

# **CRAG CONSULTATION 2010**

*Consultation on issues concerning the current  
charging arrangements for residential social  
care: Government response*

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# CRAG Consultation 2010

*Consultation on issues concerning the current charging arrangements for residential social care:  
Government response*

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# Contents

Scope and background of consultation	5
Government response	7
Analysis of consultation	8

# Scope and Background

## Scope of the Consultation

1. The scope of the consultation was limited to the treatment of the following in the financial assessment for residential care charging.
2. We are grateful to the people who responded to the consultation for taking the time to comment.

## Background to the Consultation

3. A Department of Health convened group of organisations representing users, providers and commissioners of residential care put forward a number of suggestions to amend the regulations on charging for residential care.
4. The consultation period ran from 25 January to 15 June 2010, having been extended from 23 April, as a result of the General Election. In July 2010, the Government set up an independent commission to consider the future funding of care and support. The Commission published recommendations in July 2011. The proposals in the CRAG consultation 2010 will be considered as part of the wider work on reform of care and support funding.
5. Ministers agreed to consult on four of the proposals raised by the group. These were:
  - The treatment of personal injury compensation awards
  - The treatment of single premium investment bonds carrying an element of life insurance
  - Introducing a disregard for pre-paid funeral plans
  - Deferred self top-ups during the 12 week property disregard period
6. Personal injury compensation awards: These sometimes include an element to cover the cost of care. This means if the whole payment is disregarded the person's care is paid for twice because the local authority cannot ask the person to use the care element to pay for their care.
7. Single premium bounds carrying an element of life insurance: These bonds are primarily savings vehicles. However, if they include life insurance, the value of the whole bond is disregarded, even though in some cases the life insurance element is as little as one percent.
8. Disregard for pre-paid funeral plans: Many people want the reassurance that their funeral is paid for. Local authority practice is inconsistent in that some local authorities disregard such plans while other take some or all of the value into account in the financial assessment.
9. Deferred self top-up during the 12-week property disregard period: People can opt to go into more expensive accommodation than a local authority would normally pay for if a third party or, in certain cases the resident, can top-up the fee. During the 12-week property disregard period is over the resident cannot top-up out of the value of their property. This

means the resident may be denied the right to enter their preferred care home until the end of the 12-week property disregard period. Local authority practice varies. Some will pay the higher cost and recover the money from the resident after the end of the 12-week disregard, others will not.

10.46 consultation responses were received which break down as follows:

Local authorities (including ADASS)	20
Lawyers	11
Insurers/financial organisations	9
Service users/pensioner organisations (including Age UK, Alzheimer's Society, Counsel and Care)	5
Other	1

11. The Government has decided not to proceed with these proposals separately, but to consider them as apart of the wider work on reform of care and support funding.

# Government response

"The Government will consider these proposals as part of the wider work on reform of care and support funding. We will publish a White Paper and Progress Report on Funding Reform shortly."

# Analysis of Consultation

## THE CONSULTATION QUESTIONS

**Q1: Do you think local authorities should be allowed to take into account, in all circumstances, the “care” element of a personal injury compensation award in the financial assessment of what a care home resident can afford to pay for residential care?**

- (i) Of the respondents 33 agreed, although some had concerns about the details, and 4 disagreed. 5 respondents did not explicitly agree or disagree. 4 did not answer the question.
- (ii) Respondents were generally supportive of the proposal. Several agreed, it was unfair that people who received a personal injury compensation (PIC) awards specifically to pay for their care had that money disregarded so that, in effect, they did not need to spend this money on their care.
- (iii) However, respondents working in the personal injury compensation field were generally against the change. The problem was raised that PIC awards do not always include a “care” element. Potentially, the situation could arise that two people in the same home both had identical awards but they were charged differently, with one person being charged more because the “care” element was specified, while another person with a similar but undifferentiated award paid less. There were also fears that such a step would lead to changes to the way awards were claimed and/or made so that the care element was no longer specified or claimed for, thereby nullifying any change to the regulations.

**Q2: Do you think (single premium investment bonds) should be taken into account in the financial assessment?**

- (i) Of the respondents 24 agreed, although some had concerns about the details, and 4 disagreed. 1 respondent did not explicitly agree or disagree. 17 did not answer the question.
- (ii) Respondents supported the change, provided there was a clear definition of a single premium investment bond, what element is to be taken into account, bonds to cover mortgages are protected and it is made clear that the change only applies to bonds taken out after the regulations are changed.

**Q3: Do you support the idea of introducing a disregard for pre-paid funeral plans?**

- (i) Of the respondents 26 agreed, although some had concerns about the details, and 4 disagreed. 1 respondent did not explicitly agree or disagree. 15 did not answer the question.
- (ii) Respondents supported the change. Objectors felt that the cost of funerals should be covered out of money disregarded because it fell below the lower capital limit,



currently £14,250. Others, while supportive of a change, felt that an upper limit of £3,000 or £4,000 should be placed on the size of funeral plans.

**Q4: Do you agree that residents should be able to top-up their own fees during the 12-week disregard period, from the value of the disregarded property?**

- (i) Of the respondents 21 agreed, although some had concerns about the details, and 3 disagreed. 6 respondents did not explicitly agree or disagree. 16 did not answer the question.
- (ii) Respondents supported the change. There were a number of comments but no single issue was identified. Concerns about residents' ability to pay the top-up should be covered by existing guidance whereby local authorities should ensure people have enough resources to pay the top-up for the length of the contract.

**Q5: What might the barriers (negative impact) on charging, for residential care services provided by a local authority under Section 21 of the National Assistance Act 1948 for everyone from the perspective of ethnicity, gender, disability, age, sexual orientation, religion/belief, socio-economic or rural/geographical consideration?**

- (i) Of the respondents 31 did not comment. Of the rest, 5 thought the proposals would have a negative impact, primarily in relation to personal injury compensation awards, and 10 thought there would be no positive or negative impacts.
- (ii) See the summing up below question 10.

**Q6: What proportionate measures could address those issues?**

- (i) Of the respondents 36 did not comment and the others offered no particular comment, although a few asked for a particular proposal to be withdrawn.
- (ii) See the summing up below question 10.

**Q7: What are the positive impacts that might result from implementing these proposals from the perspective of ethnicity, gender, disability, age, sexual orientation, religion/belief, socio-economic or rural/geographical consideration?**

- (i) Of the respondents 35 did not comment and the others offered no particular comments, although a few asked for a particular proposal to be withdrawn.
- (ii) See the summing up below question 10.

**Q8: What proportionate measures might we implement that could enhance this positive affect?**

- (i) Of the respondents 38 did not comment and the others offered no particular comment, although a few asked for a particular proposal to be withdrawn.
- (ii) See the summing up below question 10.

**Q9: Please identify how implementation of these proposals might affect the Human Rights of residents carers and service providers?**

- (i) Of the respondents 36 did not comment and the others offered no particular comment, although a few asked for a particular proposal to be withdrawn.
- (ii) See the summing up below question 10.

**Q10: We believe these changes, on balance, will not have a significant impact on local authority budgets. If you do not agree, please provide the evidence of cost and/or benefits for each area.**

- (i) Of the respondents 33 did not comment and the others did not identify any significant costs.
- (ii) Most respondents did not comment on this or any of the subsequent questions. Those that did usually used it as an opportunity to repeat their objection to one of the four proposed changes. There was no suggestion that the changes would have a significant impact on local authority budgets.

**NEXT STEPS**

The Government has decided not to proceed with these proposals separately, but to consider them as part of the wider work on reform of care and support funding.