Sources to corroborate the impact (All links correct at time of submission to REF2014)

5.1 – There are numerous direct references to the research in: HM Government (2009) [Shaping the future of care together](#). Cm 7673. London: The Stationery Office. This corroborates the direct impact of the research on policy debate in the UK.

5.2 – There are numerous direct references to the PSSRU research in: HM Government (2010) [Building the National Care Service](#). Cm 7854. London: The Stationery Office. Plus Impact Assessment. This confirms that the research has been cited in key policy statements.

5.3 - Commission on Funding of Care and Support (2011) [Fairer Care Funding. The Report of the Commission on Funding of Care and Support](#). The Commission's report makes estimates of future social care need based on the research.

5.4 - [Commons debate](#) (12 Jan 2010) and [Commons written answers](#) (10 Dec 2009). The continued reference to the research in governmental debates shows its importance in providing a definitive statement on the costs of social care.

5.5 - [House of Lords Public Service And Demographic Change Committee Report](#): Oral and written evidence.

5.6 – Statement provided by ID 1 (Lord Lipsey). Further corroboration that the research outputs have been used extensively to inform debate and policy at the highest levels of government.

5.7 - The research was drawn upon, for example, by Age UK in their [care in crisis](#) campaign and by the [King's Fund](#), showing that the research has been important in the work of NGOs and advocacy groups.

5.8 - Julien Forder on BBC Radio 4, [You and Yours](#), 21 Jan 2008: this programme has a listenership of one million, showing that the research has been disseminated through popular media channels.

5.9 - Brindle, D (2011) '[Cost of care in old age rises to average of £50,000](#)' *The Guardian*, 21 Mar 2011 showing that the research findings have attracted significant media interest.