

The impact of a tightening fiscal situation on social care for older people

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Introduction

The figures in the tables are derived from the latest micro-simulation model. Here we have calibrated on the latest (2008/9) social care expenditure and service use data (from the NHS IC).

Results are also calibrated in the latest 2006 population projections.

We assume in this analysis that the current funding system remains unchanged. In particular, in the previous analysis we modelled the introduction of free personal care at home, but this policy is not implemented in these projections.

Expenditure targets

The following table shows the net expenditure targets for 2011/12 to 2014/15. We assume a cumulative reduction in budget in real terms from its 2010/11 level.

Table 1. Expenditure targets

Year	Net public spending (£bn)			Cumulative % change since 2010/11
	Before FPCh	Final budget	% change p.a.	
2008/09	6.10	6.10		
2009/10	6.40	6.40		
2010/11	6.50	6.50		
2011/12	6.70	6.05	93%	93%
2012/13	6.80	5.65	93%	87%
2013/14	6.95	5.25	93%	81%
2014/15	7.05	4.85	92%	75%

Rounded to nearest £50m

Table 2 shows the difference in the net public spending totals of the reduced budget scenario compared to the demand-led case.

Table 2. Expenditure differences

Year	Net public spending		
	Demand-led	Reduced budget	% of demand-led
2008/09	6.10	6.10	100%
2009/10	6.40	6.40	100%
2010/11	6.50	6.50	100%
2011/12	6.70	6.05	91%
2012/13	6.80	5.65	83%
2013/14	6.95	5.25	75%
2014/15	7.05	4.85	69%

Rounded to nearest £50m

In this analysis below, we assume that eligibility is tightened between 2011/12 and 2014/15 to reach the budget targets.

Implications of reductions in state expenditure

We consider the impact of the assumed cuts in public expenditure on three key aspects of the care system:

- Changes in the balance of funding responsibilities between the state and private individuals
- Changes in the number of recipients receiving support
- Impact on levels of unmet need in the system

Public / private funding balance

Table 3 reports the total levels of social care expenditure in the period 2008/09 to 2014/15, for the two scenarios under consideration. The table breaks down financial contributions from the state and from private individuals. Private financial contributions are further broken down in terms of:

- user charges: charges for people receiving state support (people in the scheme) implied by the current means-testing rules
- top-ups: extra support purchased privately by people in the scheme
- private consumption of care among people who do not meet the current needs or financial eligibility criteria for state support (people not in the public scheme).

Finally, financial contributions from private individuals are broken down in terms of contributions to hotel costs, and contributions to care costs (care charges).

Table 3 Public and private expenditure and charges under demand-led and budget constrained systems

Year	People in public scheme					People not in scheme			All	
	Net public SC cost	Scheme charges	... Of which		Scheme top-up spend	Non scheme spend	... Of which		total SC spend by service users	total SC spend
	C1	C3	Scheme hotel costs	Scheme care charges	C6	C7	Non scheme hotel costs	Non scheme care charges	C10	C11
Demand led scenario										
2008/09	6.10	1.45	1.10	0.30	0.95	4.15	1.45	2.70	6.55	12.65
2009/10	6.40	1.45	1.10	0.30	1.00	4.20	1.50	2.70	6.65	13.00
2010/11	6.50	1.50	1.15	0.30	1.00	4.35	1.50	2.85	6.85	13.35
2011/12	6.70	1.55	1.25	0.30	1.00	4.75	1.70	3.05	7.30	13.95
2012/13	6.80	1.60	1.25	0.30	1.05	5.00	1.80	3.20	7.65	14.45
2013/14	6.95	1.65	1.30	0.35	1.15	5.35	1.90	3.45	8.20	15.15
2014/15	7.05	1.65	1.30	0.35	1.15	5.80	2.05	3.75	8.60	15.65
Reduced budget scenario										
2008/09	6.10	1.45	1.10	0.30	0.95	4.15	1.45	2.70	6.55	12.65
2009/10	6.40	1.45	1.10	0.30	1.00	4.20	1.50	2.70	6.65	13.00
2010/11	6.50	1.50	1.15	0.30	1.00	4.35	1.50	2.85	6.85	13.35
2011/12	6.05	1.40	1.25	0.20	0.75	5.10	1.70	3.40	7.25	13.30
2012/13	5.65	1.40	1.25	0.15	0.60	5.65	1.80	3.85	7.70	13.35
2013/14	5.15	1.40	1.30	0.10	0.40	6.40	1.90	4.45	8.20	13.40
2014/15	4.80	1.40	1.30	0.10	0.30	7.10	2.05	5.00	8.80	13.60
Differences in expenditure and charges										
2011/12	0.65	0.10	0.00	0.10	0.25	-0.35	0.00	-0.35	0.05	0.70
2012/13	1.15	0.15	0.00	0.15	0.45	-0.65	0.00	-0.65	-0.05	1.10
2013/14	1.80	0.20	0.00	0.25	0.75	-1.00	0.00	-1.00	-0.05	1.75
2014/15	2.25	0.25	0.00	0.25	0.80	-1.25	0.00	-1.25	-0.20	2.05

Rounded to nearest £50m

Impact on the number of recipients

Table 4 illustrates the changes in the number of recipients resulting from a change in the state support eligibility criteria compatible with the reduced-budget scenario. The table reports figures for the total number of people receiving state support (scheme recipients), the number of those receiving support in residential care settings, an estimate of the number of social care users who purchase support independently, and the number of individuals with social care needs who do not receive any support from formal services. Finally, the table also provides as a reference point an estimate of the number of individuals with social care needs (defined in terms of the average current social care needs eligibility criteria in England). This number does not change with the level of state funding available.

Table 4 Number of social care recipients (millions)

Year	Scheme recipients	Scheme residential	Non-scheme	Non-service	Number of
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	(A)	care recipients	(private) recipients (B)	users with some need (C)	people with some need (A + B + C)
Demand-led scenario					
2008/09	0.85	0.20	0.45	0.65	1.95
2009/10	0.85	0.20	0.45	0.70	2.00
2010/11	0.85	0.20	0.50	0.70	2.05
2011/12	0.85	0.20	0.50	0.75	2.10
2012/13	0.85	0.20	0.50	0.75	2.15
2013/14	0.90	0.20	0.50	0.80	2.15
2014/15	0.90	0.20	0.55	0.80	2.20
Reduced budget scenario					
2008/09	0.85	0.20	0.45	0.65	1.95
2009/10	0.85	0.20	0.45	0.70	2.00
2010/11	0.85	0.20	0.50	0.70	2.05
2011/12	0.60	0.20	0.65	0.85	2.10
2012/13	0.50	0.20	0.70	0.90	2.15
2013/14	0.40	0.20	0.85	0.95	2.15
2014/15	0.35	0.20	0.90	0.95	2.20
Changes in recipients					
2011/12	-0.25	0.00	0.15	0.10	0.00
2012/13	-0.35	0.00	0.25	0.15	0.00
2013/14	-0.50	0.00	0.30	0.15	0.00
2014/15	-0.55	0.00	0.35	0.15	0.00

Rounded to nearest 50,000