The future funding of social care

Qualitative research for Age UK: Report (final)
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1. Background and objectives
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1.1 Background

The structure of our society is changing. One of the main shifts is that people are living longer and the population as a whole is getting older. The implications of these demographic trends will touch every aspect of public sector care delivery – current funding arrangements for social care cannot meet the growing demand, and a new solution is required if people are to be able to access the services they need in the future.

Currently about £8 billion a year is spent on social care services by local councils\(^1\). It is estimated that older people themselves spend about £3.5 billion on private purchases of care. But, there is also a large amount of unmet need. It is estimated that to plug the existing gap in the social care system would cost £6 billion\(^2\).

For more than a decade, politicians and interested stakeholders have debated the need to reform social care funding. A number of influential reports – such as the 1999 Royal Commission on Long Term Care for the Elderly and the 2006 Wanless Report (commissioned by the King’s Fund), among others – have sought to tackle the issue. However, no consensus on the ideal approach to funding care and support in the future has yet emerged.

The debate has gathered pace recently and conversations with the public about the future of social care have become increasingly important in driving policy. In July 2010 following a commitment in the coalition agreement, Our Programme for Government, a Commission on Funding of Care and Support was set up; an independent body designated to “make recommendations on how to achieve an affordable and sustainable funding system for care and support, for all adults in England, both in the home and other settings”.

The Commission, chaired by Andrew Dilnot, has been looking at the issue of social care funding afresh and from a broad perspective. The Dilnot Commission has been building on existing work, whilst also analysing the issue independently and seeking new reform options, reporting on their findings in July 2011.

Against this background, the charity Age UK commissioned Ipsos MORI in early May 2011 to find out more about what the public thinks about how social care in England is funded, and how it should be funded in the future. Age UK has an important contribution to make to the debate as a charity and lobbying body which represents the views of older people. The findings of this research are intended to be used to inform Age UK’s response to the government’s proposals and the wider debate about the future funding of social care.

\(^1\) Securing good care for older people, Kings Fund, 2006
\(^2\) Wanless, Derek, et al. King’s Fund and London School of Economics. Personal Social Services Research Unit: Securing good care for older people, King’s Fund, 2006
1.2 Research objectives

This qualitative programme of research, which involved six extended discussion groups, was designed to explore the public’s attitudes towards a series of proposals for the future funding of social care, based on those put forward by the government. In particular, the research focused on the following:

- To test the public’s understanding of, and views about, the current social care system and how it is funded.
- To understand which of the future funding options were most or least acceptable to the public and the reasons for this.
- To understand how views differed across the public according to characteristics such as age, life stage and income, and in terms of what is seen to be most fair.
- To assess the least and most favoured ways of raising additional revenue (via taxation) to pay for the likely increase in funding levels required to plug the existing gap in provision and increased demand on services presented by our growing and ageing population.

1.3 Presentation of findings

The research highlighted the complexity of the issues being debated and the differing and often competing views that members of the public can hold about how the vulnerable should be cared for, and what is deemed as ‘fair’ when it comes to accessing and paying for public services such as social care. As such, this report seeks to generate a narrative about where the public currently sits on the issue of social care and its funding today, and the key principles that appear to drive their views for how it should be funded in the future. As such, the report has been structured as follows:

- Research objectives. Explains the background and objectives of the research, and the format of this report.
- Methodology. Sets out the research methods used to answer the research question, with details on sampling, recruitment and research materials.
- Understanding of the current system. Presents evidence on participants’ knowledge and understanding of the current system for funding social care. This provides key context for understanding what drives their views on how social care should be funded going forward.
- Key themes on paying for care. Presents the most powerful overarching themes coming out of the research around the funding of social care, drawn from participants’ attitudes to the existing system of social care funding, and to alternatives presented by moderators in the discussions group.
- Views on future options for funding social care. Presents the views of the different age and income groups involved in the research to the range of options presented for funding social care in the future.
- **Views on appropriate taxation mechanisms.** Presents the themes emerging from the research about which methods of taxation participants thought should (and should not) be used to fund social care in the future.

- **Overall conclusions.** Brings together the findings from the study to provide an overall picture of what the research tells us about where the public sit on the future funding of social care.

During the groups, we took participants through a deliberative process, whereby initial discussions focused on their top of mind views about social care and how it is funded. Most participants came to the discussion with limited knowledge. The principle behind using deliberative techniques was to present participants with information over the course of the discussion to help inform the debate about how care should be funded in the future, and to identify how, if at all, participants’ views changed as a result of being more informed about the issues. As such, each chapter in this report provides some introductory context to aid the reader in understanding the backdrop to the discussions that took place.

It is important to note that findings of this report are not statistically representative of the views the general public. Qualitative research is designed to be illustrative, detailed and exploratory and provides insight into the perceptions, feelings and behaviours of people rather than conclusions from a robust, quantifiable valid sample. As far as possible we have tried to state the strength of feeling about a particular point, although in some cases it has not always been possible to provide a precise or useful indication of the prevalence of a view due to the small numbers of participants taking part in the research or within individual groups.

Verbatim comments have been used throughout this report to help illustrate and highlight key findings. Where verbatim quotes are used, they have been anonymised and attributed with relevant characteristics of gender, age, income level and location, as in the following example:

**Female, aged 30 - 45, low income group, London**

The perceptions of participants make up a considerable proportion of the evidence in this study, and it is important to remember that although such perceptions may not always be factually accurate, they represent the truth to those who relate them.
2. Methodology
2. Methodology

2.1 Research methodology

A qualitative research design was used in order to gain an in-depth insight into the public’s views and the reasons behind them. Ipsos MORI conducted six extended discussion groups with the general public between 18 and 27 May 2011 across London (and surrounding areas) and Manchester (and surrounding areas). Each discussion group contained between eight and ten participants and lasted two and a half hours.

Discussion groups are a generative process, and allow time to move beyond participants’ general perceptions to understanding what assumptions and beliefs lie behind their views. Extended discussion groups were used in this research so that deliberative techniques could be incorporated into the discussions. This was because care and support is an area that many people know little about, and what they do know can sometimes be partial or uninformed. In addition, the issues being debated with participants were complex, and it was important to ensure that enough information was provided about the issues and the different funding options being presented to ensure they could provide an at least partially-informed decision. It is important to note that the information provided was at a fairly general level – it would not have been possible within the two and a half hour timeframe to present the detailed complexities about each of the funding options and their implications. This should be borne in mind when interpreting the findings.

This approach also allowed us to elicit participants’ uninformed views at the beginning of the research, which enabled us to explore how people absorb the information presented and which information influences their opinions. It also gave us time to educate participants about the issues, and gave them time to reflect and consider the information within their everyday social context. Participants were then in a better position to make informed choices when asked to make trade-offs, as well as allowing us the time to challenge particular view points through the use of case studies.

2.2 Sampling and recruitment

Recruitment was targeted to ensure that particular members of the general public were involved in the research. The approach used was primarily driven by Age UK’s desire to see how views varied according to people’s life stage, particularly whether they were pre- or post-retirement.

To achieve this, core sampling quotas were set on age, income and region. In addition, ‘flexible’ quotas were included to account for household status, levels of caring responsibilities (if any), gender and ethnicity. Here, we aimed to achieve the quota numbers set, but allowed flexibility to ensure that recruitment was possible within the timeframe of the research.

- **Age** was used as a sampling criterion in order to make informed comparisons in the research between the responses of participants of different generations.

- **Income** was used to in order to make informed comparisons in the research between the views of wealthier and poorer participants.

- We included a spread of **region** to take into account the regional differences in housing assets (i.e. a north/ south split).
Flexible quotas were set on household status – i.e. whether there were children in the household - in the younger groups so that we could take into account the difference that having children might make to participants’ views, and to ensure a range of experiences were included.

Flexible quotas were also set on caring responsibilities in the older groups to see how the difference in exposure to the social care system might affect views.

As this was research with the general public, recruitment for the discussion groups was conducted face-to-face in local areas. Participants were offered £40 as an incentive (standard for research groups such as these) for the covering of travel costs, other expenses incurred in attending the groups, and by way of a thank you for giving up their time.

### Table 1: Sampling quotas in the research

<table>
<thead>
<tr>
<th>Group</th>
<th>Core quota</th>
<th>Flexible quota</th>
<th>Location</th>
</tr>
</thead>
</table>
| 1     | Aged 45 – retirement, high income | - Mix of household status  
- Mix of caring responsibilities  
- Mix of gender | Northwest (rural) |
| 2     | Retired, low income | - Mix of caring responsibilities  
- Mix of gender | Northwest (Manchester urban) |
| 3     | Aged 30 – 45, mixed income | - Mix of household status  
- Mix of gender | Northwest (Manchester urban/ suburban) |
| 4     | Aged 30 – 45, low income | - Mix of household status  
- Mix of gender | London, urban |
| 5     | Aged 45 – retirement, mixed income | - Mix of household status  
- Mix of caring responsibilities  
- Mix of gender | London, urban |
| 6     | Retired, high income | - Mix of caring responsibilities  
- Mix of gender | London, suburban |

2.3 Discussions and research materials

On agreeing to take part in the research, participants were given a short leaflet giving some basic information about the nature of current social care provision and some of the funding challenges faced by the current system (see Appendix A). The leaflet aimed to raise understanding and knowledge of the challenges faced by government and the nature of existing services so that participants did not come to the groups completely unaware of the issue.

The groups were moderated by Victoria Harkness, Isabella Pereira and Rose Neville of Ipsos MORI. All groups were audio recorded and transcribed – within the bounds of the Data Protection Act and Market Research Society Code of Conduct - to assist Ipsos MORI with analysis.

The discussions were structured using a discussion guide to ensure that all issues were consistently covered across each of the groups. Throughout the groups, participants were presented with information about the future funding of social care and a range of options on
how care might be paid for in the future. Case studies were also used to illustrate these options. The discussion guide and stimulus material used in the groups are included in Appendices Band C of this report.
3. Understanding of the current system
3. Understanding of the current system

CHAPTER SUMMARY

- Participants across all ages and income groups had a poor understanding of the social care services available and about how social care funding currently worked, with the exception of those who had had interaction with a service (which had been primarily on behalf of a relative as opposed to direct use of the service themselves).

- This low level understanding meant that participants tended to equate the social care system with that of the universal provision provided under the National Health Service. In addition, participants who had accessed care for health requirements tended to conflate the provision of social care with that of health care.

- Both younger participants and older ones too were typically unfamiliar with social care as a service. They found it difficult to conceptualise not only what they might expect from social care services, but also using the service in the first place.

- Linked to this, participants – even those past retirement age – had given little thought to planning for their own social care needs in the future, and this view changed little over the course of the deliberations.

- There were a number of unprompted concerns raised about the current system, including the “postcode lottery” in terms of access to and quality of care, low levels of pay for domiciliary carers and the potential closure of care homes.

- There was a widespread initial perception across the younger age groups that the voluntary and informal sector were responsible for meeting provision for low level care needs.

- Overall, participants felt strongly that the current system of social care funding was unfair. They typically opposed means testing and the lack of universal provision and availability of early access to care.

3.1 Introduction

Given the deliberative nature of the discussion groups, it was important to ascertain participants’ current knowledge of the social care funding system and their exposure to social care services. Whilst the groups were recruited to ensure a broad mix of potential social care users and non users, it was important to establish current levels of awareness and to make sure that all participants were brought up to speed in order to move the debate onto the future funding issues. The headline information provided to participants can be summarised as follows:

- **Social care is currently ‘means tested’.** Only those with less than £23,250 available in savings or assets are eligible for free care – although the provision of non-means tested benefits means that some above the threshold can still receive support.

- **Care users must have high needs (i.e. be very frail) to receive support paying for care...**
… and have low income/savings below the £23,250 means tested threshold.

Those with ‘low levels’ of care needs have to arrange and pay for any support themselves. A low level of care need is defined in government guidance as being unable to carry out one or two personal care or domestic routines.

We found that participants across all income and age groups had limited knowledge of both how social care was funded, and the nature of service provision for older people – unless they had had direct personal experience of accessing or paying for social care services themselves or on behalf of a family member. Those who were most likely to have had this experience tended to be older participants in the groups.

Furthermore, some participants were reluctant to think about the issue as one which would affect them personally. They frequently found it challenging to think about when they may need to access social care themselves. This widespread lack of knowledge and understanding about the current social care system provided important context for understanding participants’ views on how social care should be funded in the future.

Their low level knowledge – perhaps understandable given the lack of exposure participants had to the system – meant that participants tended to equate the social care system with that of government health provision and the universal provision provided under the National Health Service. The NHS was a service they were typically more familiar with and more knowledgeable about when it came to both funding and service provision. Participants also tended to be surprised at the information they were given about how the current system of social care provision is funded.

3.2 Knowledge and views of existing social care services

Participants across all age groups had limited knowledge about the current provision of social care services. Very few were able to describe what kinds of services are currently provided to older people, or give details about the circumstances under which people might have access to those services. To younger participants, social care was perceived as those services provided by care homes and residential care. Retired participants suggested that social care also included “home help”, such as domiciliary carers helping with light housework and chores.

Only those members of the public who had experience of accessing social care were well-informed about how the social care system worked where both service and funding were concerned. Their contact was typically through a role as a carer themselves or through engaging with services for the care of an older relative (typically a parent or parent-in-law).

In particular, participants were unaware that existing services were not generally provided to older people with low levels of care needs. For many participants this came as a surprise and was typically perceived as an injustice (further findings on this point are set out in chapter 4).

Declining health and ageing are of course closely linked in practice, and participants who had accessed care for health requirements tended to conflate the provision of social care with that of health care. This was especially the case among participants above the age of 45 and those on low incomes, who were more likely to have experienced ill-health or had a family member who had been very ill.
Participants particularly linked social care with nursing provided in the home to the chronically sick. They appeared to lack the understanding that provision for older people was different, and not universally free at the point of delivery. A common example, typically drawn from experience, was the comparison between the provision of care for older people with that available to cancer patients, where participants’ family members had had access to in-home carers and support with mobility. Only a very few participants were able to appreciate the distinction between how the health and social care services were provided.

“The split between the medical side and the age side is a massive one. So if the medical... you can be cared for because you’re ill... whereas they won’t care for you if you’re just old.”

Male, retired, high income, London

Participants did not confuse health and social care where quality of care was concerned. Whereas the NHS was perceived to provide good quality care to all, regardless of the an individual’s means to pay for it, some participants in the groups reported – unprompted - concern about the quality of social care, particularly that provided in care homes or in residential care. Older participants had especially strong views about a number of perceived shortcomings of social care services, including how well older people were treated in residential care. These participants seemed to be particularly influenced by media reports on the quality of social care. Only a few of the participants in the research had actually had personal experience of a family member accessing social care, and of these, one or two expressed reservations about domiciliary care. The following comment illustrates one participant’s concern at the quality of at-home care received by a family member.

“My mother-in-law’s falling over a bit more so I get the odd call. It’s not that I can’t pick her up, but the carers are meant to be there.”

Female, 30 – 45, low income, London

Some retired and older participants also had wider concerns about the social care system. These included perceived low levels of pay for domiciliary carers, the potential closure of care homes (the crisis faced by Southern Cross was mentioned by London participants) and concern about whether the running of care homes was driven by profit rather than the delivery of good quality care.

“It should be non-profit organisations that are actually running this system.”

Male, 30 – 45, high income, London

Across all groups there was a perception of inequality in service provision at the local level, especially among older participants. This sense of inequity was typically expressed as a “postcode lottery”. There was also a suggestion that, in addition to which local authority area you lived in, there was also a distinction in the level of service you received dependent upon the actual individual within a local authority you dealt with. Older participants felt that access to social care was highly dependent on who assessed you, with different social workers coming to different conclusions about the same case. Those who had relatives who had used social care reported that the system was complex and bureaucratic. Participants who had used the system tended to feel that they needed more information and support to negotiate the system. The following comment by one participant illustrates this frustration.
“My mother is [quite frail] but we had to get social workers involved in it to find out about this payment for her to be eligible to get the care she needed.”

Female, 30 – 45, low income, London

Although more widely speaking participants felt that the government should be responsible for the provision of social care (this is explored in greater detail in the following chapter), participants also saw a role for the family and the voluntary sector. There was a widespread initial perception across the younger age groups that the voluntary and informal sector were responsible for meeting the provision of low level care needs – and indeed, in some cases, that they should be responsible for doing so. However, those participants who had a family member with low level needs were more aware of the challenges around this. Nonetheless, participants across all groups tended to identify a strong role for family and the community in providing low level care.

“Social care is like home help ... but mostly it’s family that does that.”

Female, retired, low income, Manchester

Those participants who identified these needs felt strongly that there was not enough support available to informal carers of older people who provided support before needs became acute. A few participants saw a larger role for the family and community in the caring for the elderly, feeling that it was the role of children, siblings and the wider community to support older people when they required extra help. Others noted an emergent “black market” in the supply of low level home care, where lone parents might offer help to older people in return for cash in hand. However, participants more commonly felt that the voluntary sector had a role to play in helping to plug the care ‘gap’ where low levels of need were concerned.

“Organisations like Age UK will have to come into their own ... in providing a source of help, a safety net.”

Male, 45 - retired, high income, London

3.3 Knowledge of how social care is funded

Across all groups, participants were typically very poorly informed about social care and how it is currently funded before the discussions took place. Experience was very important: participants who had had contact with the services themselves, or on behalf of a family member, were not only more aware of the services available, but were also able to present more nuanced views on how social care is and should be funded in the future. Those participants who had specifically used social care acknowledged that their understanding of the system derived from direct experience. They were most likely to be sympathetic to the mechanisms currently in place to fund social care because they were able to understand how the system worked in practice.

Those in the younger age groups (those aged from 30 until the age of retirement) had very little knowledge or experience of social care services. Typically, they were not only unaware of the large demand for social care services across the wider population, but also unaware of
how services were funded for individuals. A few such participants admitted spontaneously that they knew nothing at all about social care services and about how they were funded.

Currently, individuals have to pay for social care if they have assets or savings greater than £23,250 or are assessed as having low level to moderate needs. There was a general lack of understanding amongst participants that it was only residential care costs against which housing or other assets could be utilised. There were a couple of spontaneous views raised which suggested that some people believed that housing assets could be “threatened” to pay for services beyond residential care.

“It’s never going to be fair to 100% of the people ... We’ve heard that most people thought if you need social care you lose a house if you’ve got one. I think it’s a misunderstood system.”

Male, 30 – 45, low income, London

Under the current social care system, one in 10 people can expect to pay costs of over £150,000 over a lifetime – for the purposes of this research, we termed these “catastrophic costs”. Some participants were aware that costs for social care could be very high and some recalled alarming stories from the media about people having to sell their houses to pay for their care. No participants in the discussion groups had had personal experience of these catastrophic social care costs, reinforcing this limited knowledge amongst the public around the overall way in which the system is funded.

“You hear these kind of horror stories don’t you, people having to sell everything they’ve got just to stay in their [care] home ... I don’t know, I guess those things are true.”

Male, 45 - retired, high income, London

Despite being nearer to an age where social care might be used, older participants – typically aged from 65 to 75 – also had little knowledge about social care services and funding. Regardless of their income, older participants tended to feel that social care was a service used only by the “older old”, or by those in acute need due to illness, and therefore not an issue they needed to consider – even though they were retired and getting older themselves.

Those in the lower income groups (both young and old) tended to be unaware of what their entitlements to support might be, despite being more likely to be eligible for government-funded services in later life due to their low levels of savings and assets.

Wealthier older participants did not feel that social care services were relevant to them and had typically not considered how they would pay for social care later in life, and they felt strongly that their savings and assets should not be used to pay for these costs. We address views on these issues in more detail in the following chapter.

Overall, participants across all groups tended to feel strongly that the current system of social care funding was unfair. They typically opposed means testing and the lack of universal provision and the rationing of care which meant that early access to care for low level needs were not met. These attitudes are explored in more depth in the next chapter.
3.4 Planning for future social care

As we have seen in the previous sections, levels of knowledge and understanding about how social care is funded and delivered were low. Linked to this, participants had typically given very little thought to their own needs for social care later in life - across all the groups. Participants rarely considered planning for social care because they found it very hard to conceptualise their potential needs. Underpinning this was the fact that participants typically found it uncomfortable to think about becoming older and infirm, or making plans for an uncertain future.

Moreover, there was a strong sense that the old and frail in society were “other people” rather than themselves. Participants found it challenging to consider that they may need social care one day, and this difficulty, to some extent, fuelled a lack of engagement with the issue of social care prior to the discussion groups.

“Planning ahead for the future, you don’t even know if you’re going to live to see old age... I don't really think too far ahead. Anything could happen.”

Female, 45 - retired, low income, London

“I know I should be thinking about it ... my pension [is] not a lot but that’s my only saving grace. Other than that I'm in trouble...”

Female, 30 - 45, low income, London

Younger participants admitted they deferred thinking about how and when they would need social care, and there was a strong sense that old age and physical frailty were not only far away, but difficult to plan for in terms of what might be needed and when as medical and social care requirements were very hard to predict. This was the case for participants across all life stage and income backgrounds who had not reached retirement age.

Older participants who had reached retirement also tended to defer consideration of their future social care needs. Typically, they felt that the issue would be more relevant to them when they were extremely old and frail, or else acutely ill.

Views about planning for social care did not tend to change a great deal on deliberation.

Finally, low levels of knowledge about social care provision and funding can be explained by the simple fact that participants typically did not come into contact with any part of the social care system until a relative was in need of social care – or in many cases not at all. The group discussions demonstrated that where participants had no contact with a service, they were less likely to understand it, regardless of whether or not they would one day need support from the social care system.
4. Key themes on paying for care
4. Key themes on paying for care

CHAPTER SUMMARY

- Participants across all groups had low awareness of the funding challenges faced by the social care system. Typically, they initially understood the funding challenges in the context of wider government cuts rather than the changing demographic profile of the nation. On deliberation, many continued to feel that the wider public sector cuts happening now were a driver of the current difficulties faced by the social care system.

- Many questioned whether there was an actual need to increase funding at all, and whether unmet need could be met through better oversight and management of existing funds by the government, or by better coordination and efficiencies in the existing health and social care system.

- Most felt that the taxpayer – rather than individual care users – should be largely responsible for paying for social care. There was a general view that older people should not be expected to pay for their social care given they had paid taxes all of their lives. But, importantly, contributions made through taxation mean that people expect to be able to access social care when they need it in the future.

- Linked to this, participants felt strongly that housing assets and savings should not be used to pay for an individual’s social care. Retaining housing assets in later life and to pass on to children was very important to participants across all groups, regardless of age and income level.

- Whilst it was acknowledged that it may be difficult to pay for, there was strong support for the notion of a universal provision of social care, free at the point of delivery, as the health service is. At the very least, participants supported a universal minimum of care – regardless of age or income level - although they struggled to define what a ‘minimum’ would look like.

- Means testing was generally seen as unfair regardless of age and income because it penalised people who had worked hard and saved all their lives by denying them access to subsidised services. Many saw it as a ‘perverse incentive’ for saving.

- There was strong support amongst participants across all groups for earlier intervention in social care, and ensuring that care was more freely accessible to those with ‘lower level’ needs.

4.1 Introduction

Participants’ understanding about how the current social care system is funded was fairly limited. The deliberative element of the group discussions ensured that we were able to bring participants up to speed with the current funding system, and to introduce the reasoning behind why it needs to change.

As outlined earlier in this report, it is estimated that to plug the existing gap in the social care system would cost £6 billion. In order to inform participants’ considerations of the options
available on funding care in the future we presented the following information about the current funding challenges:

- **Social care currently costs the taxpayer £7 billion a year.**

- **Today, across the system the taxpayer provides around 50% of the funding.**

- **It costs the care user on average £21,400 for social care over their lifetime, from the age of 65. But, this can be much higher or lower depending on the individual. There are some instances of having to pay “catastrophic costs” – with one in 10 expecting to pay more than £150,000.**

- **Examples costs include: residential care home = £24,492 per year (or £471 per week); nursing home = £35,100 per year (or £675 a week); care at home = £129 per week.**

- **There is currently underinvestment in social care services. Many people need support but do not receive it. In addition, more people are living longer, which means the demand for services will continue to go up.**

- **The cost of the existing system could double within 20 years (from £7bn today to £12bn by 2026).**

Importantly, it was the strong views people held about the current system of funding that influenced their views about how the service should be configured and delivered in the future. There were a number of principles and themes – some of them conflicting - emerging from the groups in terms what the public values most from a social care system and the way it is funded.

### 4.2 Awareness of the current funding gap

Participants across all the discussion groups had very low awareness of the funding challenges faced specifically by the social care system. Typically, they understood the funding challenges in the context of “the cuts” – the wider difficulties the government has faced over the last 18 months in paying for public services. They were not surprised to hear that the social care system required additional funding as they had come to expect this narrative where other public services were concerned.

*“There are cuts everywhere... well obviously they’re cutting everything now, aren’t they.”*

Female 30-45, high income, Manchester

Those participants who had used social care for relatives were as unaware of the funding challenges as those who had not. This was because their family members tended to have had low levels of care needs, with adjustments typically being made to homes of older relatives to support independent living. This meant that they tended to assume that the needs of older people were met at relatively little cost.

Once participants had digested information about the future challenges to funding social care, many questioned whether there was an actual need to increase funding at all, and whether unmet need could be met through better oversight and management of existing funds by the government. Some participants found it difficult to understand – or believe – that
care user contributions (either personal or through tax) were required by the government to meet the funding gap. Some felt that additional fundraising was unnecessary. They questioned the way the government prioritised existing spending, and queried whether more priority should be given to social care over other areas of spending, such as fighting wars, large defence contracts or support to other European nations in the recession.

“The [social care funding gap] is comparatively small though when you consider what we’re being asked to put in to keep the Euro afloat and things like that. And overseas aid that we do...”

Female 45 - retired, low income, Manchester

Generally though, participants across all groups tended to find it hard to conceptualise the funding challenge due to the lack of context given about government spending overall, and how spending on social care compared to, say, spending on defence or other areas. They noted that coming to decisions about how social care should be funded was difficult to make without the contextual information on the funding of other services, which they felt to be relevant to their deliberation over the subject.

Some retired participants perceived the social care system to be rather fragmented. They believed that better efficiencies across government and local public service providers could help to save money and reduce the need to increase taxation or care user contributions to pay for social care services. This sense of a fragmented service also linked to the perception among retired participants that the health and social care systems were challenging to navigate because there were so many different and uncoordinated agencies and services to deal with. Some suggested a more coordinated approach was needed, with an overall government representative and department in charge of “older people’s” services. They felt that a separate agency would not only help to save money, but also make it easier for older people to find out about what they were entitled to and to navigate the system.

Several participants across the groups cited cross-national comparisons as alternatives England’s social care system. Participants suggested that Sweden and Germany had better quality and more sustainable models for funding and providing social care than this country. However, following greater debate in the discussion groups, the advantages of these systems were typically seen to be outweighed by the high taxation regimes in these nations.

4.3 Role of the taxpayer

The low level of understanding of the nature of current provision had implications for participants’ views on how care should be funded: participants typically felt less of a need to make personal contributions to social care because they had not known about the funding challenges faced by the system. They initially tended to believe that state-funded provision should be adequate for their future needs. Hence, participants across all groups typically felt that the taxpayer should be largely responsible for paying for social care.

During the course of discussions, some participants did come to the view that it was not wholly the responsibility of the taxpayer to fund social care. However, when pressed to consider how the future of social care should be funded, taxation was accepted as one of the better mechanisms for raising additional revenues by participants across the different income and age groups.
Older participants felt that younger working taxpayers should shoulder the burden of paying for social care. They felt as a point of principle that they should not be expected to pay for their social care given that they had paid taxes all their life and some still continued to do so. They were also concerned at their ability to be able to meet the costs of their own care – even though the wealthier participants in the discussion groups had assets and a decent income from pensions. There were anxieties from these participants about the impact of high inflation and low interest rates on their own savings, but they also felt that at their time of life there was not enough time to plan for their social care and that it would be unfair of the government to expect them to do so.

“Your savings are worth less every year, aren’t they?”  

Male 45, Retired, high income, London

However, several wealthier older participants showed some empathy towards working age people and the younger population, acknowledging that more pressure would be put on a smaller pool of working people to pay for social care in the future.

In contrast to older people, younger participants felt more willing to contribute to costs. They felt strongly that the state had a role to play in paying for social care, but they saw an individual responsibility as well. They felt strongly that it was wrong for older people to pay additional costs for social care because they had contributed enough over their lifetime. That said, lower income groups were concerned about their ability to pay additional taxes to support the funding of social care. So, although younger participants seemed prepared to pay for the social care of the old, the poorest among them were dubious about their ability to manage these payments.

“I can’t afford to pay extra ... I mean I haven’t even got a pension.”  

Female, 30 – 45, low income, London

Taxation was accepted as one of the better mechanisms for raising additional revenues by participants across all income groups. Most participants reported that they were willing to contribute as taxpayers to the funding of social care, not only for themselves, but for others, and especially for the poorest and most vulnerable in society.

This collectivist position typically masked an innately individualist perspective on taxation across all age groups: participants were willing to pay into a communal fund to support the vulnerable, but their willingness to do so was conditional on being able to access services and funding for themselves when they needed it. The notion that a means test threshold, for example, might prevent them from accessing what was seen as a “personal” fund was considered unfair and in some cases even resented.

“If somebody’s paid their tax they’re entitled to take it out. If they’ve paid in for it then they’re entitled to have it.”  

Female, 30 – 45, low income, London

“Everybody now who is working should at least contribute into a pot which they can access later on.”
A couple of participants were less concerned about the principle of having a ‘pot’ to access. They felt strongly that taxation to support social care should be entirely redistributive and that their contributions should be used to support the weakest in society – i.e. they accepted that they would not necessarily have the need to access that pot of money themselves in later life, and that others would benefit.

“Tax is supposed to be redistributive; it's not like a bank account for yourself. The part of the contract you make belonging to this society.”

As mentioned, some participants did not feel it was wholly the responsibility of the taxpayer to fund social care, and that individual care users were responsible too.

“My view would be that the individual has to play a part here as well. We can't just rely on, you know, the taxpayer and the voluntary sector; the individual still has to pay as well.”

The research did not get into the detail of the specifics around whether individual care users should pay and the best ways for doing this. But, the research does suggest that the public find it difficult to quantify what an individual care user contribution should look like relative to a state- or taxpayer-funded one. On prompting, a few participants said they would be happy with a “50:50” split between the taxpayer and the care user because this seemed “fair”, but it is important to note that this issue was not explored or deliberated in any detail during the groups, and participants were not privy to any information about the implications this approach would have on those paying for social care.

Participants were unsure as to whether they would have the discipline to start saving for their own care needs early on. This was particularly the case among younger participants on low incomes: although almost all those in the groups who were below retirement age reported that they would find it difficult to find additional money to save for their care needs later in life.

4.4 Universal provision

A number of participants across all groups expressed the view that there should be universal provision of social care, which would be free at the point of delivery, as health care is, and that everybody should get help equally. This view was felt most strongly in the lower income groups, and tended to be linked to a belief that social care services should be delivered in the same way and on the same principles as the NHS.

“We do it for the NHS ... You should be entitled to care when you need it.”
Participants tended to feel that the NHS was an appropriate model for social care, and the one which was most fair because all citizens had equal access to care.

“When you go to a hospital, there’s no three star or two star hospital. If you’re ill you go into hospital to get your treatment from the doctors there. When you go to a care home, it should be the same.”

Male, 45 - retired, high income, London

On further discussion and when presented with further information about the reality of the costs involved in paying for social care, participants tended to concede that universal provision in social care would be very difficult to pay for, and in most groups this principle became less important as discussion progressed.

However, many participants – regardless of age or income level - felt strongly that a universal minimum of care provision was desirable. Support for a universal minimum was widespread because participants tended to feel that a system where everyone in society has access to services, regardless of levels of wealth, is the fairest form of provision. They also felt it was important as a function of the state (and the taxpayer) to ensure that the most vulnerable in society were protected.

“If somebody is ill, they’re ill. You can’t just leave them on their own because they haven’t paid anything in the years to look after you.”

Male, 45 - retired, low income, London

The universal minimum was considered to be the most effective way of ensuring that the vulnerable were protected; yet those proposing this view tended to have a very weak understanding of the nature of care service provision and what a universal ‘minimum’ might look like or mean in reality. Participants across all ages and income groups who supported a universal minimum of care tended to define this provision in terms of the most basic of needs. On prompting, participants were agreed on the need for standards in social care assessments for a universal minimum provision. However, few had previously considered what the criteria for needing social care services might be, what good quality care might look like, or indeed what it might cost.

“Well, you’d get an assessment. You wouldn’t be left to starve. The basics. It’s food, shelter, access to other people. Those things that you kind of need to not die, not go nuts.”

Male, 45 - retired, high income, London

4.5 Means testing

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2 This desire for a state “safety net” provided for those most in need is something that is reinforced through Ipsos MORI’s wider polling work. E.g. see Understanding Society, Ipsos MORI, May 2011: http://www.ipsos-mori.com/researchpublications/publications/1424/Understanding-Society-May-2011.aspx
Participants across all groups tended to feel that means testing was generally “unfair”. This was typically because they felt that the test penalised people who had worked hard and saved all their lives by denying them access to subsidised services. This view was held across all income groups and ages, and was a strong theme emerging from the research.

“People that have actually put back into the system ... it penalises them when they get sick because more money gets taken from them.”

Female 30-45, low income, London

Many participants also tended to feel that the means test created a perverse incentive for older people – they might spend wealth they had accumulated so that they fell below the means test threshold and could access “free” services when the time came. That said, some participants would not hold it against older people if they used up their assets in order to qualify for means tested care, and would do the same themselves. They felt that this was justifiable because older people had already contributed heavily to society over the course of their lifetime.

“I don't see why you shouldn't enjoy what you’ve earned. You’ve made your contribution [to social care].”

Female 30-45, low income, Manchester

Furthermore, the cut-off point of the means test was deemed unfair to those just over the threshold £23,250. The current level of the means test was viewed to be an unfair barrier to accessing services for many who may need them. As such, many participants favoured a “tapering” of the means test, which they felt would be fairer to the large numbers of people above the means test threshold, but who would struggle to pay for social care.

“Due to there being such a specific line drawn in the sand, if you cross that line by just a few pounds you’ve then got to pay for everything even though you’re being compared with someone that might maybe double the limit... They should kind of stagger it like sliding scales sort of thing.”

Male, 30 – 45, low income, London

Finally, a few participants in the higher income groups also expressed concerns that means testing was bureaucratic and costly to administer, and did not favour it for this reason. This view was particularly expressed by participants who worked in public services.

Participants in both poorer and wealthier groups expressed concern about people who were able but unwilling to work having access to services subsidised by the tax payer. This concern tended to be expressed most strongly in lower income groups, in which participants felt especially strongly about the inequity of the social (and benefit) care system, despite their widespread support for a universal minimum of care provision, as outlined previously. Dependence on alcohol or drugs, being long-term unemployed and being dependent on state benefits were all cited as reasons why some people do not deserve to receive state support and free access to social care.
“It’s not fair that someone who is, let’s say, unemployed and receiving Incapacity Benefits because of alcoholism or drugs or something like that ... that he’ll be entitled.”

Male, 45 - retired, low income, London

4.6 Housing assets

Retaining housing and other assets in later life and to pass on to children was very important to participants across all groups, regardless of age and income level. Participants demonstrated a strong attachment to the idea of old age and retirement as a time when wealth accumulated during the life course should be spent, enjoyed, and eventually passed on to children. Older participants, in particular, did not want to see the assets they felt they had worked hard to accumulate sacrificed to pay for their social care needs in later life; rather feeling that this was the role of the taxpayer.

“You’ve worked for it so you shouldn’t have it taken away from you. You’re investing it in your family the best way you can.”

Male, 30 – 45, low income, London

Younger participants who did not own homes were, typically, just as attached to the idea that accumulated savings and housing assets should not be sacrificed to pay for care in old age. This was because they strongly aspired to owning homes and to passing wealth acquired in their lifetimes to their children.

“It’s pointless buying a house and spending that mortgage just to get it taken off you at the end of the time.”

Female, 30 – 45, low income, London

Unlike participants in and around Manchester, many of the participants in London who were not yet retired did not own their own homes. This illustrated the difference in access to home ownership in the North and South of England, but it did not necessarily influence attitudes to how housing assets should be used. Those who did not own homes still aspired to do so and did not want to see these assets depleted in later life. Participants were only able to see the possibility of using housing equity to pay for care if they imagined an alternative scenario where they did not have children to pass on assets to.

“If I was on my own and I had no kids and no family and I had a house ... I’d probably just sell my house anyway to go into a nice ... residential care home. What am I going to do with the money? I'm not going to do anything with it.”

Male 45 - retired, high income, Manchester

Passing on wealth to children was highly important to participants. As one participant noted, housing equity was prized because it was seen to be the reward for a lifetime of hard work.
“People have a motivation to work, to function in this society, to contribute to this society. To change all this at end of their life and all of a sudden become something else [is impossible].”

Female, 45 - retired, high income, London

4.7 Early intervention

As previously highlighted, participants knew very little about what social care services were available and when they might be able to access them. On discussion and deliberation, there was strong support amongst participants across all groups for earlier intervention in social care, and ensuring that care was more freely accessible to those with ‘lower level’ needs. This was the case across all groups, regardless of age and income.

“Why don’t [people] get care earlier on ... the preventative aspect is not only saving money in long-run, but can actually change [someone’s] life”

Female, 45 - retired, high income, London

Support for early intervention was typically rationalised by the argument that earlier intervention was preventative of later ill-health and more humane and could save money in the long-run.

Whilst at first, some thought low level care needs could and perhaps should be met by family members, there was an increasing consensus that, in fact, there was an important role for the government to play too. As the following verbatim comment illustrates, a few participants were able to reflect on their own family situation, conceding that government support should have a role.

“We applied for social care for my [93 year-old] mum... it was just somebody to check on her... they only stay 10 minutes just to make sure she’s up... but it’s useful.”

Female, Retired, low income, Manchester
5. Views on future options for funding social care
5. Views on future options for funding social care

CHAPTER SUMMARY

- Reflecting the general principles about what is and is not fair in terms of paying for social care, participants across all groups preferred the options which offered a universal minimum of care provision (option 2) and earlier intervention for low needs care users (option 3). Older participants were particularly supportive of earlier intervention in care services. That said, there was some concern that the poor would be least well served with a universal minimum approach.

- There was less support for the capping lifetime costs option (option 1) because it still reflected the current system quite closely, which most perceived to be unfair because of the means test element.

- Generally, there was little support for a means tested approach, but some saw merit is raising the means test threshold (option 4). That said, £50,000 was not seen to be high enough for participants to feel their housing assets would not be threatened, particularly those living in London.

5.1 Introduction

In the groups we presented participants with four different options as to how social care could be funded in the future, illustrated by simple examples. These were based on options which at the time of the research were under consideration. These options offered alternative propositions to the current funding system. The responses and feedback on each of the options given by participants was very much linked to the principles about fairness and who should pay detailed in the previous chapter.
### 5.2 Option 1: Cap on lifetime costs

- Care user pays until a certain threshold is reached (for example, this might be £30,000, or two years of care).
- After that point, the taxpayer pays around two-thirds of the cost of care in their home and one third of the cost of a care home.
- Care users must pay the rest themselves through state-matched or private funding.
- Means tested support for those who can’t afford to pay the remainder.
- Means test threshold is the same: only those with less than £23,250 available in savings or assets are eligible.
- Cost: £1.5 to £3 billion extra.
- Protects everyone from very high care costs by limiting personal financial liability for care costs.

Overall, participants found this option the most complicated to understand. It was typically the most disliked as, out of all the four options, it most resembled the current system. They had difficulties understanding how the threshold worked and found it difficult to conceptualise how much they would need to pay once the threshold was reached. They also tended to feel it was only marginally less unfair than the current system as it retained the means test for access to services.

Older participants on low incomes were not positive about this option. They felt they would be unable to find £30,000 to pay for social care if they fell above the means test threshold. They felt that this option was as unfair as the current system, with those just above the means test threshold suffering most of all. They tended to feel that they would still end up having to sell their home to pay for care, and on these grounds opposed this option. Older wealthier participants felt this option was unhelpful to them as it required planning for their cost of care, which they felt unable to do at their stage in life.

Middle-aged participants across both income groups felt similarly to older participants about this option initially. However, on discussion, Manchester participants in the 45-retired high income group preferred it as the one which offered the best compromise of mixing state and individual funding. That said, they did feel that this option would require careful monitoring to avoid abuse, especially if the threshold was set on length of time you paid for care rather than the amount. They were willing to take the risk of paying more than the current average costs (i.e. paying up to the £30,000 threshold suggested rather than £21,500, which is the current average individual social care cost) to avoid possible catastrophic costs later.

Younger participants were not keen on this option, feeling that it left most care users in the same situation as under the current system. Some participants expressed concern that this option contained the same perverse incentive as the current system: it might encourage people to spend their assets so that they were below the means test threshold by time it came to having to pay for a residential care in later life.
5.3 Option 2: State matches funding of care user’s contribution

- **Universal minimum of care provided to all.**
- The taxpayer pays around two-thirds of the costs of care in their home and one third of the cost of a care home for everyone.
- Care users must pay the rest themselves and the state will match their contributions.
- Means tested support for those who can’t afford to pay the remainder.
- Means test threshold is the same: only those with less that £23,250 available in savings or assets are eligible.
- **Cost: £2 billion extra**
- A degree of taxpayer support for everyone who has high care costs

Overall, participants across all ages and income groups liked this option most of all. This was because the option presented a universal minimum of care to all care users. As has been described in the previous chapter, some degree of universal provision was a highly favoured principle. This option was particularly preferred by participants with more individualist principles in the groups, who felt that personal contributions being matched by the state was a good incentive. Those with more collectivist views tended to have reservations about the quality of the universal minimum care provision and felt the poor would be least well served by this option.

Older participants tended to like this option, and the option had particular support from wealthier participants. Participants with lower incomes were more wary about what the minimum provision might mean in practice. They felt that it should include some element of low level support such as help with housework or shopping. A few older participants with low incomes were less convinced about the state contribution matching element as they tended to feel that they had already made the necessary contributions towards support for social care through paying taxes.

Middle-aged participants in higher income groups also expressed reservations about the how the minimum of care would be delivered, and if it would be of good quality. They did, however, feel that the option was fair as all care users were offered a minimum. They liked matched funding, feeling able to contribute personally, but felt that the poor were not treated well under this option as they would be unable to pay for the extras. A few participants from lower income groups also liked this option, preferring the universal provision to that offered in other options, and also considering this to be the most flexible for personal contributions.

Younger participants in higher income groups liked this option, with the reservation that the better-off would receive more from the system because they can afford to pay for social care, but also because they would receive part of their care free. On reflection they liked the option of a personal pot, with direct contributions that you could draw on later for your own care. Younger participants in lower income groups were drawn to this option particularly due to the minimum provision, which they felt to be fair to all.
5.4 Option 3: A more generous entitlement to care services

- Availability of services offered to those with low level care needs.
- But, means tested support for payment of care is the same: only those with less than £23,250 available in savings or assets are eligible.
- Cost: £2 to 3 billion extra.
- Meeting people’s care needs at all levels to prevent future high level needs occurring.

Overall, this option was widely liked across all income and age groups. This was because it offered earlier availability of services to those with low level needs. Participants were not initially concerned about access to services for care users with low level needs in the discussions, but on deliberation – and on consideration of the case studies presented to them – felt this to be an important issue. This option was particularly liked among older participants, who were able to relate more personally to the requirement for low level help. Participants in other age groups who supported this option tended to acknowledge that helping people earlier in life and taking a preventative approach made sense.

This was the preferred option for the older low income group – they felt that the provision of intervention was important as it was designed to help people remain independent. They liked the fact that care users would get help earlier, although felt that this care should be assessed by professionals so that those who were not eligible did not take advantage of the generous provision. With this in mind, they felt that the terms “need” and “eligible” ought to be defined clearly so that they would not be exploited.

For middle aged participants, this option was liked because it provided a better service to those with low level needs. However, it was felt to be unfair to care users with high needs who had assets over the value of £23,250 - as it is deemed to be under the current system. These participants tended not to take into account the benefits that high needs users might have had by having earlier access to services under this option, which may mean that their needs did not become acute. A few participants raised concerns about how much this option would cost the taxpayer, given it was the most expensive.

For younger participants, this was also seen as a good option, primarily for its preventative function in helping avoid high care costs later in life.
### 5.5 Option 4: A higher means test threshold

- **Means test threshold is increased:** for example, up to £50,000 of savings/assets.
- **Taxpayer support for payment of care (public funding) gradually tapers off, no cut-off threshold.**
- **Only those with high needs receive care.**
- **Cost:** £½ to £1 billion extra.
- **The level of personal contribution is reduced for people with more wealth, leaving people with more money for personal spending.**

This option was widely disliked because the means test threshold was not considered to have been raised to a high enough point for participants to feel their housing assets would not be threatened. Although participants agreed that the means test threshold, if it was to stay, should be raised, they felt strongly that it would need to be raised higher than what is being proposed. This was despite the addition of tapering – which was in fact supported by a few participants who did not generally support this option. We observed that the inclusion of a change to the means test level in this option tended to provoke further discussions of the unfairness of the means testing system, rather than a balanced debate about how the means test level should be drawn.

Older participants in both income groups typically felt that the means test threshold should be raised further in this option. In Manchester, participants in the low income group felt that the means test should be raised to be above the cost of the average house price (which was, in their estimation £80,000), once again citing the importance of retaining housing assets to pass on to their children. As noted in section 4.6, these participants typically felt that it was important that housing assets were not threatened, even though some of them did not own houses themselves. Participants were also concerned that only those who had high needs would receive care under this system, thus meaning there was little improvement for low level care users under this option than in the current system.

Middle-aged participants across both income groups felt that this option was slightly better than the current system as it eroded care users’ savings and assets slightly less, but they saw little merit in the option beyond that. This option was chosen as the preferred one by one participant in this age group because it was the cheapest to the taxpayer. This participant was a civil servant, and suggested that this was the most sustainable option of the four, as it was most likely that the government would be able to afford to pay for it in years hence.

Younger participants in the groups were concerned about the means test threshold, once again feeling that it was too low. This was especially pronounced in London, where participants noted that the high cost of houses meant that it was very likely that all homeowners in the city would come above the threshold. On this basis, this option was disliked.
6. Views on taxation mechanisms
6. Views on taxation mechanisms

CHAPTER SUMMARY

- Participants across all age and income groups were supportive of taxing working age people to support the payment of social care, but were not in favour of additional taxes for older people.

- There was strong support for compulsory personal financial contributions to social care, and administered through National Insurance or income tax.

- Participants wanted the wealthiest to pay, supporting progressive tax measures, such as raising the percentage of the highest income tax band, inheritance tax and taxes on businesses.

- They were universally opposed to using VAT or council tax to pay for care because of the impact this would have on those with lower incomes and less ability to pay.

- Participants felt it was important to make a personal contribution to paying for care, but conceded that they would be unlikely to begin saving for this independently without prompting from the government.

6.1 Introduction

In the discussion groups we presented participants with a range of options as to how social care could be funded through additional taxation. We asked participants to consider which of these they felt were the most appropriate and which they felt were the fairest and why. The following taxation options were presented and information around each provided in the groups:

- Inheritance tax – all age groups pay according to wealth.

- National Insurance (additional National Care Fund levy) – all working age people pay (some are exempt).

- VAT increase – all age groups pay.

- Income tax – all working age people pay subject to income levels.

- Levy (one-off lump sum) at particular age (e.g. retirement) – all age groups pay according to wealth.

- Council tax – all age groups pay, according to wealth (some are exempt).

6.2 Taxing the old and the young

For some participants, the discussion about how additional funds can be raised through taxation was a misnomer. As addressed in previous chapters, a number of them questioned
the very need to raise additional funds because they felt the government could better prioritise the money they already do collect through the tax payer for spending on social care.

“The thing about the tax payer paying this, we don’t have to have it broken down like this into the various taxes. We can just say we want the tax payer to pay for it but what we do want is we’re paying tax, we want the government to pay for us the older people and there’s no need to increase any of these taxes.”

Male, retired, high income, London

Overall, when prompted about which of the taxation options presented were the most favourable, participants of all ages were keen to see working age people paying for social care through increased income tax and National Insurance. Very few participants were willing to see older people shoulder the burden of paying additional taxation.

Older participants felt that younger people would manage the burden of extra costs, whereas this would be less possible for retired or older people, who were typically perceived to have less money and be likely to resent additional taxation in old age. Equally, young people felt it would be unfair for older people to pay additional taxes to support the social care system, feeling that they had “earned” freedom from taxation through contributions during working life.

“We want to help elderly people in this country – they have actually created our environment we live in. I think whatever money’s there should be used to support the elderly.”

Female, 30-45, low income, London

For these reasons, participants across all age groups demonstrated very little support for the paying of National Insurance contributions after the age of 65, or for a levy (one-off lump sum) at retirement. This was because younger and older participants alike tended to feel that people, once retired, had made the requisite contributions to social care during their lives, and should be able to enjoy the support of the contributions they had made. There was also some awareness that not all older people had savings or assets to draw on, and that many, therefore, would be unable to pay a levy or additional National Insurance.

“The pensioners I know wouldn't have savings at all.”

Male, 30-45, low income, London

Older participants themselves typically resented the idea of paying additional National Insurance in later life, feeling that they had made sufficient contributions in their working lives already. They also resented paying for an additional levy, feeling that this would eat into hard-earned savings just at the point when they should be able to enjoy them.
“I’ve certainly got savings … but I think the government are cynical. They say all people should save for their old age … but then they want us to spend [it on care]…”

Male, retired, high income, London

6.3 Compulsory payments

Younger and middle-aged participants felt that personal contributions had to be compulsory to be viable. Younger participants across both income groups were willing to acknowledge their lack of engagement with the need to plan for social care later in life, and typically felt that those younger than them would be the same.

For this reason, they felt it was important that the government made contributions to social care compulsory. For some participants this could mean a ringfenced National Insurance social care contribution as it is already considered a compulsory mechanism.

“When [National Insurance] comes out [of] your salary you don’t really get peeved like when you see the income tax.”

Female, 30-45, low income, London

However, despite liking the principle of compulsory contributions, participants on low incomes felt strongly that it would be very difficult for them to meet the additional payments. This was the case among younger and older participants: across all ages, those on low incomes felt tax was high enough already and that the average working person was already struggling to manage.

A few participants were also positive about state-matched funding as an incentive to encourage citizens to contribute themselves to their care, but these tended to be from the higher income groups. They typically felt that such a mechanism would be a useful way to motivate people to plan for their future needs.

6.4 Progressive taxation

Taxing the rich to pay for social care was an important theme in the research. Across all age groups, the public felt strongly that taxation should be progressive. This was evident in attitudes to income tax, taxes on businesses and corporations, and inheritance tax.

“For me, the best thing would be to increase the top rates [of income tax], and keep the standard rate as it is.”

Male, retired, low income, Manchester

Increasing income tax was seen as the best option for paying for social care amongst younger participants because all working people paid it, and according to wealth. Over the course of discussions, participants accepted the principle of redistribution to pay for social care on the basis that the NHS was funded in the same way, and on the understanding and trust that they would be able to access support for their own care if they needed it in the future.
Taxes on businesses and corporation tax were both strongly supported as mechanisms for raising money to support social care across all groups (even though they were not actually presented as taxation options during the group discussions). Participants spontaneously mentioned the tax evasion of the super-rich and the profits of large corporations and banks as sources of revenue which ought to be tapped into to pay for social care. They were surprised that corporation tax and tax on businesses were not presented to them as possible taxation options. They felt very strongly that businesses and corporations should be taxed more to pay for social care and other services more generally – rather than the other tax options presented.

“... I have no problem with a mix of these [taxation options] – but, they are selective. The point is we live in a society where corporate power calls the shots and corporate power does not pay its whack... All of this leaves corporate power out of the equation... it’s always coming back to the individual citizen...”

Male, retired, high income, London

Inheritance tax was typically supported on the basis that only those who were relatively rich were likely to pay it, and was especially supported among lower income groups. However, there were some concerns about the fairness of inheritance tax as a taxation mechanism on the grounds that people’s assets are worth much more depending on where they live in the country (participants in London were mindful that it would not be that difficult to meet the inheritance tax threshold given the expensive price of property in the capital). A few older participants in the lower income group also objected to the use of inheritance tax on the basis that it may also threaten the ability of citizens to pass on wealth to their children.

6.5 Non-progressive taxation

There was little support for non-progressive and location-based taxation in the discussion groups. Using VAT to pay for social care was resented on the grounds that the cost of living is already too high, and that the use of this taxation mechanism would lead to a disproportionate (and hence “unfair”) burden on the poor.

“VAT hits everyone the same. If you buy more stuff I suppose you pay more but not differentiated for income, it’s not a graduated tax.”

Male, 30 - 45, low income, London

“No [to the] VAT increase because it hits the poorer family people.”

Female, retired, high income, London

Council tax as a means of paying for social care was disliked as participants did not feel confident that it would result in better services in their area, and also because it was not necessarily perceived to be a progressive tax. Participants in lower income groups tended to see council tax as a tax that penalised the poor, even through there is a progressive element to it.
Participants also felt it was unfair that some people would end up having to pay higher charges than others to cover the different costs of meeting social care demands in different areas. They felt that raising council tax could exacerbate the “postcode lottery”, where service provision was of varying quality across local authorities.

“Not all authorities would get the same amount, the same pot of money. So wherever you live you might get a different level of care because of the financial restrictions.”

Male, retired, high income, London

6.6 Ring-fencing funds

There was a strong feeling across all age groups that whatever funds were raised through taxation to support social care that it should be ring-fenced for that purpose only.

Some participants were cynical about whether the government would, in fact, spend any of the extra money raised on social care itself. They believed that ring-fencing, supported by legislation, was essential to ensure that the money was genuinely used to fund care.

This lack of trust in the government’s long-term commitment to spending on social care appeared to be driven by a general cynicism about how the government prioritises its spending, particularly in light of the recent government cuts.

“The money needs to be ring-fenced. It’s like your road tax; what you pay in road tax doesn’t go on the roads”

Male retired, low income, Manchester
7. Overall conclusions
7. Overall conclusions

As the debate about the future funding of social care continues, it is clear that there are some big challenges in deciding the most publicly acceptable approach to increasing funding.

What our small-scale study into the views of the public – both working age and retired – illustrates is that there is a real lack of awareness about the role of social care in this country and, linked to this, the serious challenges we face in funding a quality care system for generations to come. The research clearly shows that although, when prompted, the public see social care as an important public service, they generally give it little thought. Nor do they think about their own likely care needs in the future. Social care is something that people rarely think about until they have need to or a member of their family does.

But, despite the public’s lack of awareness about the issues, when they are provided with information about the challenges faced by the social care sector and securing its future, they do want to engage with the debate.

The research suggests that a number of people are still to be convinced that there is even a need to raise additional monies to support the social care system in the future (and whether, for example, it could be funded through better management of our existing public funds). Some are also wary about whether the additional monies raised in the name of social care, would in fact be properly ‘ring-fenced’ to pay for it. Social care and care for older people is an emotive topic and if the public are truly to be engaged with this debate, these wider public perceptions and anxieties need to be borne in mind.

The research illustrates that there are some common themes and principles that the general public hold close to their heart about social care funding now and in the future – and this appears, in the most part, to be regardless of age, income or life stage.

- People support the principle of universal care and the idea of the state safety net. Providing a universal system of care as comprehensive as the NHS may be too ambitious, but at the very least, participants supported a universal minimum of care – regardless of age or income level. The universal minimum of social care, however, is a difficult concept for the public to describe and this might warrant further investigation.

- Linked to this, it is the taxpayer – rather than individual care users – that people see as largely responsible for paying for social care. There is a general view that older people should not be expected to pay for their social care given they have paid taxes all of their lives. Importantly, though, contributions made through taxation mean that people expect to be able to access social care when they need it in the future.

- People feel strongly that housing assets and savings should not be used to pay for an individual’s social care. Retaining housing assets in later life and to pass on to children is seen as an important right.

- Means testing is generally seen as unfair regardless of age and income because it penalises people who have worked hard and saved all their lives by denying them access to subsidised services. Many see it as a disincentive for saving.

- People recognise the merits of a system that enables earlier intervention and supports older people with lower level needs as this would not only support older people to live independently for longer, but could also save the government money in the longer-term.
These common themes of fairness and ensuring the most vulnerable (in this case older people) are cared for are reflected in wider research carried out by Ipsos MORI. They form the basis upon which the public view the differing payment options for the future funding of social care. This all said, the deliberative process used for these six extended discussion groups shows that the public are able to have a reflective and mature debate about the issues when presented with the information and the facts. Whilst the need for social care may appear a distant issue for many people, when it comes to caring for older people, the public feels strongly about the role and value of the government 'safety net'.

Inter-generational differences can be seen to play out more when it comes to issues of how taxes should be raised to pay for care in the future. In the groups, both young and old were not keen to see those over retirement age taxed extra to pay for social care, and income-related taxation for working age people was generally supported. However, younger participants were anxious about how they would be able to pay this, and older people conceded that the young faced a heavy burden in helping fund social care services of the future. If increased taxation is to be considered as a serious option for funding social care in the future, it would be worth exploring these anxieties and issues in more detail.

When it comes to income, most participants across all income levels supported principles around progressive taxation – ensuring the burden falls to those most able to pay. At the same time, they want assurances that those who have worked hard all their lives to accumulate assets and wealth are not unduly penalised. This is a difficult line to tread. For the participants in this research, the burden of taxation needs to fall on the top end earners (or "super wealthy") and business and corporations. Importantly no-one in the groups (even higher income earners) saw themselves in this category.
Appendices
Appendix A:

Participant information leaflet

Age UK research on social care funding

Thank you for agreeing to take part in our research. You do not need to know anything about social care and how it is funded to take part in our discussion group. However, this short leaflet provides an overview of some of the issues. Please find a few minutes to read through the information before you attend the discussion group. If you have any questions you will be able to ask them during the discussion.

About Age UK
Age UK is a charity which aims to improve later life for everyone through information and advice, campaigns, products, training and research. It was formed in 2009 from a merger of Help the Aged and Age Concern, two charities for older people that you may have heard of.

About this research
Age UK has asked independent researchers Ipsos MORI to find out more about what people think about the funding of social care and some of the proposed changes to how it might be paid for in the future. This is an issue which affects everyone in the UK, no matter how old they are.

What is social care?
Social care is the name given to the range of care and support services that help older and disabled people remain independent, and enable them to stay active and protect them in vulnerable situations. Support services can be provided in someone’s home, in a community centre or in a specialist setting like a care home.

Older people make up the largest group of social care users, using services like home care and day care as well as living in sheltered housing, residential care or receiving cash to make their own care and support arrangements.

Examples of social care services
Personal care services covers help with intimate activities, such as dressing, washing and going to the toilet. Practical help in the home can include support with cleaning, washing bedding and shopping for food. Some services are provided in community settings, and include day centres or lunch clubs. Other services are provided in a specific building, like care homes or sheltered housing where people can receive 24 hour care or monitoring.

How much do social care services cost?
On average, a year in a residential care home costs £24,492 (or £471 per week) and for a nursing home costs £35,100 (£675 a week). Care at home on average costs £129 per week although it can be much more expensive than this if someone has an
intensive need for care. Studies have shown that on average people pay £21,400 for social care over their lifetime, from the age of 65.

**How many people use social care services?**
In England, 341,000 people used social care services in 2008. About 400,000 older people live in residential care. These are the people who are funded to get care by their local council. It is estimated that on top of this there are 1.5 million people in England who have support needs that the state doesn't meet. Unmet need is difficult to quantify, but Age UK is sure that there is a large and growing gap between the care available and the demand for services.

**Funding social care, now and in the future**
The funding of care is very complicated, which is confusing for many people. Social care is currently means-tested, meaning that some people get their care paid for by the state (through local councils). However, others may pay privately for services. Some have had to use personal savings or property to pay for care and support.

There is currently underinvestment in social care services. Many people need support but do not receive it. Some councils are limiting numbers of people they will support, and charges and fees for care have increased. More people are living longer, which means the demand for services will continue to go up.

Furthermore, services are provided in a different way across the country, meaning that services and charges vary across local council areas. For these reasons, and others, some people find it difficult to plan for the funding of their future care.

**How much money do we need to raise to pay for future care?**
Currently about £8 billion a year is spent on social care services by local councils. It is estimated that older people themselves spend about £3.5 billion on private purchases of care. But, we know that there is a large amount of unmet need. It is estimated that to plug the existing gap in the social care system would cost £6 billion.

We also need to consider the future demand on social care services – which is likely to grow as our population gets older.

> It is this question of how we meet the future challenge of paying for social care that we will be exploring in the discussion group.

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Appendix B:

Discussion guide

AGE UK DISCUSSION GROUPS: Funding Social Care
May 2011
11-021381-01

1. BACKGROUND

There is a huge challenge in meeting the future cost of social care due to the growing older population and current unmet need. The government is considering what options are available to meet these future costs.

Age UK is a charity which aims to improve later life for everyone through information and advice, campaigns, products, training and research. They have asked us to find out more about what people think about the funding of social care and some of the proposed changes to how it might be paid for in the future. The findings will be used to inform Age UK’s response to the government’s proposals.

2. AIM OF THE RESEARCH

This research aims to uncover what the public thinks about how social care should be funded in the future what they think about contributing more of their income or assets towards the cost of their care in the future.

- We will address the following research questions:
  - Which payment options are acceptable/ unacceptable, and why?
  - What are seen to be the positive and negative implications for each of the options presented and why? How do these views differ according to people’s life stage and age?
  - Which of the payment options presented do the public consider to be most fair:
    - across or for all generations?
    - for those in society with different income levels and assets?
  - Does increased awareness about the problems presented by the future funding of social care impact on:
    - participants’ own future plans?
  - Their overall views about how social care should be funded in the future?

2. FACILITATOR NOTES

Please read the notes slidepack in detail beforehand.

YOU WILL NEED:
- RELEVANT STIMULUS
- FLIPCHARTS, PENS AND STICKERS

Throughout discussion please take care to use following terminology:
‘Care user’ instead of individual or individual user
‘Taxpayer’ instead of government, government funding or state.
We use several conventions within the guide described below:
<table>
<thead>
<tr>
<th>Timings</th>
<th>Questions</th>
<th>Notes and Prompts</th>
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</thead>
<tbody>
<tr>
<td>5 mins</td>
<td><strong>Underlined</strong> = Title: This provides a heading for a sub-section <strong>Bold</strong> = Question or read out statement: Questions that will be asked to the participant if relevant. Not all questions are asked during fieldwork; this will be based on the moderator’s view of progress.  ▪ Bullet = prompt: Prompts are not questions – they are there to provide guidance to the moderator if required.</td>
<td>This area is used to summarise what we are discussing, provides informative notes, and some key prompts for the moderator</td>
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<td>How long it takes</td>
<td>Typically, the researcher will ask <strong>questions</strong> and use the prompts to guide where necessary. Not all questions or prompts will necessarily be used in an interview</td>
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<tr>
<td>Time</td>
<td>Key Questions</td>
<td>Notes</td>
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<td>10 mins</td>
<td><strong>Welcome and introduction</strong>&lt;br&gt;Introduce self, Ipsos MORI, and explain the aim of the discussion.&lt;br&gt;Explain that this research is for Age UK, but that we are an independent research agency, aiming at all times for a neutral approach.&lt;br&gt;Emphasise that no previous knowledge of social care is required – although there may be some people in the room with some experience/ exposure to the social care system&lt;br&gt;Role of Ipsos MORI – to gather all opinions: all opinions valid, no right or wrong answers, disagreements okay, respect each others opinions&lt;br&gt;Confidentiality: reassure participants that they are not being judged and that any information provided will not be followed up with them in person in any way.&lt;br&gt;Get permission to record – transcribe for quotes, no detailed attribution.&lt;br&gt;Toilets, mobile phones off, fire exits, refreshments&lt;br&gt;INTRODUCE AGE UK REPRESENTATIVES – emphasise there to observe only and answer any questions on points of fact&lt;br&gt;MODERATOR TO ASK PARTICIPANTS TO INTRODUCE THEMSELVES</td>
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<td>20 mins</td>
<td><strong>Setting the scene: the state of social care funding</strong>&lt;br&gt;I’d like to start by asking you all what you know about social care. You’ve all had a leaflet to consider and I hope you’ve had a chance to read it.&lt;br&gt;What did you know already? About the role of social care?&lt;br&gt;About how it is funded?&lt;br&gt;What was a surprise to you? About the role of social care?&lt;br&gt;About how it is funded?&lt;br&gt;What does social care mean to you? Is it important? Can you tell me why?&lt;br&gt;Have you ever thought about your own needs for it? Why?&lt;br&gt;MODERATOR TO PRESENT SLIDE 1 AND 2 (re-cap overview of what was in recruitment leaflet in terms of what we mean by social care and how it is funded).&lt;br&gt;- MODERATOR TO DRAW OUT AVERAGE LIFETIME COST FROM AGE OF 65 BEING ABOUT £21K WHICH MEANS MANY PEOPLE WILL PAY LESS THAN THIS OVER THEIR LIFETIME.&lt;br&gt;- MODERATOR TO RAISE ISSUE OF COSTS BEING ‘CATASTROPHIC’ FOR SOME – I.E. 10% PAYING £150K&lt;br&gt;What are your thoughts on these issues? Are you surprised by anything here? Why?&lt;br&gt;MODERATOR TO PRESENT SLIDE 3, 4 AND 5 ON HOW CARE IS CURRENTLY FUNDED AND EXAMPLES TO DEMONSTRATE</td>
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<td>What do you think about the way the current system is</td>
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<td>Time</td>
<td>Key Questions</td>
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<td>funded? Its strengths?</td>
<td>Note: it is only the cost of residential/nursing care that is set against housing assets over £23,250, not that of at-home care.</td>
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<td>Its weaknesses?</td>
<td>For people using home care services, the means test threshold is an income of more than about £170 a week (which is the amount of Pension Credit plus 25% that is disregarded).</td>
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<td>PROMPT: - LACK OF FUNDING - ONLY PROVIDES HIGH LEVEL CARE - LESS FOCUS ON PREVENTATIVE CARE AND EARLY INTERVENTION</td>
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<td>Who is it good for? Who is it worst for? Why?</td>
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<td>PROMPT: - WHAT DO YOU THINK OF THE MEANS TEST THRESHOLD? IS IT FAIR? - DO YOU THINK IT IS FAIR THAT ONLY THOSE WITH VERY HIGH CARE NEEDS GET SUPPORT? - DOES ANYONE MISS OUT UNDER THIS SYSTEM?</td>
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<td>25 mins</td>
<td>The future funding challenge</td>
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<td>MODERATOR TO PRESENT SLIDE 6 (overview of challenges to future funding and why we need to come up with new options)</td>
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<td>So the current approach is not sustainable. There’s a lot of money to find if we are to ensure that people get the care they need. We need to think about what the most important principles are for funding care in the future... a couple of issues I want to explore with you...</td>
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<td>First - As we know some people are more likely to need more care than others, and there’s sometimes no way of knowing who that will be.</td>
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<td>Do you think it is important that we share the responsibility for care in our society? Or should everyone have to manage their own care needs themselves?</td>
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<td>MODERATOR TO NOTE COMMENTS IN THIS DISCUSSION OF RISK</td>
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<td>IF NECESSARY, PROMPT ON: - PERSONAL RISK OF NEEDING CARE - ONE IN TEN MAY HAVE TO PAY OVER £150,000 - CONCERN THAT THE OLDER PEOPLE MAY BE NEGLECTED – IS IT FAIR? - NEED FOR ‘SAFETY NET’?</td>
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<td>Second - Thinking generally about how we meet this challenge in funding social care in the future, do you think that people who need care themselves should pay for it? Or should we all as taxpayers contribute?</td>
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<td>Who is responsible for these costs?</td>
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### Key Questions

MODERATOR TO NOTE COMMENTS IN THIS DISCUSSION OF RESPONSIBILITY

- IF NECESSARY, PROMPT ON:
  - INDIVIDUALS (CARE USERS) SHOULD SHOULDER THEIR OWN COSTS?
  - WE ALL NEED TO CONTRIBUTE?
  - SHOULD EVERYONE BE SUPPORTED AND PROTECTED?
  - SHOULD THE MOST VULNERABLE BE PROTECTED? IS THAT IMPORTANT?

**Notes**

Does there need to be a balance of the two approaches? What should that balance be?

What proportion should be paid by the taxpayer? And what proportion by the care user?

IF APPROPRIATE, SUGGEST PARTICIPANTS ROUGHLY QUANTIFY THIS – E.G. 50:50 CARE USER vs. TAXPAYER – AND CHECK FOR AGREEMENT IN GROUP.

- Another consideration. Some people have more savings and assets than others. Do you think social care funding should take that into account?

MODERATOR TO NOTE COMMENTS IN THIS DISCUSSION OF FAIRNESS

- IF NECESSARY, PROMPT ON:
  - FAIR FOR WEALTHIER TO PAY MORE?
  - DOES THIS PUNISH HARD WORK AND SAVING?
  - IS IT FAIR TO DRAW A CLEAR LINE BETWEEN WHO IS ELIGIBLE FOR CARE AND WHO IS NOT (THE MEANS TEST)

### Views on the four payment options

The government wants to find a way to balance all these challenges and is discussing the issues at the moment. We would like to know what you think of the following suggestions that they have.

MODERATOR TO PRESENT SLIDES 8 – 15 (THE FOUR OPTIONS), EXPLAINING AND TAKING QUESTIONS FROM THE GROUP. ALLOW TIME TO CONSIDER EACH AND AFTER PRESENTING EACH SLIDE, PLEASE ASK THE FOLLOWING

What are your initial thoughts about these options?

How do they compare to the current system? Are they/some of them fairer or not? What makes you say this?

Thinking about what we have already talked about in terms of fairness, shared responsibility, etc., which do you:

- Prefer personally?
- Think are preferable to some of the other

Note: pros and cons of different options noted below:

**OPTION 1 - PROS**
- It allows care users to plan because they have a clear idea of their maximum liability.
- They are also protected from catastrophic care costs

**OPTION 1 – CONS**
- It is difficult to measure when the need for care begins
- Those care users who receive informal care from family or friends, or who have no formal contact with the care system until crisis point may be unfairly treated
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<td>MODERATOR TO PROBE AND MAKE LINKS BACK TO PREVIOUS DISCUSSIONS ON RISK, FAIRNESS AND RESPONSIBILITY</td>
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|       | groups we have talked about? | - There is little risk pooling  
- There is no substantial increase in wealth transferred into the care system  
- It is likely only to assist those care users who require residential care, rather than home care. |
| OPTION 2 - PROS | Everyone receives a limited amount of assistance from the taxpayer  
- Still allows use of care users’ assets to fund care.  
- The incentive to save money throughout life remains. | |
| OPTION 2 - CONS | - Does not significantly increase the funding available to pay for care.  
- Might not increase the generosity of care packages for the poorest. | |
| OPTION 3 - PROS | - More care users would be supported under these proposals  
- Those charged for care receive a more comprehensive service | |
| OPTION 3 - CONS | - Does not generate any additional revenue for social care | |
| OPTION 4 - PROS | - More care users would be eligible for state care.  
- More sustainable way of funding care, as some care users are able to pay without difficulty.  
- In projections it is one of the cheapest reform options available.  
- The people that benefit would be those with the lowest incomes. | |
<p>| OPTION 4 - CONS | - Many of the existing criticisms of means testing | |</p>
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<th>Time</th>
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<tr>
<td>10 mins</td>
<td>Break</td>
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<td>45 mins</td>
<td>Funding mechanisms</td>
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<td><strong>We’ve already talked a little bit about who should pay for social care – and the distribution between the tax payer and the individual. I’d now like to explore these in a little more detail....</strong></td>
<td><strong>Note</strong>: pros and cons of different options noted below:</td>
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|         | Ultimately, social care needs additional funding so the taxpayer will also need to contribute more *just to keep current system going* because of our ageing population. Does that make sense to everyone? | **Inheritance Tax**  
**PROS**: it gathers more income from people who are wealthy. Therefore it is more progressive. It is a charge which only affects those who receive the inheritance.  
**CONS**: many people avoid inheritance tax by giving gifts of up to £3,000, and transfers of capital between married or civil partners is also exempt. |
|         | We would like to know what you think of the following four suggestions of how this tax should be raised. | **National Insurance**  
**PROS**: it affects those generating an income and who therefore are more able to afford additional contributions.  
**CONS**: NICs are currently set at a flat rate and therefore could disproportionately affect lower earners. |
|         | MODERATOR TO PRESENT SLIDE 9 ON DIFFERENT TAXATION OPTIONS                    |                                                                      |
|         | - Inheritance tax                                                             |                                                                      |
|         | - National Insurance (additional National Care Fund levy)                     |                                                                      |
|         | This could be topped up by additional NICs from older people over the age of 65, who currently do not pay National Insurance on the basis that they have paid throughout their working life and are no longer eligible for working-age benefits. The National Insurance gathered by this means could be set aside to use purely for care costs. | **Levy at age x**  
**PROS**: it would cover potential longevity costs. It pools risk amongst the whole population. |
<p>|         | Do you think this would be fair? Why?                                         |                                                                      |
|         | PROBE VIEWS ON OLDER PEOPLE PAYING ADDITIONAL TAXES TO PAY FOR CARE           |                                                                      |
|         | - Income tax                                                                  |                                                                      |
|         | Do you think it is fair that working age people pay for the social care of older people? Why? |                                                                       |</p>
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<td>- Levy (one-off lump sum) at particular age (e.g. retirement)</td>
<td>CONS: The charge would only cover personal care costs, not board and lodging. If levied on retirement, it hits people just when their income has dropped from their salary to a pension, likely to be lower. Therefore a question of affordability.</td>
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<td>- VAT increase</td>
<td>VAT increase</td>
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<td>- Council tax</td>
<td>PROS: almost everyone pays some VAT through everyday purchases.</td>
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<td>CONS: this could hit the poorest hardest, as well as those on a fixed income, such as pensioners. It does not redistribute wealth.</td>
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<td>Which do you think is the most fair? Why?</td>
<td>Council Tax</td>
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<td>Which do you think it the least fair? Why?</td>
<td>PROS: It allows a more locally responsive way of meeting needs.</td>
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<td>What are the pros and cons of each?</td>
<td>CONS: It could be seen to be unfair – those in areas where councils chose to spend more on social care would be taxed more than other areas in the country. - It would also increase local variation in care provision, which people tell us they think is unfair.</td>
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<td>What about to those who have low incomes?</td>
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<td></td>
<td>And to younger people? Those with families? Older people?</td>
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<td>MODERATOR TO PROBE AROUND IMPLICATIONS FOR:</td>
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<td>- DIFFERENT GENERATIONS</td>
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<td>- THOSE AT DIFFERENT LIFE STAGES (E.G. WITH CHILDREN)</td>
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<td>- THOSE WITH DIFFERENT INCOMES/ WEALTH, E.G. OLDER PEOPLE (MAIN CARE USERS DON’T PAY NATIONAL INSURANCE SO ‘BURDEN’ FALLS ON WORKING POPULATION)</td>
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<tr>
<td>10 mins</td>
<td><strong>Effect of deliberation and summing up</strong></td>
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<td>Thank you for taking the time to give us your views tonight. We would now just like to know a few final things from you.</td>
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<td>Has this discussion changed your views on social care funding at all? Will you be making any personal changes as a result? Will you tell anyone about it?</td>
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<td>If you had to tell the government to choose one option for funding care, and how they should do it, what would you tell them?</td>
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<td>MODERATOR TO ASK ALL PARTICIPANTS</td>
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<td>Is there anything else you would like to add?</td>
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<td>THANK AND CLOSE</td>
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Appendix C:

Stimulus used in discussion groups

1. What is social care?
   - Range of care and support services that help older and disabled people remain independent, and enable them to stay active and protect them in vulnerable situations
   - Examples of social care services include:
     - personal care services, e.g. help with intimate activities like dressing and washing
     - practical help in the home, e.g. support with cleaning, washing bedding and shopping for food
     - services provided in the community, e.g. day centres, lunch clubs
     - services provided in a specific building, e.g. care homes, sheltered housing
   - 341,000 people used social care services in 2008
   - Older people make up the largest group of social care users
     - about 400,000 older people live in residential care

2. How much does care cost?
   - Costs the taxpayer £7 billion a year
     - Today, across the system the taxpayer provides around 50% of the funding
   - Costs the care user on average £21,400 for social care over their lifetime, from the age of 65
   - But this can be much higher or lower depending on the individual
     - 1 in 10 people can expect costs of more than £150,000
   - Examples costs include:
     - residential care home = £24,492 per year (or £471 per week)
     - nursing home = £35,100 per year (or £675 a week)
     - care at home = £129 per week
3. How the current system works

- **Means tested**: only those with less than £23,250 available in savings or assets are eligible
- Although **non-means tested benefits soften the ‘cliff edge’**
- Care users must have **high needs** (i.e. be very frail) to receive support paying for care...
- Or have **low income/savings** (below £23,250 in savings/assets)
- Cost: £7bn today, rising to £12bn by 2026

Those that do receive support often find it is insufficient, with gaps being filled by informal carers.

Some examples

**Sally** needs some help with heavier household tasks such as vacuuming, hanging out the laundry and doing her weekly shop.

She has less than £23,250 in savings and assets.

**John** needs help with most common daily tasks such as washing himself, getting dressed, going to the toilet, getting in and out of bed, etc. He can’t do housework or get out to the shops by himself.

He has more than £23,250 in savings and assets.
**Under the current system**

- **Sally** would not be eligible for council provision of care services as she has ‘low level needs’.
- In order to get help she would need to arrange it herself or rely on help from family or friends.

- **John** would be assessed as needing a care package that is appropriate for his needs.
- He would have to pay for the care himself until his savings and assets went down to below £23,250 after which the taxpayer would fund the costs.

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**4. What are the challenges in funding social care in the future?**

- There is currently **underinvestment in social care services**
- Many people need support but do not receive it
  - some councils are limiting numbers of people they will support
  - charges and fees for care have increased in some cases
- **More people are living longer**, which means the demand for services will continue to go up
- **The cost of the existing system could double within 20 years (from £7bn today to £12bn by 2026)**
- Although around a third of people age 65 would not expect to spend much on care…
- Half of people face lifetime costs of over £20,000
- And one in ten could have to pay over £150,000
**Option 1: Cap on lifetime care costs**

- **Care user pays until a certain threshold reached** (this might be £30k, or two years of care)
- After that point, the taxpayer pays around two-thirds of the cost of care in their home and one third of the cost of a care home
- **Care users must pay the rest themselves** through state-matched or private funding
- **Means tested support for those who can’t afford to pay the remainder**
- **Means test threshold is the same**: only those with less that £23,250 available in savings or assets are eligible
- Cost: £1½ to £3 billion extra

**Protects everyone from very high care costs by limiting personal financial liability for care costs**

**Under Option 1**

- **Sally** would be assessed as needing package of care according to her needs and because she has less than £23,250 the taxpayer would fund the full cost of her care.
- **John** would be assessed as eligible for care services.
- He would arrange his care services and pay for them himself using his income and savings, until he had spent more than the example threshold of £30,000.
- After this the taxpayer would cover the majority of the cost of his care (two-thirds of the cost of home care, or one third in a care home).
Option 2: State matches funding of care user’s contributions

- Universal minimum of care provided to all
- The taxpayer pays around two-thirds of the costs of care in their home and one third of the cost of a care home for everyone
- Care users must pay the rest themselves and the state will match your contributions
- Means tested support for those who can’t afford to pay the remainder
- Means test threshold is the same: only those with less that £23,250 available in savings or assets are eligible
- Cost: £2 billion extra

A degree of taxpayer support for everyone who has high care costs

Under Option 2

- Sally would be assessed as eligible for the universal taxpayer contribution towards care.
- She would receive a small amount of help, and the taxpayer would pay the majority of the costs.
- John would be assessed as eligible for a full package of care. Two-thirds of it would be paid by the taxpayer, and he would add as much additional funding as he wanted to.
- If he added in an extra 10% of the cost, the taxpayer would match this, until 100% of the cost of the care package was covered.
**Option 3: A more generous entitlement to care services**

- Earlier **availability of services offered to all**
- **But means tested support for payment of care is the same:** only those with less that £23,250 available in savings or assets are eligible
- **Cost:** £2 to 3 billion extra

*An attempt to prevent very high care costs occurring*

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**Under Option 3**

- **Sally** would be assessed as needing a package of care for her needs.
  - As full services would be available to people at every stage of need she would receive the services she needs, and the taxpayer would cover the majority of the cost of care.
- **John** would be assessed as eligible for a package of care services.
  - He would receive a full package of care, but would pay for the full cost until he had dropped below the means testing threshold of £23,250.
Option 4: An higher means test threshold

- **Means test threshold is the increased**: up to £50,000 of savings/ assets
- Taxpayer support for payment of care (public funding) gradually tapers off, no cut-off threshold
- Only those with high needs receive care
- Cost: £½ to £1 billion extra

*Care costs are more likely to be affordable, leaving people with more money for personal spending*

Under Option 4

- **Sally** would be assessed but would probably not qualify for care as her level of need is not yet high enough.
- If her needs increased she could be reassessed and may then qualify.
- **John** would be assessed as needing a package of care and would pay the full cost himself until he reached the higher threshold.
- After this his care would be paid for by the taxpayer.
The taxpayer pays through...

- Inheritance tax
  Who pays?: all age groups according to wealth
- **National Insurance (additional National Care Fund levy)**
  Who pays?: working age people (some are exempt)
- VAT increase
  Who pays?: all age groups
- Income tax
  Who pays?: all working age people subject to income levels
- Levy (one-off lump sum) at particular age (e.g. retirement)
  Who pays?: all age groups, according to wealth
- Council tax
  Who pays?: all age groups, according to wealth (some are exempt)