

ADASS Care Bill Financial Modelling

Modelling the costs of Care and financial loss

Introduction

The Care Bill brings a number of challenges to Local Government and an increased cost. Local government is expecting that the changes will be funded in full. The Department of Health have completed an impact assessment and modelled the costs of the changes. The Department of Health state that “compared to the “do nothing” option, net public expenditure on care and support is £700-£800 (2010/11 prices) million greater in the first three years after implementation, with the extra costs arising from the extended means test and free care for those with eligible needs at 18. The net public expenditure on the reformed system increases to £2.7 billion in 2025/26.

The challenge for Local Authorities and for ADASS is to understand the costs of the changes and to ensure that Local Authorities are funded in full. With that in mind, the ADASS Resources network has been working with Surrey County Council to develop a costing model that may be circulated to all Local Authorities to complete and so understand the National position.

This paper explains the model and requests Local Authorities to complete the model to inform the National position. This can then be compared to Department of Health estimates.

Summary

Surrey County Council has developed a model to calculate the cost of the Care Bill. The ADASS survey of Local Authorities will seek to understand the cost of the Cap and threshold changes within the Care Bill for each authority. Authority returns will be consolidated into a National figure and compared to the cost estimated by the Department of Health.

The survey will collect the following information:

- The cost of the Care Bill compared to current costs split between Older People and Working Age.
- A list of the information sources used and/or assumptions made

The survey will not collect the cost of additional assessment nor will it collect costs associated with behavioural change or the market implications of the change in the Local Authority, Self Funder and provider interactions. Any Care Home price revision as a result of this is excluded from the calculation.

The Resources Network is asking Local Authorities to take an initial look at the model and to feedback any queries or questions by February 7th 2014. The model is available on the ADASS website.

ADASS will then launch a National survey requesting all Local Authorities complete the survey with a deadline of March 14th. As each Local Authority is different, ADASS will request that authorities return their cost figures and the assumptions used to reach those figures.

The data will be used for ADASS own analysis and data will not be handed to other bodies other than in a consolidated form. Local Authorities will own their information and may choose to consolidate on a Regional basis if they wish.

All queries around the model should be directed to the Secretary of the Resources Network, Sarah Fogden on ADASS at the following email address sarah.fogden@oxfordshire.gov.uk, contact number **07557 082613**.

All queries will be consolidated and a Frequently Asked Question sheet posted onto the Website.

Purpose

The ADASS survey of Local Authorities will seek to understand the cost of the Cap and threshold changes within the Care Bill for each authority. Authority returns will be consolidated into a National figure and compared to the cost estimated by the Department of Health.

The survey will collect the following information:

- The cost of the Care Bill compared to current costs split between Older People and Working Age.
- A list of the information sources used and/or assumptions made

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Methodology: The Surrey Model

Surrey County Council has developed an in-house Excel based model to calculate the impact of the Bill in relation to the cap and threshold changes. The model doesn't look at the other Care bill costs of Assessments, Carers or market changes. It isn't designed to calculate behavioural changes but could be used for that by running the model for changed variables.

Unlike the Department of Health model and the London model which both use National Data, the Surrey model is designed to input local variables which will reflect local circumstances. The costs of the Care Bill will vary across Local Authorities depending on wealth, placement strategies, population, market price etc

The Excel model has been reviewed by a number of Local Authorities to determine that the background calculations are accurate. Surrey, Kent, Merton and Hampshire have run calculations using the model.

The model takes a number of variables. It has 3 parts:

- a) The impact on the individual
- b) The calculation on the whole population
- c) The summary

To complete the model, there are a number of inputs required. A summary of the inputs is shown in the table in Appendix A. The table comes from the individual tab which shows the impact of the changes on an individual. In order to apply this to the broader eligible population, each Local Authority needs to know:

- The future eligible population. The authority needs to know the number of current Self Funders
- Lengths of stay and Current pathways. How do clients flow from Community based care to residential to nursing and all variations on this
- The relative wealth of the population grouped into 5 Asset Value bands. These levels of weekly income and asset values are definable by the Local authority.

For the output to be robust and useful, the data sources for the information required need to be justified. This is critical to the success of an ADASS led survey.

Resources Required

Typically the model needs to be completed by a team of Finance, Performance and Information teams. The time taken to complete the model depends on the information that the authority has available. If information is not available locally, there are suggestions for National data that can be used.

Implementation Plan:

The implementation plan is as follows:

Action	Date
Publish model on website with guidance defining the information required to complete the modelling	Mid January 2014
Publicise	Newsletter week commencing 20 th January
Request Local Authorities to give initial	Fri Feb 7 th Feb (3 weeks)

feedback	
Review Feedback	Fri Feb 21 st (2 weeks but try to condense)
Issue request for completion of survey	Mon Feb 24th
Allow 3 weeks for LAs to complete	Fri March 14th
Allow 1 week for chasing	Fri March 21st
Allow 3 weeks for ADASS consolidation of results and review	Fri April 11th
Results available	Late April

What will success look like?

Each authority has different placement policies, different wealth levels & different proportions of self funders. To get a figure that can be compared to Department of Health estimates, there needs to be a high rate of return, say 80%. In addition the survey needs to collect the assumptions made by each authority in reaching the cost figures.

Confidentiality

The data will be used for ADASS own analysis and data will not be handed to other bodies other than in a consolidated form. Local Authorities will own their information and may choose to consolidate on a Regional basis if they wish.

Help available

All queries around the model should be directed to the Secretary of the Resources Network, Sarah Fogden on ADASS at the following email address sarah.fogden@oxfordshire.gov.uk, contact number **07557 082613**.

All queries will be consolidated and a Frequently Asked Question sheet posted onto the Website.

John Jackson & Simon Williams
Co-Chairs ADASS Resources Network

January 2014

Appendix A:

TABLE 1: This tab allows for the data relating to a single scenario/individual to be modelled.

Alter values with a blue background for national / local conditions. Alter values with a yellow background for an individual case.

AVERAGE WEEKLY COSTS OF CARE		Community (low)	Community (medium)	Community (high)	Residential	Nursing	Notes
Private Care Provider Rate	18-64	£146.82	£491.53	£1,503.97	£1,558.86	£1,236.94	Average market rate assumed self funders are paying.
Commissioned LA Care Rate	18-64	£122.35	£409.65	£1,253.31	£1,299.05	£1,030.78	Where it is not believed that LA will be able to move individuals or be able to continue to commission in the market at a better rate, then this should be shown as closer or similar to the Private rate.
Hotel Cost LA Rate	18-64	£0.00	£0.00	£0.00	£230.00	£230.00	
Care Cost LA Rate	18-64	£122.35	£409.65	£1,253.31	£1,069.05	£800.78	
Private Care Provider Rate	65+	£96.14	£306.53	£898.88	£979.57	£599.32	Average market rate assumed self funders are paying.
Commissioned LA Care Rate	65+	£80.12	£255.44	£749.07	£816.31	£499.43	Where it is not believed that LA will be able to move individuals or be able to continue to commission in the market at a better rate, then this should be shown as closer or similar to the Private rate.
Hotel Cost LA Rate	65+	£0.00	£0.00	£0.00	£230.00	£230.00	
Care Cost LA Rate	65+	£80.12	£255.44	£749.07	£586.31	£269.43	
Length of Stay (up to 1,560 weeks)	1,560	0	0	0	1,560	0	Model accomodates 1,560 weeks and will apply episodes in order from left to right. Use zero weeks to exclude an episode.
CRAG or Fairer Charging		FC	FC	FC	CRAG	CRAG	
INDIVIDUALS FINANCIAL SITUATION		Value	Notes				
Adult or Older Person		65+	Denotes which rate tables above are utilised as it is recognised that some areas have material differences for some items.				
Initial Qualifying Assets - Total (inc property)		£250,000	Enter the total assets including property value assumed to be held at the point an individual would be assessed eligible for the care count to begin.				
Initial Qualifying Assets - (of which Property)		£0					
Weekly income (not earnings)		£148.00	State benefits, additional benefits, private income (other than from assets included above).				
ASSESSMENT CRITERIA	CRAG		FAIRER CHARGING		Notes		
	Current	Proposed	Current	Proposed			
Lower Capital Threshold	£14,250	£14,250	£14,250	£14,250	With each LA potentially operating different FC criteria it would not be practical to build a flexible model to accommodate those areas and the		
Upper Capital Threshold	£23,250	£118,000	£24,500	£24,500			
PEA (Weekly) / FC income %	£25.00		15%		Assumed amount of disposable income left available after local FC policies applied.		
Minimum Financial Assessment	£123.00		£22.20		On going weekly income less personal expenditure allowance		
Care Account Cap Trigger	Current	£1,000,000	Proposed	£72,000	Use £1m for no cap. Use £0 for immediate qualification for all care costs.		