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BIRMINGHAM



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## BRIEFING

# Self funders, the invisible lynchpin of the social care system

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# SUMMARY

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Older self-funders are an essential component of the social care landscape but are largely invisible in debates about social care policy and practice. Self-funders tend to pay more for care than people getting publicly funded care, sometimes 'cross-subsidising' publicly funded care, thereby making important financial contributions to a financially vulnerable care market.

Ensuring that they had sufficient funds to cover their care needs was a major concern for many older people in our study who worried about the implications of running out of money. When self-funders' resources reach the financial threshold, local authorities are usually approached to meet their care and support needs. Uncertainty is created for local authorities as they lack reliable data on the numbers of self-funders within their jurisdiction. This means they cannot anticipate or plan for the numbers of people who may reach the capital threshold in any given year.

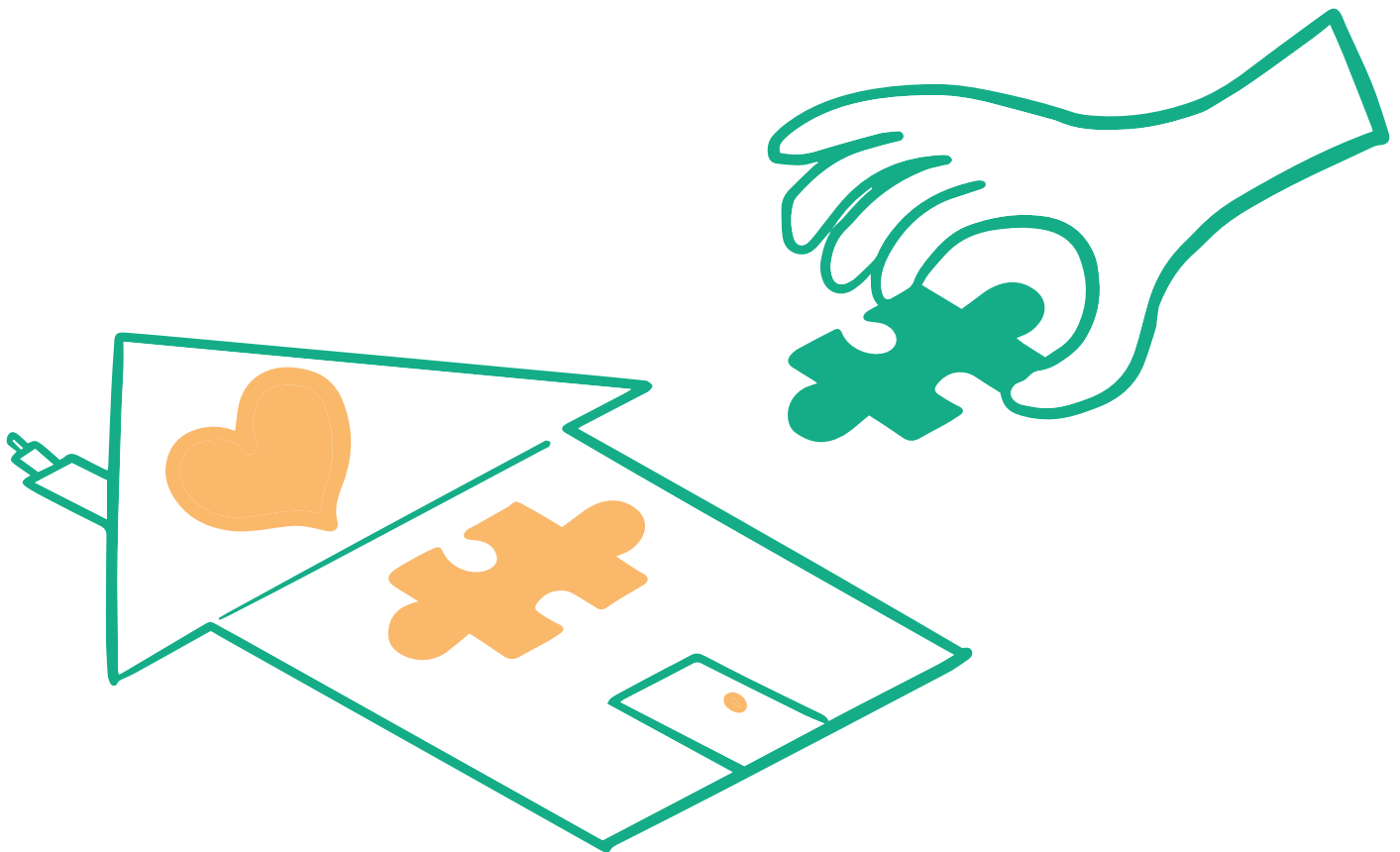
Self-funders currently function as lynchpins that help to sustain a social care system characterised by fragile care markets and insufficient public funding. But, if their self-funding status changes, their position alters radically and they are often left with little choice but to change care arrangements to accommodate to locally commissioned rates. This raises crucial questions about equity, fairness and the uncertain and shifting line between private and public responsibilities.

# INTRODUCTION

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This briefing draws on research findings from the Ethical Issues in Self-funded Social Care: Co-producing knowledge with older people project. Conducted over 3 years and funded by the Wellcome Trust, this participatory research project explored how older people experience the process of finding and paying for personal care from their own resources in three local authority areas in England. For the full research report and further information about the project please visit <http://www.olderpeopleselffundingcare.com/>

Older people are the largest group of people who pay for all or part of their care. There is a growing, yet little discussed, awareness that self-funders, most of whom are older people, often cross-subsidise local authority commissioned services. Without the financial contributions of self-funders, the commercial viability of some care providers who provide commissioned care is questionable. If the demographic profile of an area supports it, growing numbers of care providers are basing their business models on self-funders. Areas of lower socioeconomic growth are likely to have fewer self-funders leaving care providers to rely on the lower rates of commissioned care which care provider participants judged to be inadequate.



# SELF FUNDERS “PROPPING UP” THE SOCIAL CARE SYSTEM

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The well-publicised financial pressures on adult care services mean that commissioned care is negotiated at the lowest rate possible. Care providers who take on commissioned care contracts may look to self-funders as a necessary additional source of income and means of cross-subsidising the lower fees paid for commissioned care.

*You need self-funders to be able to pay for the shortfall, because if you think what a local authority will pay towards a care home or a care package, compared to what a care home costs, there's about a £500 a week shortfall.*

Manager of private care advice and support company

A number of care provider participants, motivated by a sufficient customer base to make it financially viable, had targeted their business at self-funders. Other factors, such as local authorities commissioning care from a limited number of 'preferred providers' created an environment where care providers had little choice but to change their business model to rely on self-funders or cease trading.

*... it's really about control, like private paying clients offer, give you that control, ..., you're in control of your client, so you can give them what you want and then you can, you know, you can charge them what you want as well, and therefore you can build the service that you want to build. And I think that's what makes the sector so much better than the social care, sorry, the socially funded clients.*

Manager of private domiciliary care agency

Local authority and care provider participants recognised self-funders as a necessary pillar of the social care market. Self-funders' subsidy of commissioned care was acknowledged but tended to be presented as an open secret.

*I think the bit that Councils perhaps aren't quite as open with is the acknowledgement that self-funders subsidise the state market... I've heard providers stand up and say it but I have never heard anybody in any Council stand up and say. They all know it's true but I've never heard anybody stand up and say, absolutely our self-funding market is basically subsidising whatever the Council is paying.*

**Senior Local Authority manager**

Local authority participants were also well aware of the systemic problems in the social care market and the ways in which self-funders are 'plugging the gaps'. Statutory duties to ensure that there is an adequate supply of care services also place pressure on local authorities to consider the business viability of care providers as well as the quality of the services they provide.

*When a home is under financial pressure, when it looks like they've got quite a lot of voids, and gaps, and it's clear, you know, we go out to meet the owners, we talk to the managers, it really looks like they're struggling, or they're looking at their financial situation, and, you know, we do have to, and will try and put the self-funders their way, because we know that's a way that they're going to survive.*

**Adult Social Care Commissioner**

Self-funders and their families may also be aware that they are cross-subsidising, often over a lengthy period, especially in a care home context.



# THE VISIBILITY OF SELF-FUNDERS TO LOCAL AUTHORITIES INCREASES WHEN THEIR MONEY RUNS OUT

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The significant role played by self-funders in the care market can be seen by their value in keeping the market going by paying high costs for care but also the risks they pose to stakeholders when their financial status changes. The circumstances of people reaching the financial threshold are fraught with ethical and legal issues. As older people change status from self-funders to getting publicly funded support, their value to the care market changes and they become a potential financial liability to the local authority. They are likely to have to change their care provider, including moving from their care home, unless a third party top up is available or an assessment shows that their needs cannot be met elsewhere. From the perspective of the care provider this opens up a vacancy which in an area of high demand might not create a significant problem, but our research found that in other areas it caused anxiety and insecurity for care providers who could not guarantee filling a vacancy.

*we don't need any more care homes in the region because we can't fill the ones that we've got. Because what they're asking me for is can you guarantee that you'll fill them.*

**Senior Local Authority manager**

A focus on the transfer of financial responsibility for care from the self-funder to the local authority can hide the human suffering and distress accompanying an older person's change of financial status if this dictates changes in care.

*and that's heart-breaking because they've got relationships there. I've actually had 2 cases in the past and they've got friends there, that's their home and they've been there for years. The person that I've got to move has actually been there for years and the anxiety it's causing. It's not good.*

**Social Work practitioner**

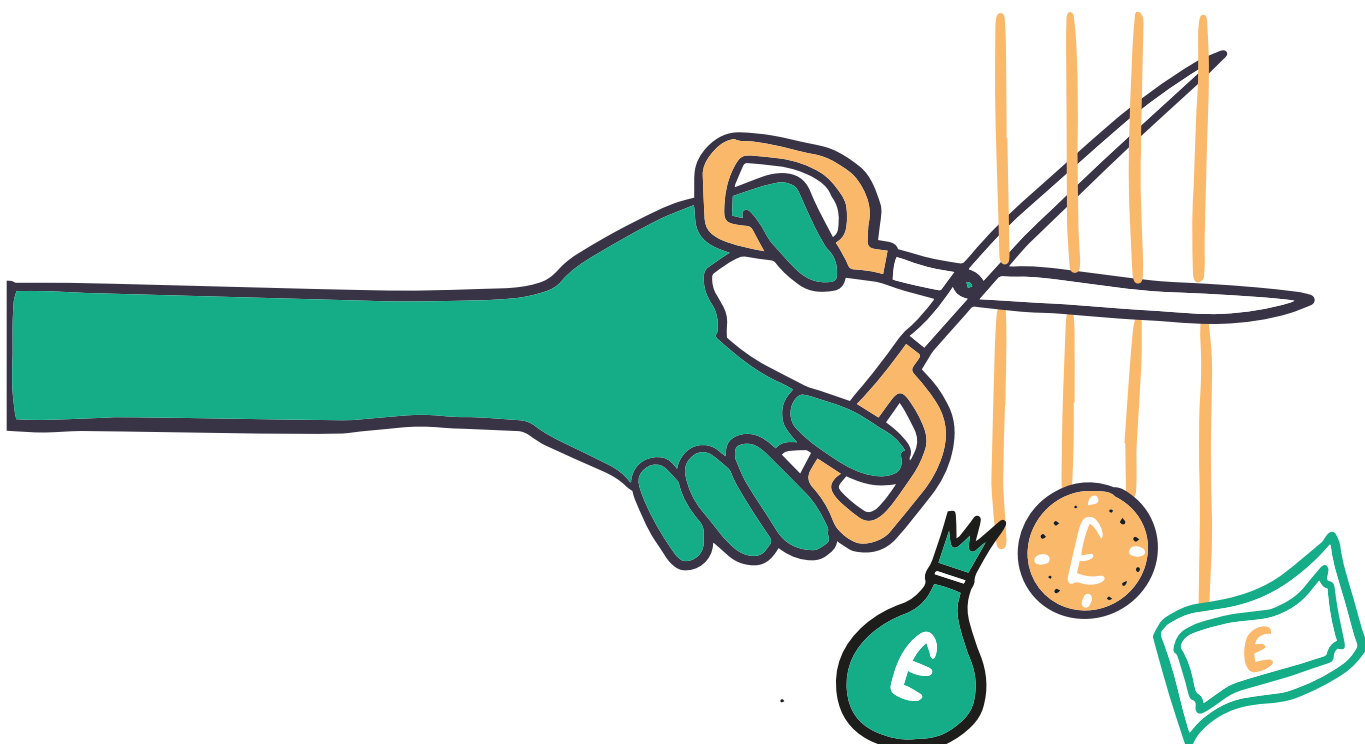
Some care providers, aware that their business depends on self-funders, expressed discomfort at the implications for older people and their families of their finances depleting.

*I think it's the very thing that they're going to run out of money. I have a very good example of a lady and two daughters that look after their mum... now she finishes with us soon, she's going into a residential care home which is very inexpensive and she's going to stay there but they don't want her there, they don't want her to go there, we know what the results are going to be because mum is going to deteriorate now and those people are going to live with that guilt but they've got no other option and that frightens me and that's the biggest stumbling block for people like myself is the fact that people will run out of money and I feel bad that I'm providing care to people but I know that I'm actually going to be the cause of the fact that they're going, for me it's hard to accept that because of what I'm doing, yeah.*

**Manager of private domiciliary care agency**

Our research indicates that self-funders and their families are bearing the brunt of a social care system that is under great pressure. Older people and their families, at a time of stress and crisis, are effectively caught in the middle, having to deal with the consequences of the financial pressures faced by local authorities. Local authority participants were also struggling with moving older people or changing their care arrangements as well as the larger issues of managing a fragile care market.

Our research demonstrates the complex position of older people who pay for their care. Their relative invisibility in debates about social care funding and organisation conceals the extent to which they contribute as financial lynchpins in social care.

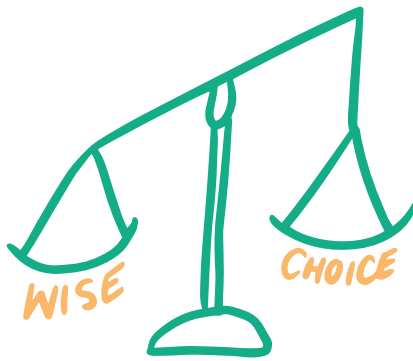


# POLICY & PRACTICE IMPLICATIONS

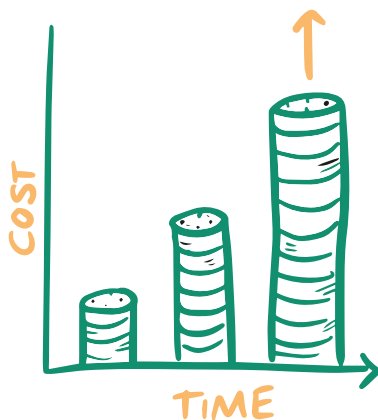
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The reliance on self-funders as lynchpins of the care market, and the inequities to which this gives rise, should be openly acknowledged and integral to decisions about the future funding of social care.



The lack of support older people who are self-funding receive in making decisions about their care, sits alongside the hope that they will make 'wise' choices to maintain their self-funding status for as long as possible. The extent to which self-funders can be expected to take responsibility for making wise choices when they often lack information about the personal implications and risks associated with reaching the capital threshold needs to be acknowledged.



Older people may pay large sums of money for care over long periods of time resulting in so called, 'catastrophic care costs'. Their contribution to the social care market is considerable. Social care reform should ensure equity in the total amount of money anyone should be expected to pay for their care.



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