Implications of setting eligibility criteria for adult social care services in England at the moderate needs level

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ABSTRACT

The introduction of Fair Access to Care Services (FACS) guidelines in 2003 provided local authorities with a common framework against which to assess needs and set local eligibly thresholds for the provision of supported care. Since their introduction, many authorities have tightened eligibility thresholds such that only those with critical or substantial levels of need are entitled to receive publicly-funded care across much of the country.

Using national statistics and data from a PSSRU national survey of local authorities in England, this report describes estimates of the likely impact at present and up to 2020 on client numbers and expenditure of introducing a national eligibility threshold at the 'moderate' FACS level. According to a central set of assumptions, it is estimated that overall client numbers would increase at the 2010 baseline by 23% nationally (26% among older people, 28% among younger adults with physical disabilities, 11% among younger adults with learning disabilities and 17% among younger adults with mental health needs). Gross expenditure corresponding to these figures is estimated to increase by approximately 17% for older people, 19% for adults with physical disabilities, 9% for adults with learning disabilities and 13% for adults with mental health needs.

EXECUTIVE SUMMARY

POLICY CONTEXT

Fair Access to Care Services (FACS) guidelines were introduced by the government in 2003 to provide local authorities with a common framework for determining individuals' eligibility for social care services and address inconsistencies in outcomes across England. According to these guidelines, the needs of assessed individuals are split into one of four categories (critical, severe, moderate or low) in line with their level of risk and potential loss of independence. Eligibility varies across English local authorities in terms of which of these groups are entitled to public support.

Over recent years, there has been an overall tightening of local eligibility criteria such that only those with critical or substantial needs are entitled to publicly-funded care across much of the country. Following the publication of the Dilnot Commission report, the government committed to introducing from 2015 national standards setting out minimum eligibility criteria for help at home and in residential care.

METHODS

The aim of this study was to quantify the costs at present and up to 2020 of introducing national minimum eligibility criteria such that all individuals with 'moderate' care needs in England (according to FACS eligibility thresholds) are supported by local authorities. The analysis focused on two main types of evidence: publicly available data on local authority characteristics including service provision, expenditure, demography and eligibility; and findings from a 2011 national survey of eligibility criteria in England (79 local authorities took part) carried out by PSSRU, including details of how clients and expenditure are distributed across the four FACS groups.

The analysis was based on the PSSRU eligibility survey data. The results were applied individually to the 152 local authorities in England and aggregated to provide national-level estimates of the changes in expenditure and levels of provision that would follow the hypothetical implementation of national eligibility criteria at the moderate FACS level from 2010. The analysis used PSSRU macro and dynamic microsimulation models to project the implications of such a policy to 2020.

FINDINGS

Overall, the introduction of the national minimum eligibility threshold was estimated to lead to increases of 26% of older service recipients, of 28% of recipients with physical disabilities, 11% of recipients with learning disabilities and 17% of clients with mental health needs. These figures were equivalent to an increase of 23% in local authority clients overall.

ESTIMATED NUMBERS OF CLIENTS AT 2010/11 LEVELS

Client group	Clients (current thresholds)	Clients (moderate threshold)	Increase in clients
Older people	705,000	889,000	26%
Younger adults with physical disabilities	132,000	169,000	28%
Younger adults with learning disabilities	129,000	143,000	11%
Younger adults with mental health needs	143,000	168,000	18%

Given the relatively lower needs of the additional service recipients, the estimated proportional changes in levels of expenditure for the different client groups are smaller than the estimated proportional gains in the number of clients. Gross expenditure for older people is estimated to increase by £1.5bn (a 17% increase), by approximately £320m for people with physical disabilities (a 19% increase), by approximately £360m for people with learning disabilities (a 9% increase) and by £190m for people with mental health needs (a 13% increase).

ESTIMATED EXPENDITURE AT 2010/11 LEVELS

Client group	Gross expenditure (current thresholds) (£bn)	Gross expenditure (moderate threshold) (£bn)	Increase in gross expenditure
Older people	9.3	10.8	17%
Younger adults with physical disabilities	1.6	2.0	19%
Younger adults with learning disabilities	4.0	4.4	9%
Younger adults with mental health needs	1.3	1.6	13%

For older people, the additional expenditure associated with the implementation of a national minimum eligibility threshold is projected to rise from £1.2bn net and £1.5bn gross in 2010 to £1.8bn and £2.2bn in 2020, respectively. These figures are compatible with an increase in the number of clients of 180,000 in 2010 and 222,000 in 2020. The exponential nature of the trends in number of clients and expenditure for the older people's group is linked to the ageing of the population.

Among the younger adult client groups, the results suggest an additional 76,000 clients in 2010 rising to 83,000 by 2020, with the corresponding increases in net expenditure of approximately £820m in 2010 and £1bn by 2020. Because of the relatively low income and assets of younger adults with physical and learning disabilities and with mental health problems, the results show very small differences between net and gross additional expenditure for these groups.

Other PSSRU research has identified systematic differences in the interpretation of FACS criteria across local authorities in England, whereby more restrictive local eligibility policies are “compensated” at the individual level by more lenient classification of individuals into the different need groups. An important implication of this flexibility of interpretation is that the introduction of a national minimum threshold on the basis of the FACS needs definition could lead authorities to “reinterpret” their classification of clients into groups, in which case the introduction of national minimum thresholds may not have the desired effect in terms of reducing local variability in access to services.

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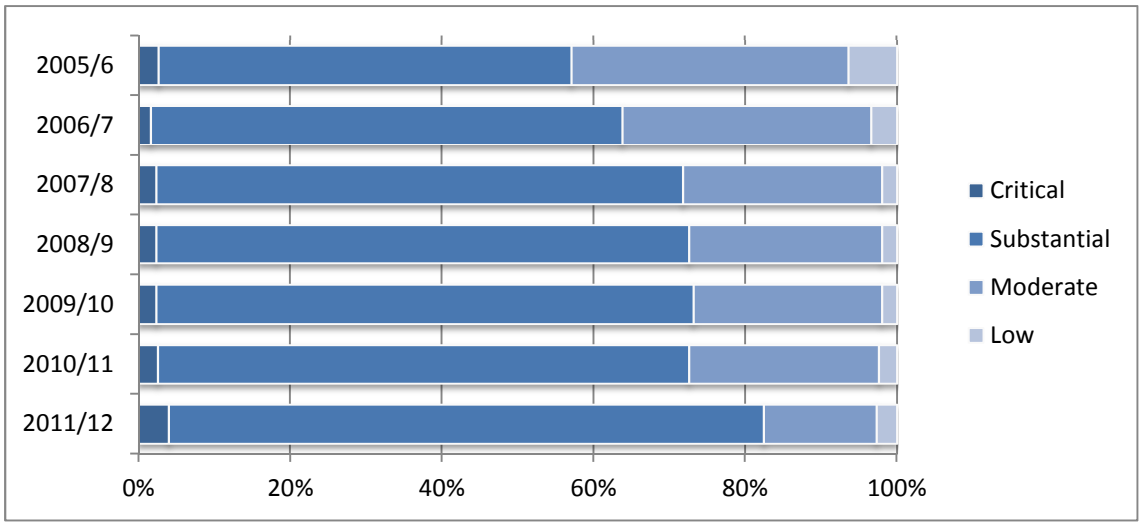
INTRODUCTION

Fair Access to Care Services (FACS) guidelines were introduced by the government in 2003 as a means of providing local authorities with a common framework for determining individuals' eligibility for social care services and to address inconsistencies in outcomes across the country. According to these guidelines, the needs of assessed individuals are split into one of four categories (critical, severe, moderate or low) in line with their level of risk and potential loss of independence (see Box 1). Eligibility varies across local authorities in terms of which of these groups are entitled to public support.

In 2008, the Commission for Social Care Inspection (CSCI) carried out a review of eligibility criteria (CSCI 2008) which identified a number of shortcomings in the way FACS guidelines were implemented. The complexity of the FACS was cited as central to problems with clarity, a lack of fairness and an apparent incompatibility with personalisation. FACS guidance was updated in 2010 (Department of Health 2010) to incorporate a more outcomes-based approach and to allow a better integration with prevention, early intervention and enablement strategies. The national eligibility bandings remained unchanged from 2003, however, and local authorities continued to have autonomy in deciding how services are allocated across the FACS spectrum according to their individual resources.

FIGURE 1 DISTRIBUTION OF ELIGIBILITY CRITERIA AMONG LOCAL AUTHORITIES IN ENGLAND (2005/06 TO 2006/07)



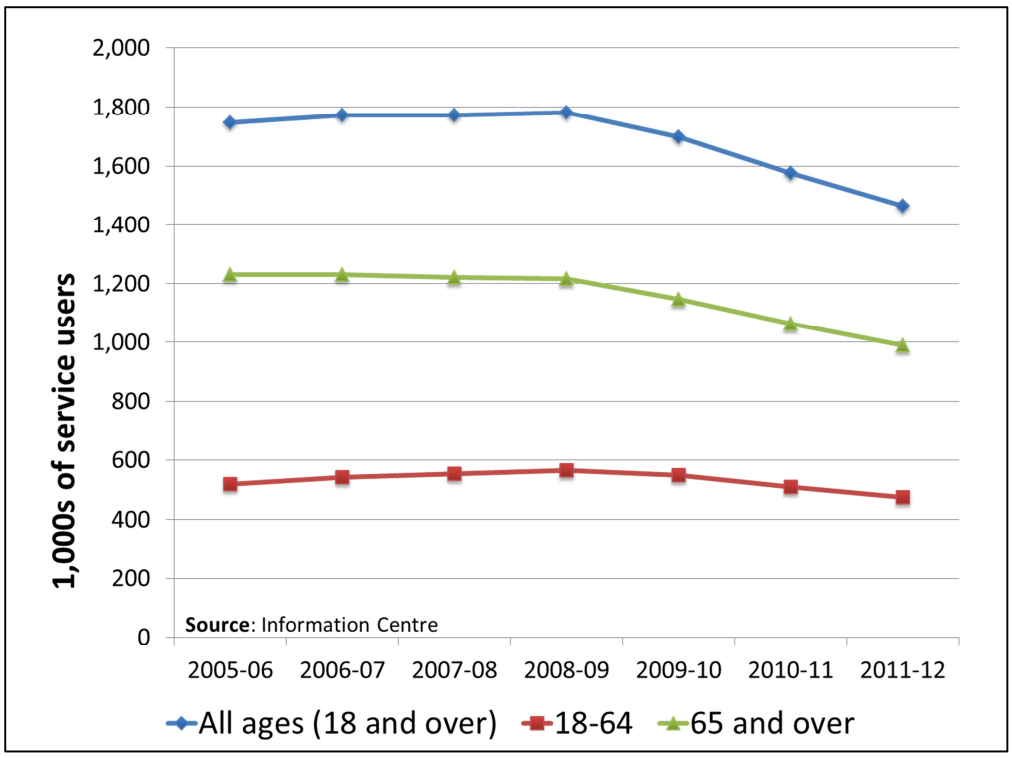
Source: Care Quality Commission/ADASS

Over recent years, local authorities have tightened their eligibility criteria (see Figure 1). As a result, the number of people receiving state-supported social care has fallen significantly, even if levels of demand have

risen because of factors such as the ageing of the population and falls in the availability of unpaid support from family and friends.

Overall, the reduction in recent years in the number of people receiving LA-supported social care depicted in Figure 2 has been more pronounced than suggested by the changes in local eligibility thresholds in Figure 1. Hence, whereas local eligibility thresholds (defined in terms of the 4 FACS bands) remained broadly unchanged between 2007/08 and 2010/11, numbers of recipients of care fell sharply after 2008/09.

FIGURE 2 NUMBERS OF PEOPLE RECEIVING LOCAL AUTHORITY CARE OVER THE YEAR (2005-06/2011-12)



Source: Community Care Statistics, Information Centre

Following the publication of the Dilnot Commission report, the Government committed to introducing from 2015 national standards setting out minimum levels of entitlement to help at home and in residential care.

The aim of this study was to quantify the costs in the present, and up to 2020, of introducing national minimum eligibility criteria, such that all individuals with 'moderate' care needs in England (according to FACS eligibility thresholds) would be supported by local authorities. The analysis identified the number of additional clients that would become entitled, and the additional expenditure associated with providing them with support, in line with current national average packages levels. The analysis examined the implications for the following four client groups: older people (aged 65 and over), younger adults (aged 18-64) with physical disabilities, younger adults with learning disabilities and younger adults with mental health needs.

BOX 1: THE FOUR BANDS OF THE FACS ELIGIBILITY FRAMEWORK

Critical - when

- life is, or will be, threatened; and/or
- significant health problems have developed or will develop; and/or
- there is, or will be, little or no choice and control over vital aspects of the immediate environment; and/or
- serious abuse or neglect has occurred or will occur; and/or
- there is, or will be, an inability to carry out vital personal care or domestic routines; and/or
- vital involvement in work, education or learning cannot or will not be
- sustained; and/or
- vital social support systems and relationships cannot or will not be
- sustained; and/or
- vital family and other social roles and responsibilities cannot or will not be undertaken.

Substantial – when

- there is, or will be, only partial choice and control over the immediate environment; and/or
- abuse or neglect has occurred or will occur; and/or
- there is, or will be, an inability to carry out the majority of personal care or domestic routines; and/or
- involvement in many aspects of work, education or learning cannot or will not be sustained; and/or
- the majority of social support systems and relationships cannot or will not be sustained; and/or
- the majority of family and other social roles and responsibilities cannot or will not be undertaken.

Moderate – when

- there is, or will be, an inability to carry out several personal care or domestic routines; and/or
- involvement in several aspects of work, education or learning cannot or will not be sustained; and/or
- several social support systems and relationships cannot or will not be sustained; and/or
- several family and other social roles and responsibilities cannot or will not be undertaken.

Low - when

- there is, or will be, an inability to carry out one or two personal care or domestic routines; and/or
- involvement in one or two aspects of work, education or learning cannot or will not be sustained; and/or
- one or two social support systems and relationships cannot or will not sustained; and/or
- one or two family and other social roles and responsibilities cannot or will not be undertaken.

Source: Department of Health (2010)

DATA AND METHODS

The analysis used a number of sources of evidence. Initially, we examined publicly available data from CQC, the Information Centre and the ONS to investigate the relationship between levels of expenditure, service coverage and local eligibility thresholds. In a second stage, we analysed evidence from a national survey of social care eligibility criteria carried out by PSSRU, and funded by the Department Of Health (Fernandez and Snell, 2012). The results from this survey were used to explore the relationship between local eligibility criteria and both the distribution of local expenditure and number of recipients across FACS eligibility groups in England.

The estimates of the impact of introducing a national minimum eligibility threshold set at moderate needs by local authority types were then applied to the 152 local authorities in England to assess the aggregate additional number of clients and expenditure at the national level.

Once estimates of the relationship between eligibility thresholds and national levels of expenditure and numbers of clients were derived, the analysis used PSSRU macro and dynamic microsimulation models to project the implications up to 2020 of the hypothetical implementation of national minimum eligibility criteria set at the moderate FACS need level.

PUBLICLY AVAILABLE INFORMATION ON LOCAL ELIGIBILITY THRESHOLDS AND LEVELS OF SERVICES

Using evidence available through CQC, the Information Centre and the ONS, we built a dataset with information for all local authorities with social care responsibilities[i] in England about minimum eligibility policies, population size and distribution, deprivation, and social care provision and expenditure. This evidence was used to explore the nature of the relationship between local eligibility policies and the number of people receiving services locally (as a proportion of the population) and the level of expenditure per care recipient and per capita. We hypothesised that authorities with more stringent eligibility policies would provide services to a smaller proportion of their population, and would spend a smaller amount of resources per capita, but a higher amount per user (as they would concentrate on those individuals with the greatest needs).

The results obtained, however, did not confirm our initial hypotheses. As shown in Figure 3 to Figure 6, the service coverage of the population did not appear to be consistently higher for local authorities with more generous eligibility thresholds.

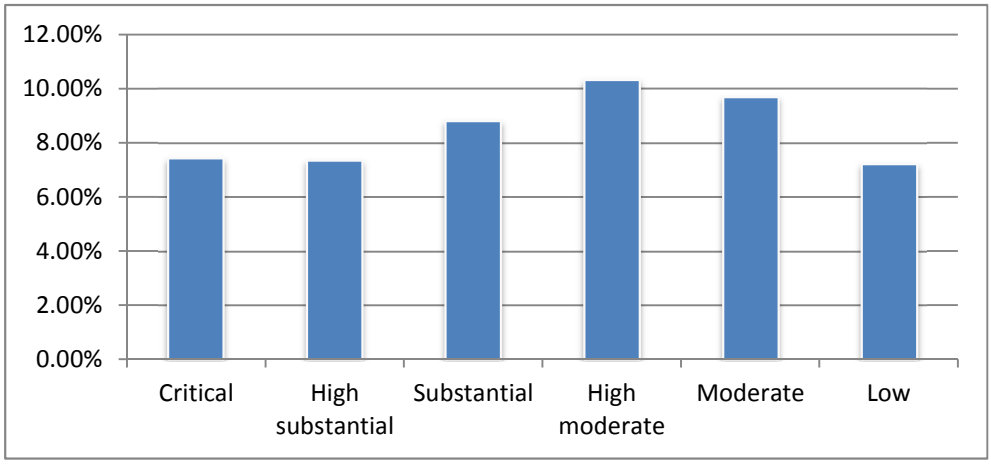
TABLE 1 DISTRIBUTION OF LOCAL AUTHORTIES BY FACS ELIGIBILITY THRESHOLD

	Number of authorities	Proportion of authorities (%)
Critical	3	2.0%
Upper substantial	3	2.0%
Substantial	117	79.1%
Upper moderate	7	4.7%
Moderate	17	11.5%
Low	1	0.7%

In part, this finding is due to the relatively small number of authorities in some of the FACS eligibility threshold groups, and the very high number of authorities whose eligibility thresholds are set at the substantial level (see Table 1). Only one authority, for example, set its eligibility threshold at the low needs level, and 3 in each of the upper substantial and critical levels. Although aggregating to the main 4 FACS eligibility levels (critical, substantial, moderate and low) improves the picture somewhat, it does not lead to the identification of significant differences in the coverage of local services across eligibility groups. To test whether the lack of a strong relationship between service coverage and eligibility policies was due to differences in local characteristics (other than size of the population), we carried out multivariate regressions of the per-capita social care coverage for the different user groups controlling for factors such as local deprivation, local socio-demographic characteristics, local availability of informal care and indicators of local health. These analyses

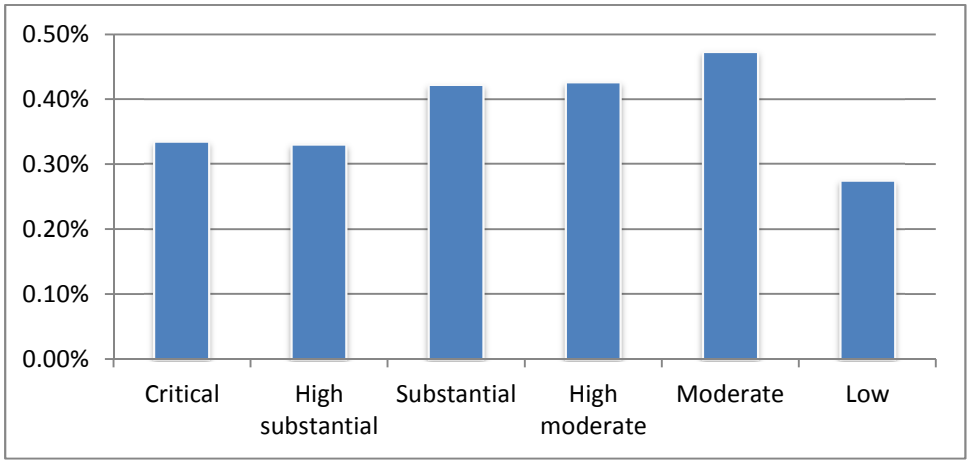
identified a very strong effect of the extent of deprivation on the proportional coverage (as a proxy for the proportion of the population that would meet the means-testing requirements for entitlement to local support). They did not, however, help to identify a significant relationship between local characteristics, eligibility policy and the coverage of social care support.

FIGURE 3 PROPORTION OF OLDER POPULATION RECEIVING SERVICES BY LOCAL ELIGIBILITY THRESHOLD



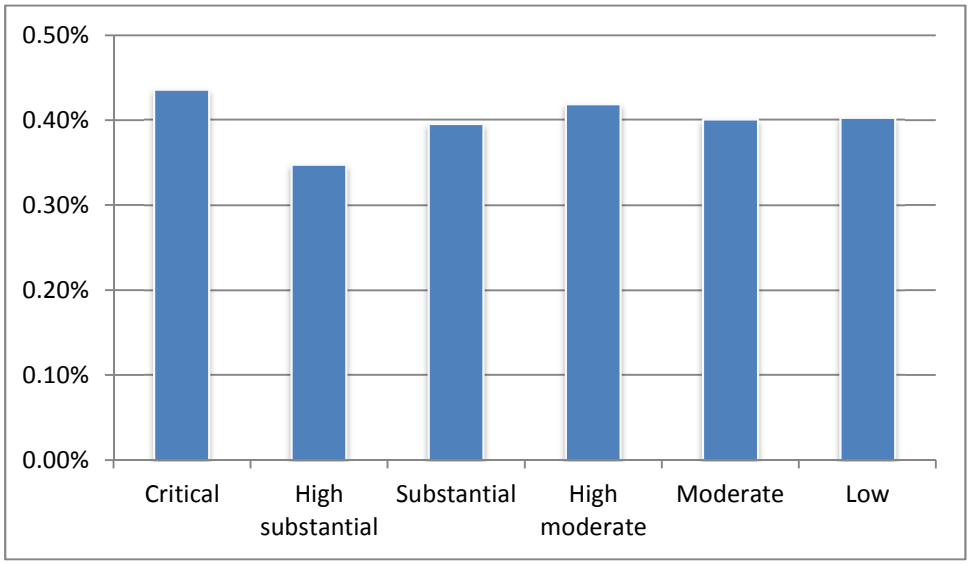
Source: analysis of data from CQC, Information Centre, and ONS

FIGURE 4 PROPORTION OF YOUNGER ADULT POPULATION RECEIVING SERVICES FOR PEOPLE WITH PHYSICAL DISABILITIES BY LOCAL ELIGIBILITY THRESHOLD



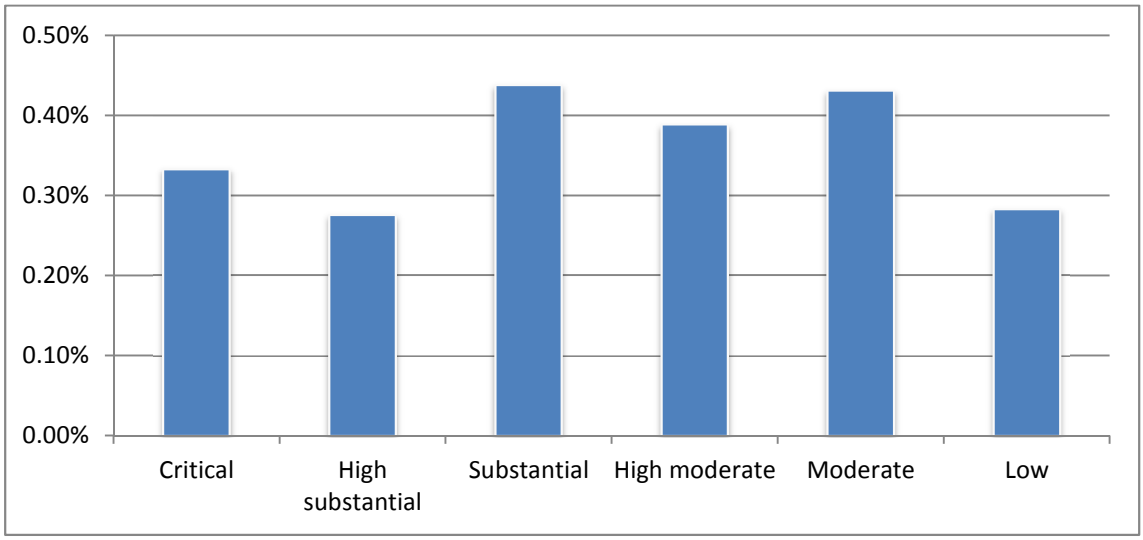
Source: analysis of data from CQC, Information Centre, and ONS

FIGURE 5 PROPORTION OF YOUNGER ADULT POPULATION RECEIVING SERVICES FOR PEOPLE WITH LEARNING DISABILITIES BY LOCAL ELIGIBILITY THRESHOLD



Source: analysis of data from CQC, Information Centre, and ONS

FIGURE 6 PROPORTION OF YOUNGER ADULT POPULATION RECEIVING SERVICES FOR PEOPLE WITH MENTAL HEALTH PROBLEMS BY LOCAL ELIGIBILITY THRESHOLD

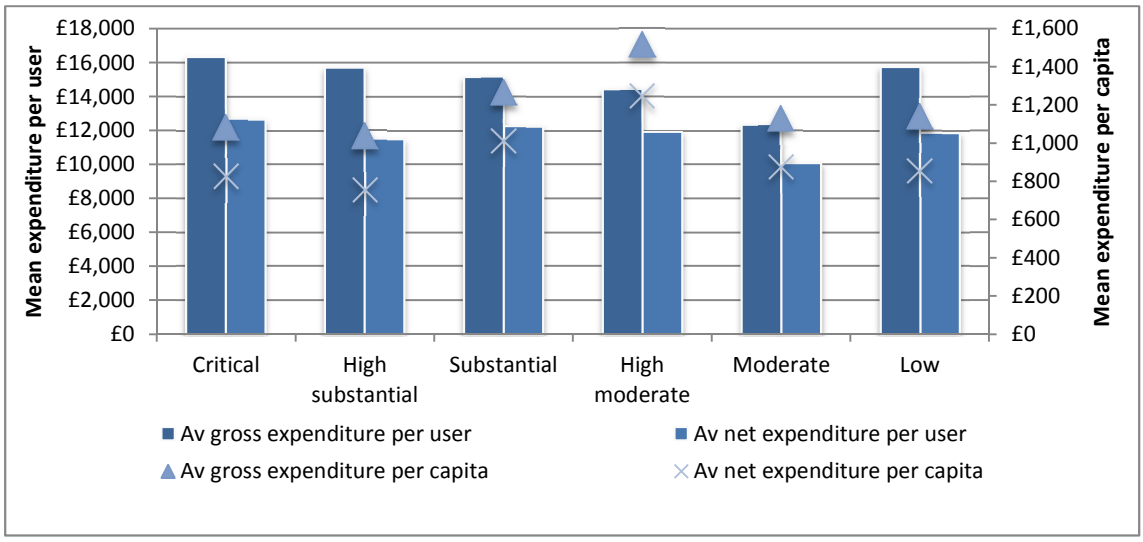


Source: analysis of data from CQC, Information Centre, and ONS

As indicated in Figure 7 to Figure 10, the analysis of the relationship between local eligibility policies and levels of expenditure per user and per capita were equally uninformative. Among the older group, for instance, the highest gross per capita service expenditure was identified among authorities in the "high moderate" group, and the lowest among the three authorities with "high substantial" policies. For the older client group, average gross expenditure per user did fall as eligibility policies became more generous (excepting for the one authority with low eligibility policies) in line with expectations. It did not, however, for the rest of user groups.

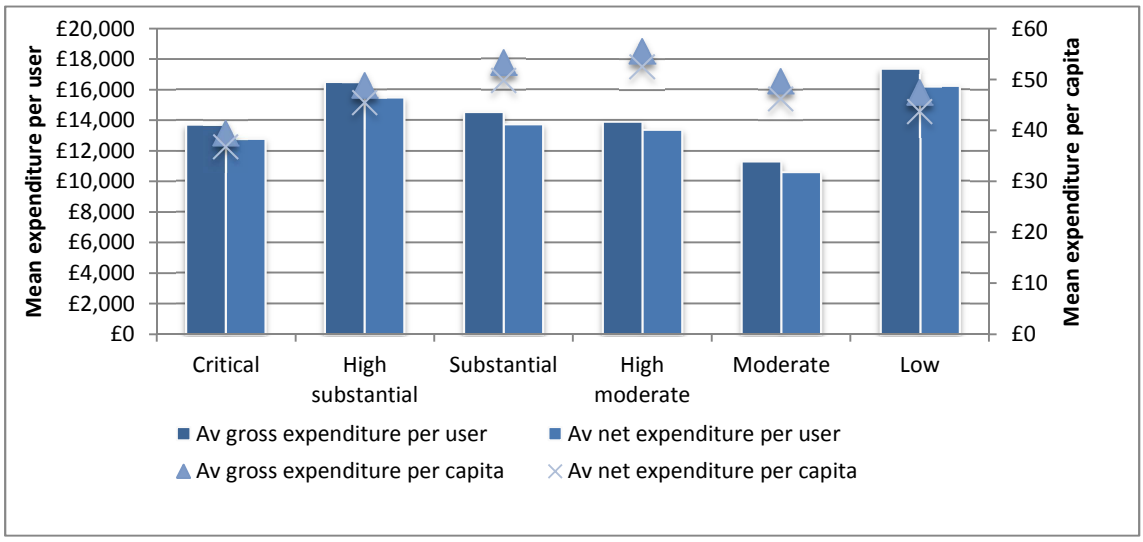
Again, the use of multivariate regression methods did not help identify robust estimates of the relationship between eligibility policies and levels of expenditure.

FIGURE 7 AVERAGE LOCAL NET AND GROSS EXPENDITURE PER USER AND PER OLDER POPULATION ON SERVICES FOR OLDER PEOPLE BY LOCAL ELIGIBILITY THRESHOLD



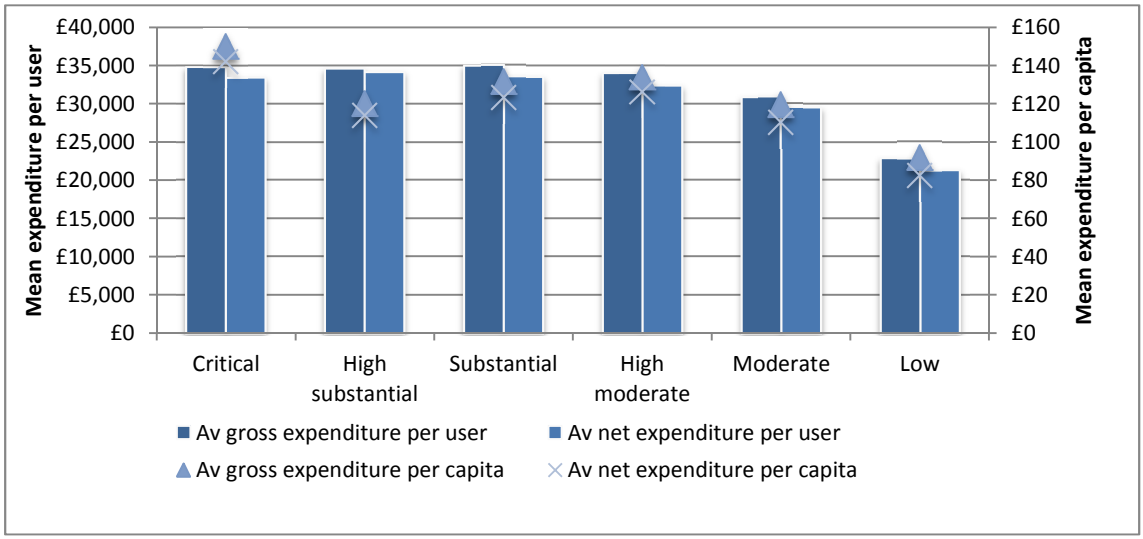
Source: analysis of data from CQC, Information Centre, and ONS

FIGURE 8 AVERAGE LOCAL NET AND GROSS EXPENDITURE PER USER AND PER YOUNG ADULT POPULATION ON SERVICES FOR PEOPLE WITH PHYSICAL DISABILITIES BY LOCAL ELIGIBILITY THRESHOLD



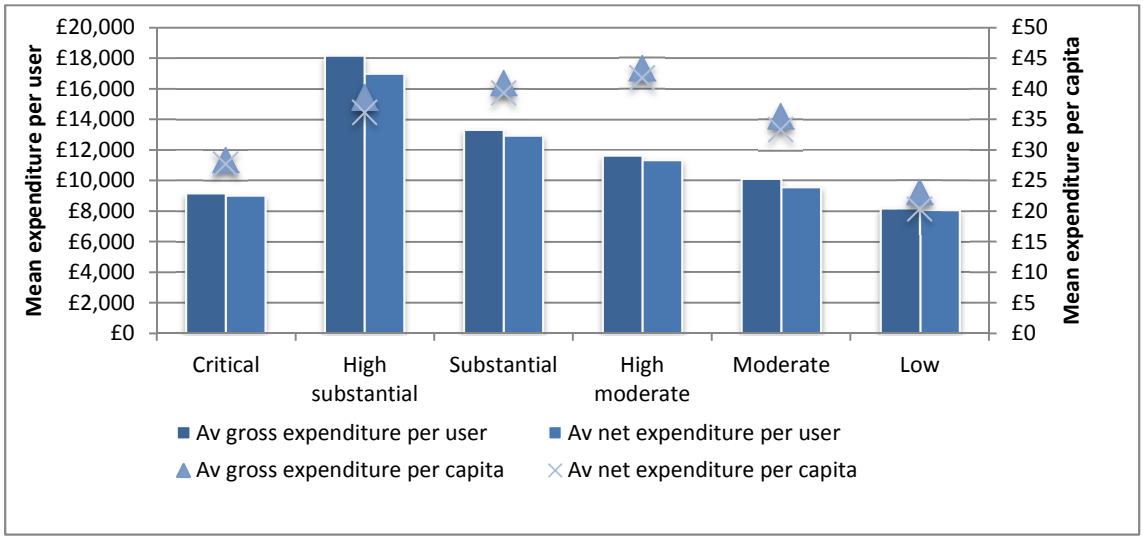
Source: analysis of data from CQC, Information Centre, and ONS

FIGURE 9 AVERAGE LOCAL NET AND GROSS EXPENDITURE PER USER AND PER YOUNG ADULT POPULATION ON SERVICES FOR PEOPLE WITH LEARNING DISABILITIES BY LOCAL ELIGIBILITY THRESHOLD



Source: analysis of data from CQC, Information Centre, and ONS

FIGURE 10 AVERAGE LOCAL NET AND GROSS EXPENDITURE PER USER AND PER YOUNG ADULT POPULATION ON SERVICES FOR PEOPLE WITH MENTAL HEALTH PROBLEMS BY LOCAL ELIGIBILITY THRESHOLD



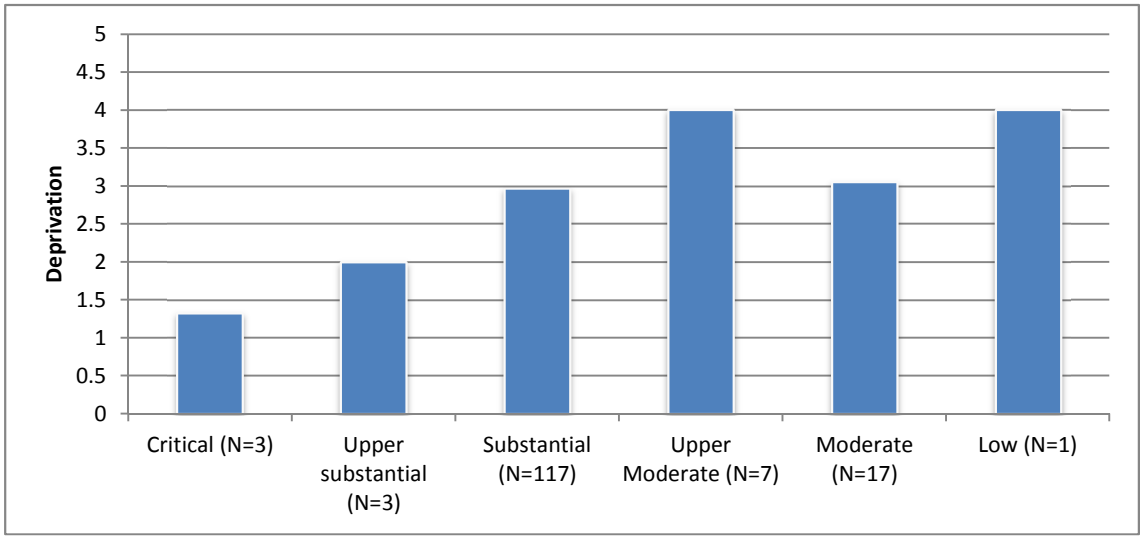
Source: analysis of data from CQC, Information Centre, and ONS

The analysis found a very strong correlation between local eligibility policies and local deprivation levels, as shown in Figure 11.

The lack of evidence of the expected relationship between local eligibility policies and levels of coverage and expenditure probably reflected a combination of factors, including difficulties for the analysis in standardising

local need across authorities and the overwhelming proportion of authorities with eligibility policies set at the substantial FACS level. However, it is also likely that the lack of clear correlations responded to differences in the interpretation of FACS needs groups between local authorities (see Fernandez and Snell 2012 for a fuller discussion of the extent and nature of variability in local interpretations).

FIGURE 11 AVERAGE LEVEL OF DEPRIVATION (0=LEAST DEPRIVED, 5=MOST DEPRIVED) BY FACS ELIGIBILITY THRESHOLD



In light of the difficulties in estimating a relationship between local eligibility policies and levels of expenditure and service coverage on the basis of publicly available data, the analysis explored the evidence from the national survey of local authority arrangements, as outlined below.

THE NATIONAL SURVEY OF LOCAL AUTHORITY ELIGIBILITY ARRANGEMENTS

NATURE OF THE SURVEY

While the eligibility thresholds in place at the local authority level are publicly available (and usually published on local government websites), councils are not required to publish data on how their resources are allocated in terms of the FACS categorisations. Consequently, there has been little historical evidence to show how councils with different eligibility policies apportion their resources in terms of client numbers or expenditure to individuals with different levels of need. With this in mind, PSSRU was asked by the Department of Health in 2011 to conduct a survey of local authorities to gather information on how the FACS framework was interpreted and used to determine the allocation of resources at the local authority level. In particular, the survey aimed to shed light on the following areas:

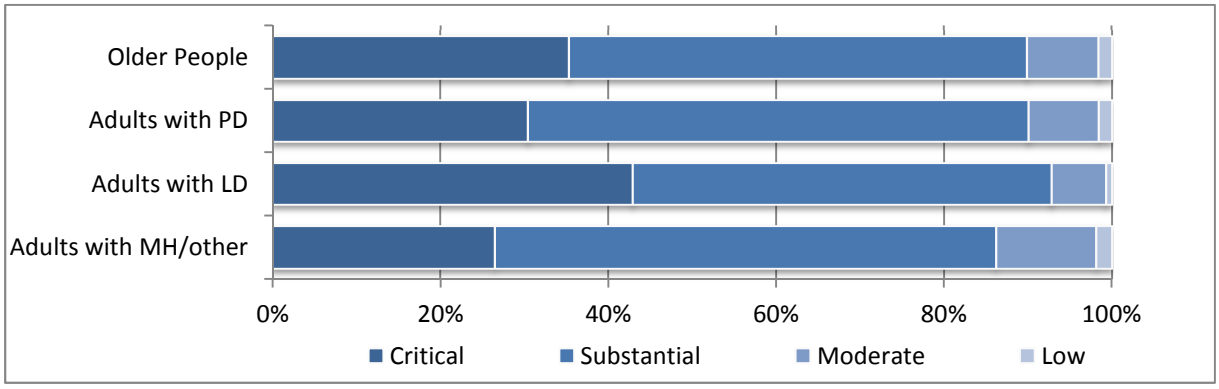
- the targeting of resources across FACS need groups;
- the processes used for assessing, classifying and storing information on need for services; and

- the relationship between combinations of need-characteristics and FACS groups.

The survey consisted of two parts: the first part collected data on eligibility policies, the distribution of clients and expenditure according to FACS groups, and the methods of assessing and recording levels of need and allocating care packages; the second part collected responses to a range of vignettes from care managers in order to collect evidence about how FACS guidelines are interpreted in different local authorities. Invitations to participate in the survey were sent to Directors of 149 CSSRs in England, with an overall response rate of 57% (85 local authorities), 79 of which provided responses to the first part of the survey (used to inform the analysis described in this report).

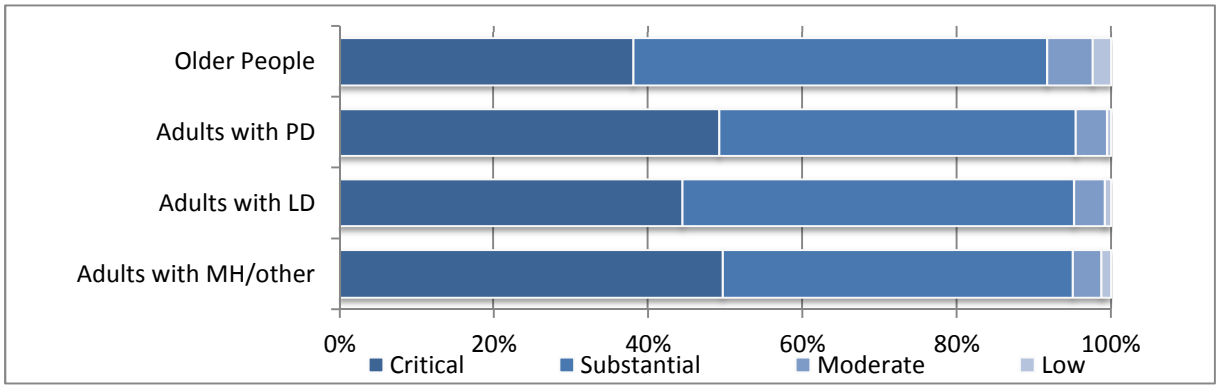
While the survey sought to collect information on the distribution of resources in terms of the four FACS definitions of need, responses showed that 22% of participating authorities had adapted the guidelines in order to provide more succinct classifications, categorising users according in terms of 'upper' and 'lower' FACS groups (most often dichotomising the 'substantial' and 'moderate' groups). Since local authority eligibility policies are already in the public domain, local government websites were cross-referenced to extend this measure to all councils regardless of participation in the PSSRU survey.

FIGURE 12 DISTRIBUTION OF CLIENTS BY FACS ELIGIBILITY THRESHOLD (AMONG LOCAL AUTHORITIES IN PSSRU SURVEY)



Source: Fernandez and Snell (2012)

FIGURE 13 DISTRIBUTION OF EXPENDITURE BY FACS ELIGIBILITY THRESHOLD (AMONG LOCAL AUTHORITIES IN PSSRU SURVEY)



Source: Fernandez and Snell (2012)

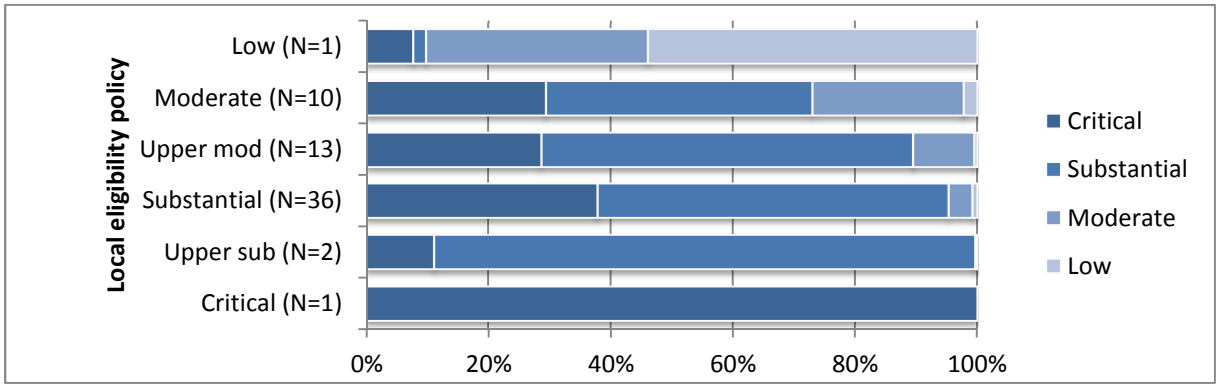
Figure 12 and Figure 13 show some differences in the distribution of service users and expenditure across client groups. Users in the critical needs group were most prevalent among adults with learning disabilities and least prevalent among adults with mental health needs. In terms of expenditure, however, clients with mental health needs and with physical disabilities and in the critical FACS group accounted for a particularly large proportion of local levels of expenditure.

DERIVATION OF EXPECTED DISTRIBUTION OF EXPENDITURE AND LEVELS OF CLIENTS BY FACS NEED GROUP

For the present analysis, the evidence from the survey was particularly useful because in contrast with the data described in Section 0 the survey provided a breakdown within local authorities of the number of clients and levels of expenditure by FACS need groups. This information was used to estimate the impact of changes in local eligibility policies, by assuming that implementing a moderate needs minimum national eligibility threshold would increase the number of clients in authorities with eligibility policies currently set at the substantial or critical levels in such a way as to mirror the distribution of clients and expenditure across FACS groups in authorities with current eligibility thresholds set at the moderate level.

The analysis derived therefore the average distribution of clients and resources in each FACS needs groups for authorities with different eligibility policies, as shown in Figure 14 to Figure 17.

FIGURE 14 DISTRIBUTION OF OLDER CLIENTS BY FACS NEEDS GROUP ACCORDING TO LOCAL ELIGIBILITY POLICY

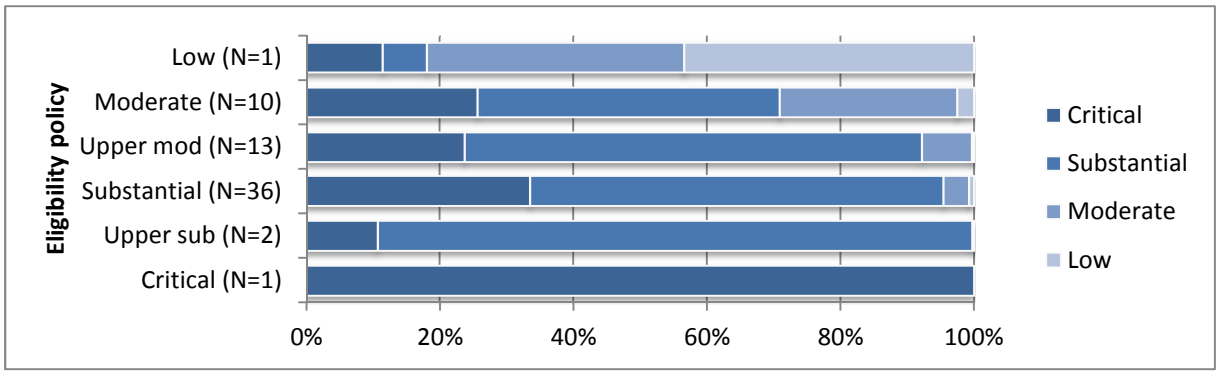


Source: Fernandez and Snell (2012)

For each local authority with a current eligibility policy above the moderate level, the proportional increase in the number of clients with substantial and moderate needs that would be required to bring client distributions in line with authorities in which a moderate eligibility policy was already in place was calculated. Additional levels of total gross expenditure consistent with the increased client numbers were calculated on the basis of the proportional expenditure on clients with moderate and substantial needs observed in local authorities in which these need groups were already supported. Client base and expenditure figures were grossed to levels

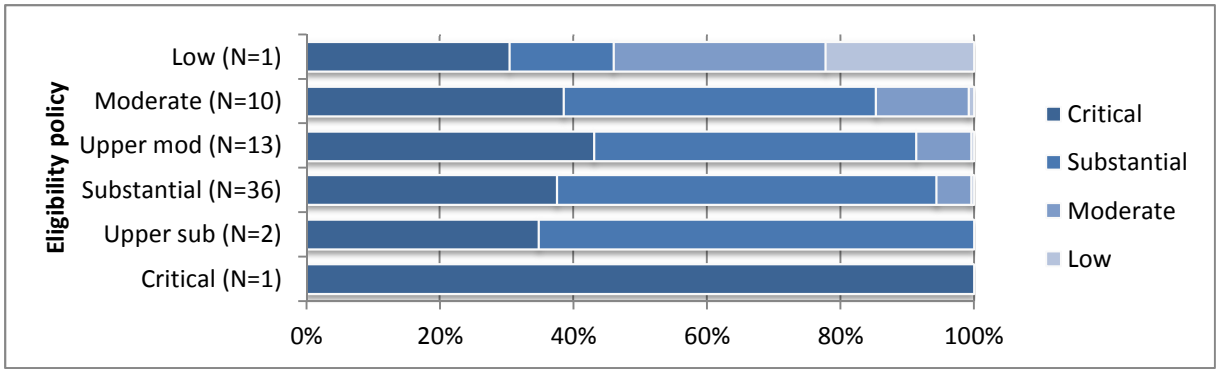
reported in 2010/11 RAP and EX1 returns published by the NHS Information Centre in order to minimise the impact of any inconsistencies in recording mechanisms.

FIGURE 15 DISTRIBUTION OF CLIENTS WITH A PHYSICAL DISABILITY / SENSORY IMPAIRMENT BY FACS NEEDS GROUP ACCORDING TO LOCAL ELIGIBILITY POLICY



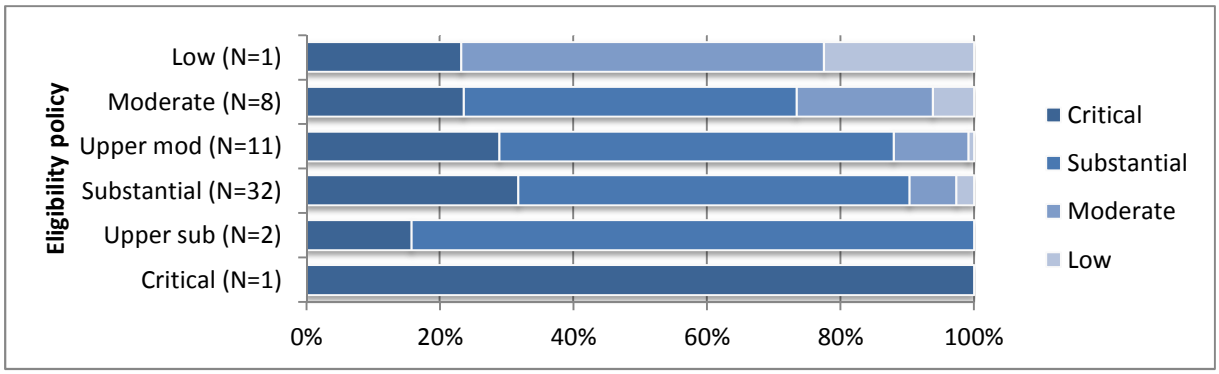
Source: Fernandez and Snell (2012)

FIGURE 16 DISTRIBUTION OF CLIENTS WITH A LEARNING DISABILITY BY FACS CATEGORY ACCORDING TO LOCAL ELIGIBILITY POLICY



Source: Fernandez and Snell (2012)

FIGURE 17 DISTRIBUTION OF WITH MENTAL HEALTH / OTHER NEEDS BY FACS CATEGORY ACCORDING TO LOCAL ELIGIBILITY POLICY



Source: Fernandez and Snell (2012)

EXPENDITURE AND COVERAGE IMPLICATIONS OF A NATIONAL MODERATE NEEDS ELIGIBILITY THRESHOLD

ADDITIONAL NUMBER OF USERS

Using the methodology outlined above, Table 2 to Table 5 summarise the impact on number of clients for the 152 local authorities in England. The results were split for the 4 adult user groups in the analysis.

Unsurprisingly, the largest proportional increases in clients following the implementation of a national minimum eligibility criteria set at the moderate level would be experienced by authorities that presently only provide services for people with critical needs. However, as shown in section 0, the results were relatively insensitive to changes in the assumptions about the impact of the national eligibility on such authorities because of their relatively small number.

Overall, the introduction of a national minimum eligibility threshold was estimated to lead to increases of 26% in the number of older service recipients, of 28% in the number of recipients with physical disabilities, 11% of recipients with learning disabilities and 17% in the number of clients with mental health needs. These figures were equivalent to an increase of 23% in the number of local authority clients overall.

TABLE 2 CHANGE IN NUMBER OF OLDER PEOPLE RECEIVING LA SUPPORTED CARE

		Total RAP+S1 clients	Additional clients with substantial needs	Additional clients with moderate needs	Total additional clients	Total post-reform clientbase	% increase
Local eligibility policy	Critical	9,000	14,000	8,000	22,000	31,000	238%
	High substantial	14,000	0	4,000	4,000	18,000	31%
	Substantial	584,000	0	152,000	152,000	736,000	26%
	High moderate	31,000	0	6,000	6,000	36,000	18%
	Moderate	64,000	0	0	0	64,000	0%
	Low	4,000	0	0	0	4,000	0%
	Total England	705,000	14,000	170,000	184,000	889,000	26%

Total numbers and proportional increases may not tally due to rounding

TABLE 3 CHANGE IN NUMBER OF PEOPLE WITH PHYSICAL DISABILITIES RECEIVING LA SUPPORTED CARE

		Total RAP+S1 clients	Additional clients with substantial needs	Additional clients with moderate needs	Total additional clients	Total post-reform clientbase	% increase
Local eligibility policy	Critical	1,000	3,000	2,000	4,000	5,000	287%
	High substantial	2,000	0	1,000	1,000	3,000	33%
	Substantial	108,000	0	31,000	31,000	139,000	29%
	High moderate	6,000	0	1,000	1,000	7,000	24%
	Moderate	14,000	0	0	0	14,000	0%
	Low	1,000	0	0	0	1,000	0%
	Total England	132,000	3,000	35,000	37,000	169,000	28%

Total numbers and proportional increases may not tally due to rounding

TABLE 4 CHANGE IN NUMBER OF PEOPLE WITH LEARNING DISABILITIES RECEIVING LA SUPPORTED CARE

		Total RAP+S1 clients	Additional clients with substantial needs	Additional clients with moderate needs	Total additional clients	Total post-reform clientbase	% increase
Local eligibility policy	Critical	2,000	2,000	1,000	3,000	5,000	158%
	High substantial	3,000	0	0	0	4,000	16%
	Substantial	106,000	0	10,000	10,000	116,000	10%
	High moderate	5,000	0	0	0	6,000	6%
	Moderate	13,000	0	0	0	13,000	0%
	Low	1,000	0	0	0	1,000	0%
	Total England	129,000	2,000	12,000	14,000	143,000	11%

Total numbers and proportional increases may not tally due to rounding

TABLE 5 CHANGE IN NUMBER OF PEOPLE WITH MENTAL HEALTH PROBLEMS RECEIVING LA SUPPORTED CARE

		Total RAP+S1 clients	Additional clients with substantial needs	Additional clients with moderate needs	Total additional clients	Total post-reform clientbase	% increase
Local eligibility policy	Critical	1,000	3,000	1,000	5,000	6,000	317%
	High substantial	3,000	0	1,000	1,000	3,000	25%
	Substantial	121,000	0	20,000	20,000	141,000	16%
	High moderate	5,000	0	1,000	1,000	6,000	11%
	Moderate	12,000	0	0	0	12,000	0%
	Low	1,000	0	0	0	1,000	0%
	Total	143,000	3,000	22,000	25,000	168,000	18%

Total numbers and proportional increases may not tally due to rounding

ADDITIONAL EXPENDITURE

Using the same methodology, Table 6 to Table 9 report the estimated changes in gross expenditure for the four adult client groups in the analysis that would follow the introduction of the minimum national eligibility threshold.

Given the relatively lower needs of the additional service recipients, the estimated proportional changes in levels of expenditure for the different client groups are smaller than the estimated proportional gains in the number of clients[1]. Gross expenditure for older people is estimated to increase by £1.5bn (a 17% increase), by approximately £320m for people with physical disabilities (a 19% increase), by approximately £360m for people with learning disabilities (a 9% increase) and by £190m for people with mental health needs (a 13% increase).

The differences in the relative impact of the introduction of the minimum eligibility threshold across user groups is likely to reflect, on the one hand, differences in the distribution of need within each group, and on the other differences in the extent to which FACS needs definitions are suitable for identifying needs in the different client groups. In particular, the FACS definitions (see Box 1) are less useful in defining need among people with learning disabilities and people with mental health needs.

[1] Current gross local expenditure on people with moderate needs is approximately £420m for older people and £378m (Fernandez and Snell, 2012).

TABLE 6 CHANGE IN GROSS SOCIAL CARE EXPENDITURE ON OLDER PEOPLE (£MILLION)

		Total gross expenditure	Additional gross expenditure (substantial needs)	Additional gross expenditure (moderate needs)	Total additional expenditure	Total post-reform gross expenditure	% increase
Local eligibility policy	Critical	127	129	59	188	315	148%
	High substantial	208	0	38	38	246	18%
	Substantial	7,624	0	1,272	1,272	8,896	17%
	High moderate	382	0	46	46	427	12%
	Moderate	880	0	0	0	880	0%
	Low	55	0	0	0	55	0%
	Total England	9,276	129	1,415	1,544	10,820	17%

TABLE 7 CHANGE IN GROSS SOCIAL CARE EXPENDITURE ON PEOPLE WITH PHYSICAL DISABILITIES (£MILLION)

		Total gross expenditure	Additional gross expenditure (substantial needs)	Additional gross expenditure (moderate needs)	Total additional expenditure	Total post-reform gross expenditure	% increase
Local eligibility policy	Critical	25	32	13	45	70	183%
	High substantial	30	0	6	6	36	20%
	Substantial	1,364	0	258	258	1,622	19%
	High moderate	55	0	9	9	64	16%
	Moderate	163	0	0	0	163	0%
	Low	5	0	0	0	5	0%
	Total England	1,648	32	286	318	1,966	19%

TABLE 8 CHANGE IN GROSS SOCIAL CARE EXPENDITURE ON PEOPLE WITH LEARNING DISABILITIES (£MILLION)

	Eligibility policy	Total gross expenditure	Additional gross expenditure (substantial needs)	Additional gross expenditure (moderate needs)	Total additional expenditure	Total post-reform gross expenditure	% increase
Local eligibility policy	Critical	69	65	23	89	157	129%
	High substantial	81	0	11	11	92	13%
	Substantial	3,369	0	257	257	3,626	8%
	High moderate	142	0	7	7	149	5%
	Moderate	361	0	0	0	361	0%
	Low	21	0	0	0	21	0%
	Total England	4,040	65	298	363	4,403	9%

TABLE 9 CHANGE IN GROSS SOCIAL CARE EXPENDITURE ON PEOPLE WITH MENTAL HEALTH PROBLEMS (£MILLION)

	Eligibility policy	Total gross expenditure	Additional gross expenditure (substantial needs)	Additional gross expenditure (moderate needs)	Total additional expenditure	Total post-reform gross expenditure	% increase
Local eligibility policy	Critical	18	27	11	38	56	209%
	High substantial	22	0	4	4	25	17%
	Substantial	1,121	0	139	139	1,260	12%
	High moderate	66	0	6	6	72	9%
	Moderate	146	0	0	0	146	0%
	Low	6	0	0	0	6	0%
	Total	1,379	27	159	185	1,565	13%

PROJECTIONS OF EXPENDITURE AND NUMBER OF CLIENTS TO 2020

In order to project changes in levels of gross and net expenditure and people supported by local authorities in the future, the analysis used the PSSRU aggregate and microsimulation models. The main characteristics of these models are summarised below.

THE YOUNGER ADULTS AGGREGATE MODEL

The younger adults model provides projections of disability, demand for social care and disability benefits, and associated levels of future expenditure for younger adults aged 18 to 64 according to adjustable assumptions around demography, prevalence of disability, policies affecting service use and changing unit costs of

provision. The model is cell-based (a macro-simulation model), meaning that projections are based around the average effects within groups of individuals defined according to characteristics such as age, gender, type and severity of disability and living arrangements.

The first part of the model divides the younger adult population according to a number of characteristics relevant to the receipt of social services and disability benefits, such as disability, marital status and whether living alone. The younger adult population by age and gender are then divided further, using data from the 2001 Census, into those living in private households, in care homes or other care establishments (such as hospitals) and in other communal establishments (such as prisons). Using data from a range of studies, disability prevalence and severity rates, cohabitation rates and levels of service utilisation are applied separately to each subsection of the population defined by these criteria. In order to reflect differences in the characteristics of younger adult client groups, projections are calculated separately for adults with learning disabilities, adults with physical disabilities or sensory impairment, and adults with mental health or other needs.

For the purposes of this analysis, projections were estimated around the central set of assumptions built into the model. On this basis, the number of younger adults by age and gender changes in line with the Government Actuary's Department 2008-based population projections (GAD, 2009). The prevalence of learning disability is assumed to increase in line with central estimates provided by Emerson and Hatton (2008), to account for changes in mortality in the population with population with learning disabilities among other factors, while the prevalence of physical disability by age and gender remains unchanged as reported in the 1996/7 Family Resources Survey. Within each sub-group by age, gender, client group, disability and other needs-related characteristics, the proportion of younger adults receiving care services remains constant for the projection years. The real unit costs of services remain unchanged to 2015 and rise by 2% per year thereafter (with the exception of non-labour non-capital costs, which are assumed to remain constant in real terms).

To demonstrate the future impact of introducing a national eligibility threshold set at the substantial need level, the projection model was run according to two alternative scenarios. In the first scenario, it was assumed that eligibility to receive care was unchanged from 2010/11 local authority FACS levels, with levels of uptake and expenditure for projection years driven solely by underlying changes in demography, disability prevalence and unit costs of provision. In the second scenario, the parameters of the model were adjusted based on the assumption that all local authorities had adopted a moderate eligibility threshold at the 2010 baseline and thereafter.

THE DYNAMIC MICROSIMULATION MODEL.

The PSSRU's LTC dynamic LTC dynamic micro-simulation (DMS) model simulates the experiences of a representative sample of people over 65 as surveyed in waves 3 to 15 of the British Household Panel Survey

(BHPS). The BHPS is a longitudinal survey that interviews the same people over time with replacement for people that drop out or die.

The model takes the baseline of just under 30,000 people (over 65) from the BHPS and applies the deterministic and stochastic relationships to calculate the derived variables such as service uptake, costs and so forth, for that year. At the end of the year, the existing model population is aged one year. Using probabilities of death that vary with each person's characteristics, including age, gender and health state, each person has a chance of dying. Using a random process relative to this mortality chance, a number of people 'die' at the end of the year play no further part. The model uses population replacement, that is, a new sub-sample of individuals is added every year to the sample as new 65 year olds. This number of new older people 'borne' to the model, given the number who die, is set to produce the right size of over 65 population as projected by the Government Actuary's Department (GAD).

When people are aged their characteristics data can change. If they do not die, their health condition might change, their marital status and living situation could change, and their income and wealth could vary (independently of any effects of the care and support system). The model incorporates a set of transition relationships that, like the chance of death, govern how each person's state might change with regard to these characteristics. Transition relationships are based on estimations of how these characteristics changed in the past (exploiting in particular the longitudinal nature of the BHPS) and assumptions about the future (e.g. interest on savings, capital gains or losses on assets etc.).

ESTIMATES OF PROJECTIONS

The estimated projections of net and gross expenditure and of the number of service recipients for the four client groups are summarised in Table 10 and

Table 11 and in Figure 18 to Figure 21.

Not surprisingly given its bigger size, the overall patterns of changes through time reflect overwhelmingly the changes experienced by the older client group. For this group, the implementation of the national minimum eligibility threshold leads to additional expenditures worth £1.2bn net and £1.5bn gross in 2010, rising by 2020 to £1.8bn and £2.2bn, respectively. These figures are compatible with an increase in the number of clients of 180,000 in 2010 and 222,000 in 2020. The exponential nature of the trends in number of clients and expenditure for the older people's group is linked to the demographic implication of the ageing of the population.

Among the younger adult client groups, the results suggest an additional 76,000 clients in 2010, rising to 83,000 by 2020, and increases in net expenditure of approximately £820m in 2010, rising to £1,000m by 2020. Because of the relatively low capacity to contribute financially to the cost of service among the younger adult client groups, the results show very small differences between net and gross additional level of expenditure for these groups.

TABLE 10 PROJECTED NUMBERS OF CLIENTS AND EXPENDITURE (OLDER PEOPLE AND PEOPLE WITH PHYSICAL DISABILITIES)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Older people											
Dependent older people (000s)	2,000	2,030	2,090	2,150	2,200	2,260	2,300	2,340	2,400	2,460	2,520
Number of service users pre-reform (000s)	705	705	714	731	740	766	783	792	801	827	853
Increase in service users (000s)	184	184	186	191	193	200	204	206	209	216	222
Gross total expenditure pre-reform (£m)	9,276	9,687	10,075	10,265	10,888	11,320	11,589	11,955	12,450	12,963	13,401
Additional gross expenditure (£m)	1,544	1,612	1,677	1,708	1,812	1,884	1,929	1,990	2,072	2,157	2,230
Net total expenditure pre-reform (£m)	7,264	7,641	7,936	8,098	8,591	8,957	9,184	9,472	9,860	10,300	10,660
Additional net expenditure (£m)	1,209	1,272	1,321	1,348	1,430	1,491	1,529	1,576	1,641	1,714	1,774
Physical disabilities											
Number of adults with PD (000s)	2,891	2,898	2,904	2,911	2,917	2,924	2,945	2,967	2,988	3,010	3,031
Number of service users pre-reform (000s)	132	132	132	133	133	133	134	135	137	138	139
Increase in service users (000s)	37	37	38	38	38	38	38	38	39	39	39
Gross total expenditure pre-reform (£m)	1,648	1,653	1,657	1,662	1,666	1,671	1,721	1,771	1,821	1,871	1,922
Additional gross expenditure (£m)	318	319	319	320	321	322	332	341	351	361	370
Net total expenditure pre-reform (£m)	1,547	1,551	1,555	1,559	1,563	1,567	1,616	1,665	1,714	1,763	1,812
Additional net expenditure (£m)	298	299	300	301	301	302	312	321	330	340	349

TABLE 11 PROJECTED NUMBERS OF CLIENTS AND EXPENDITURE (PEOPLE WITH LEARNING DISABILITIES AND MENTAL HEALTH PROBLEMS)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Learning disabilities											
Number of adults with severe LD (000s)	222	227	231	235	239	243	247	250	253	256	259
Number of service users pre-reform (000s)	129	132	134	137	139	142	144	146	148	150	152
Increase in service users (000s)	14	14	15	15	15	15	16	16	16	16	17
Gross total expenditure pre-reform (£m)	4,040	4,117	4,193	4,270	4,346	4,423	4,589	4,754	4,920	5,085	5,251
Additional gross expenditure (£m)	363	370	377	384	391	398	412	427	442	457	472
Net total expenditure pre-reform (£m)	3,786	3,858	3,930	4,002	4,074	4,145	4,307	4,468	4,629	4,790	4,951
Additional net expenditure (£m)	340	347	353	360	366	373	387	402	416	430	445
Mental health / other											
Number of adults with MH / other (000s)	209	209	210	211	211	212	214	215	217	218	220
Number of service users pre-reform (000s)	143	143	144	144	145	145	146	147	148	149	150
Increase in service users (000s)	25	25	26	26	26	26	26	26	26	26	27
Gross total expenditure pre-reform (£m)	1,379	1,383	1,386	1,389	1,393	1,396	1,435	1,475	1,514	1,553	1,593
Additional gross expenditure (£m)	185	186	186	187	187	188	193	198	204	209	214
Net total expenditure pre-reform (£m)	1,323	1,326	1,329	1,333	1,336	1,339	1,378	1,418	1,457	1,496	1,536
Additional net expenditure (£m)	178	178	179	179	180	180	185	191	196	201	206
All clients											
Number of service users pre-reform (000s)	1,109	1,112	1,124	1,145	1,157	1,186	1,207	1,220	1,234	1,264	1,294
Increase in service users (000s)	260	260	265	270	272	279	284	286	290	297	305
Gross total expenditure pre-reform (£m)	16,343	16,840	17,311	17,586	18,293	18,810	19,334	19,955	20,705	21,472	22,167
Additional gross expenditure (£m)	2,410	2,487	2,559	2,599	2,711	2,792	2,866	2,956	3,069	3,184	3,286
Net total expenditure pre-reform (£m)	13,920	14,376	14,750	14,992	15,564	16,008	16,485	17,023	17,660	18,349	18,959
Additional net expenditure (£m)	2,025	2,096	2,153	2,188	2,277	2,346	2,413	2,490	2,583	2,685	2,774

FIGURE 18 PROJECTED NUMBER OF RECIPIENTS AND EXPENDITURE FOR OLDER PEOPLE

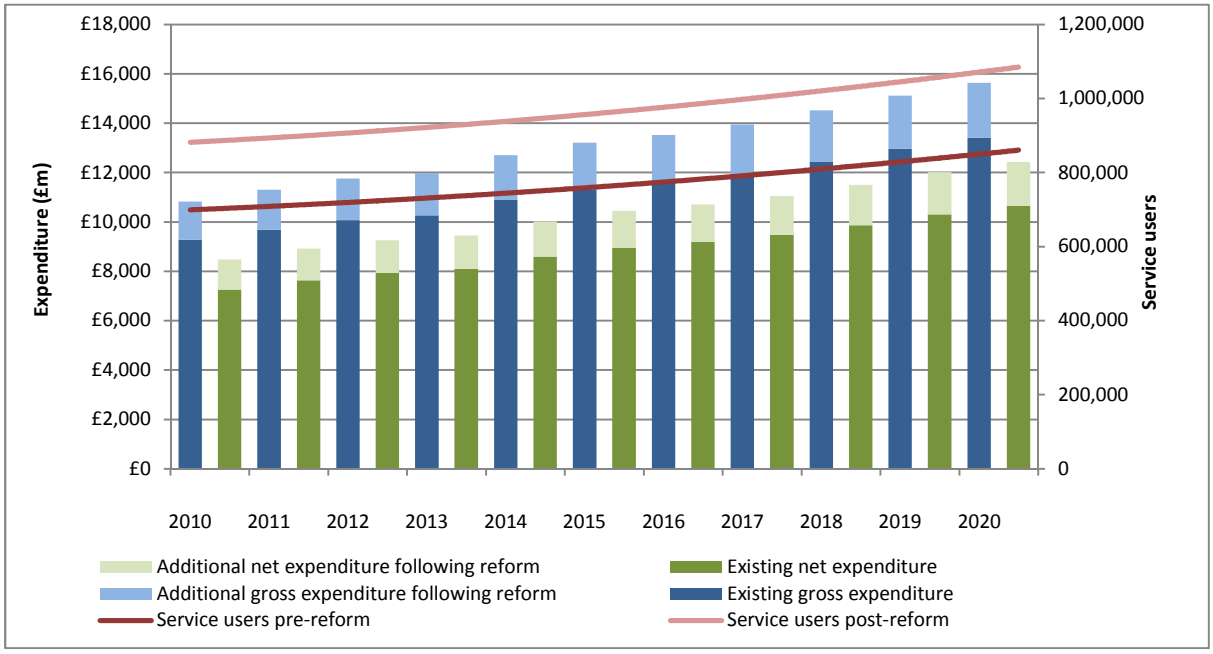


FIGURE 19 PROJECTED NUMBER OF RECIPIENTS AND EXPENDITURE FOR YOUNG ADULTS WITH PHYSICAL DISABILITIES

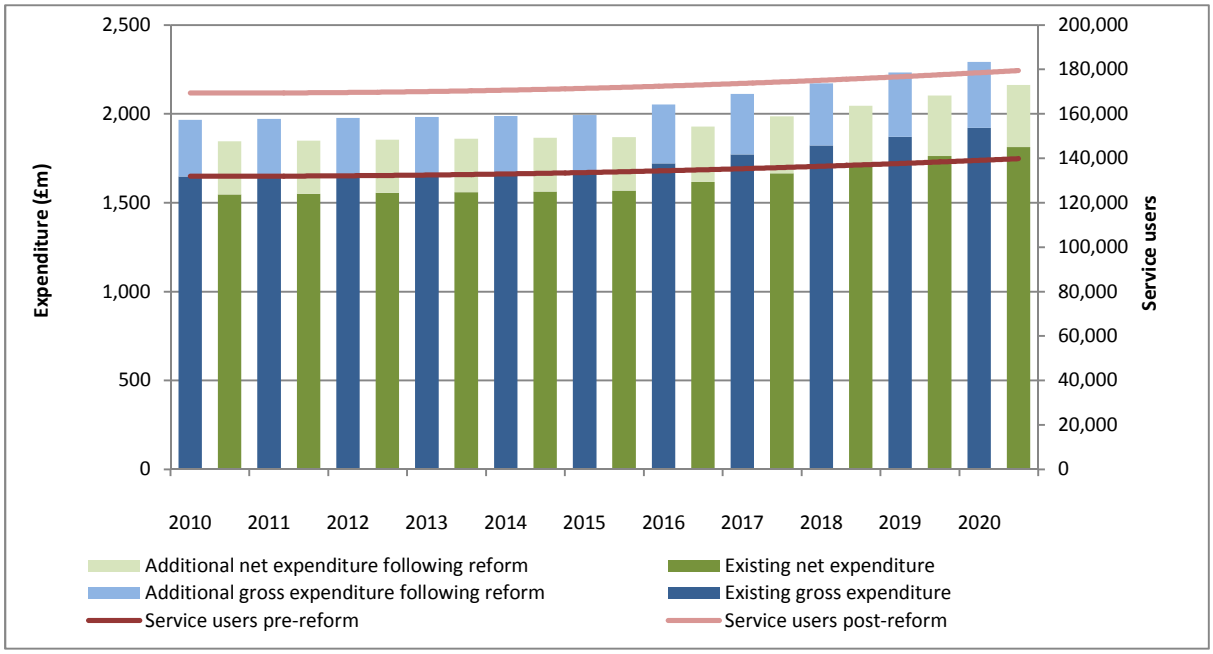


FIGURE 20 PROJECTED NUMBER OF RECIPIENTS AND EXPENDITURE FOR YOUNG ADULTS WITH LEARNING DISABILITIES

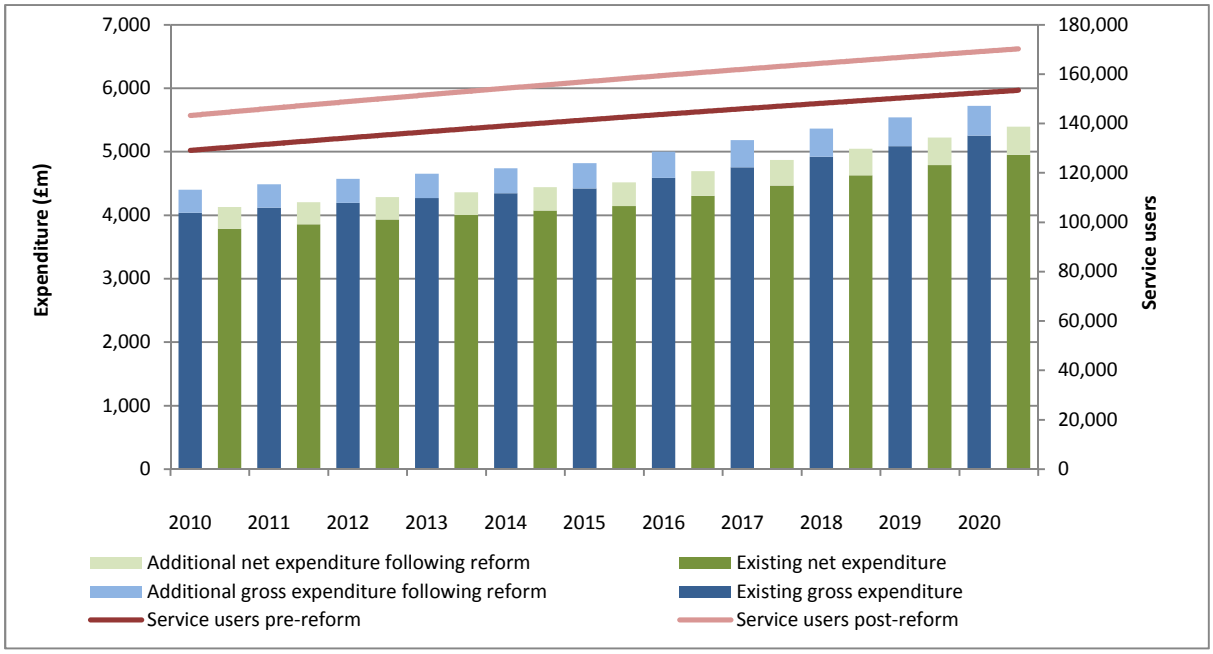
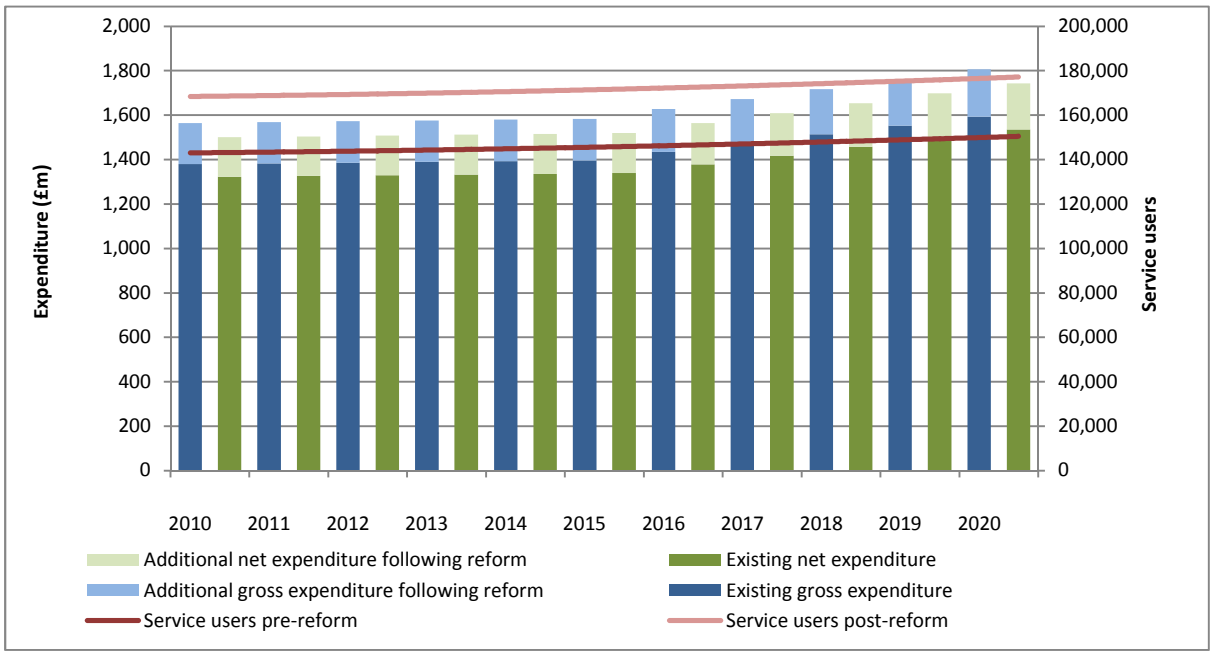


FIGURE 21 PROJECTED NUMBER OF RECIPIENTS AND EXPENDITURE FOR PEOPLE WITH MENTAL HEALTH PROBLEMS



POLICY IMPLICATIONS

The present section provides a brief discussion of the main policy implications of the results of the study. The discussion focusses on the implications for different authorities of the introduction of a minimum eligibility threshold and on the challenges of implementing such a policy. It also reviews some of the most important caveats and limitations of the analysis.

IMPLICATIONS FOR DIFFERENT LOCAL AUTHORITIES

From a policy point of view, one of the key challenges of introducing a minimum national eligibility threshold is the fact that in a "localist" social care system such as the one in England, its impact on different types of authorities could vary very significantly.

Given the existing uncertainty about the precise local interpretation of the FACS needs definitions, and the relatively crude methodology used for estimating the impact of the policy in different areas, the present study can only provide a limited description of the heterogeneity of local impacts. In particular, the analysis could not take into account the interaction between local eligibility policies and other area characteristics, and had to generate estimates of (proportional) changes purely on the basis of current eligibility policies. The analysis makes the assumption that following the introduction of the national eligibility threshold, councils in England would converge towards the distribution of users and expenditures between the FACS categories in the moderate councils which took part in the PSSRU survey. This might or might not happen in practice, especially as the councils with moderate thresholds are not a random sample of English councils.

Bearing this in mind, it is nevertheless interesting to examine for instance the implications of the introduction of the policy across geographical areas in England, in as far as those reflect the current geographical distribution of eligibility thresholds. Figure 22 depicts the proportional changes in number of clients and levels of expenditure by geographical area. The figure suggests particularly large effects among authorities in the North East and South East of the country.

Given the strong correlation between local deprivation and eligibility thresholds indicated in Figure 11, it is also likely that the introduction of a national eligibility threshold would have different impacts by deprivation levels. Given that more deprived areas appear to have more generous eligibility policies, it is likely that they would be less affected by the introduction of the policy.

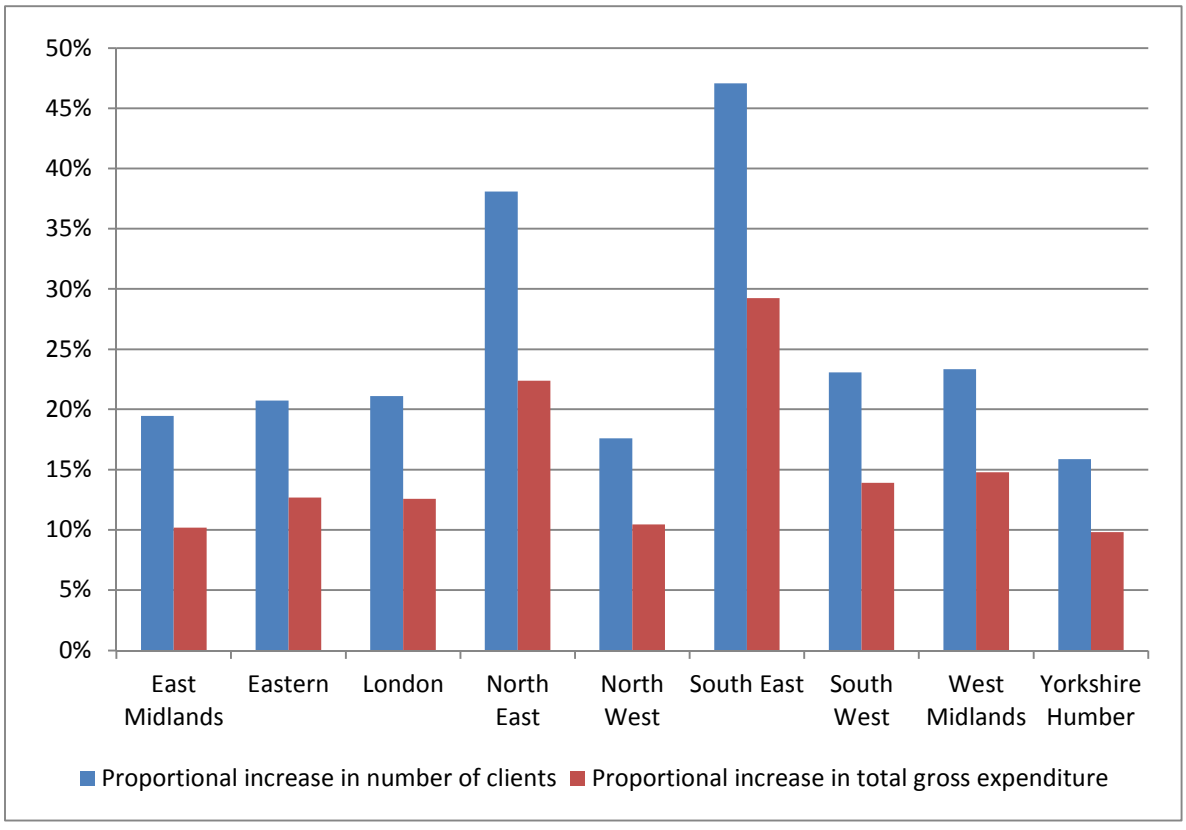
IMPLEMENTING A NATIONAL MINIMUM THRESHOLD

The present analysis has modelled the implications on expenditure and number of recipients of changes in the national eligibility thresholds defined the existing FACS eligibility framework. The nature of the definition of

need levels in the FACS framework allows for a significant degree of flexibility in their implementation. Other research has identified systematic differences in the interpretation of FACS criteria across local authorities in England, whereby more restrictive local eligibility policies would be "compensated" to some extent at the individual level in terms of more lenient classification of individuals into the different need groups (Fernandez and Snell, 2012).

An important implication of this flexibility of interpretation is that the introduction of a national minimum threshold on the basis of the FACS needs definition could lead authorities to "reinterpret" their classification of clients into groups. As a result, the introduction of national minimum thresholds would not have the desired effect in terms of reducing local variability in access to services. Also, the implications in terms of the additional expenditure and number of clients associated with moving to a moderate threshold would be smaller than estimated in the analysis. For example, some people classified as critical in critical threshold councils would actually be classified as substantial elsewhere.

FIGURE 22 PROPORTIONAL CHANGE IN EXPENDITURE AND NUMBER OF CLIENTS BY GEOGRAPHICAL AREA IN ENGLAND



A successful implementation of minimum eligibility thresholds would require a new needs assessment "tool" which allows a more transparent and systematic interpretation of the relationship between individuals' circumstances and needs classification. Whereas a range of tools have been devised for this purpose, an important challenge will be to ensure that a strive for greater clarity in the assessment of needs does not result in excessively constrained and/or simplistic entitlement "rules" which do not reflect the diversity of

needs and circumstances of individuals, their caregivers and local environments, and which undermine the allocation of truly outcomes-led care and support packages.

APPENDIX: SENSITIVITY ANALYSES

The estimates described rely upon a number of assumptions around the effects of changes in eligibility policy, each of which introduce a degree of uncertainty in the end results. In order to measure the sensitivity of the results to these assumptions, additional scenarios have been modelled on the basis of alternative assumptions.

IMPACT ON 'CRITICAL' AUTHORITIES

Under the central set of assumptions, it is assumed that local authorities with eligibility thresholds above the moderate level will have to increase their client base by a proportion that brings their client distribution by FACS group in line with authorities that already have a moderate eligibility policy in place. For the three local authorities with the most restrictive FACS policies (critical only), this would equate to increasing their client base more than two-fold.

Although per-capita coverage varies between local authorities according to FACS eligibility policy, an increase of this magnitude is unlikely to be realistic. In part this may be due to a propensity for local authorities with restrictive eligibility criteria to assign *lower* FACS ratings to clients than other authorities, other factors being equal (Fernandez and Snell 2012).

An alternative scenario was run on the assumption that local authorities with a critical eligibility threshold would increase their client base by the same proportion as local authorities with a pre-reform threshold at the upper substantial level (equating to an increase of 16-33%, depending on client group).

TABLE 12 SENSITIVITY OF RESULTS TO ALTERNATIVE ASSUMPTIONS AROUND IMPACT ON LOCAL AUTHORITIES WITH A 'CRITICAL' ELIGIBILITY THRESHOLD

	Central scenario	Alternative scenario 1 (conservative effect on critical LAs)
Older people		
Overall increase in client numbers	26%	23%
Overall increase in expenditure	17%	15%
Younger adults with PD		
Overall increase in client numbers	28%	26%
Overall increase in expenditure	19%	17%
Younger adults with LD		
Overall increase in client numbers	11%	9%
Overall increase in expenditure	9%	7%
Younger adults with MH/other		
Overall increase in client numbers	18%	15%
Overall increase in expenditure	13%	11%

At the critical authority, level the impact of this assumption is substantial (client numbers increase by an estimated 16-38% depending on client group, compared to 158-287% according to the original methodology).

Given the low number of authorities currently at the critical eligibility level, however, the impact at the national level is more modest, equating to projected client number increases of 23% for older people compared to 26% in the central scenario.

CLIENT DISTRIBUTION METHODS

According to the central scenario, client distributions by FACS eligibility policy were calculated on the basis of the average distribution at the local authority level. As an alternative scenario, client distributions were calculated at the individual level, unweighted by authority size.

TABLE 13 SENSITIVITY OF RESULTS TO ALTERNATIVE METHODOLOGY FOR CALCULATING CLIENT DISTRIBUTIONS

	Central scenario	Alternative scenario 2 (estimates based on client averages as opposed to LA averages)
Older people		
Overall increase in client numbers	26%	17%
Overall increase in expenditure	17%	11%
Younger adults with PD		
Overall increase in client numbers	28%	13%
Overall increase in expenditure	19%	9%
Younger adults with LD		
Overall increase in client numbers	11%	13%
Overall increase in expenditure	9%	10%
Younger adults with MH/other		
Overall increase in client numbers	18%	1%
Overall increase in expenditure	13%	1%

By basing client distributions on total numbers of clients as opposed to authority-level averages, the characteristics of local authorities with a larger client base have a greater impact on estimates than those with smaller numbers of clients.

A regression-based analysis was conducted to determine the correlation between authority size and client distribution after controlling for eligibility policy. Since no statistically significant correlation was evident, the central set of results was based on distributions weighted by local authority size. The results shown above, however, do demonstrate the sensitivity of the estimates of impact on client numbers and expenditure to the representation of particular local authorities.

GEOGRAPHIC DISTRIBUTION OF FACS ELIGIBILITY THRESHOLDS

FIGURE 23 DISTRIBUTION OF FACS ELIGIBILITY THRESHOLD BY GEOGRAPHICAL REGION

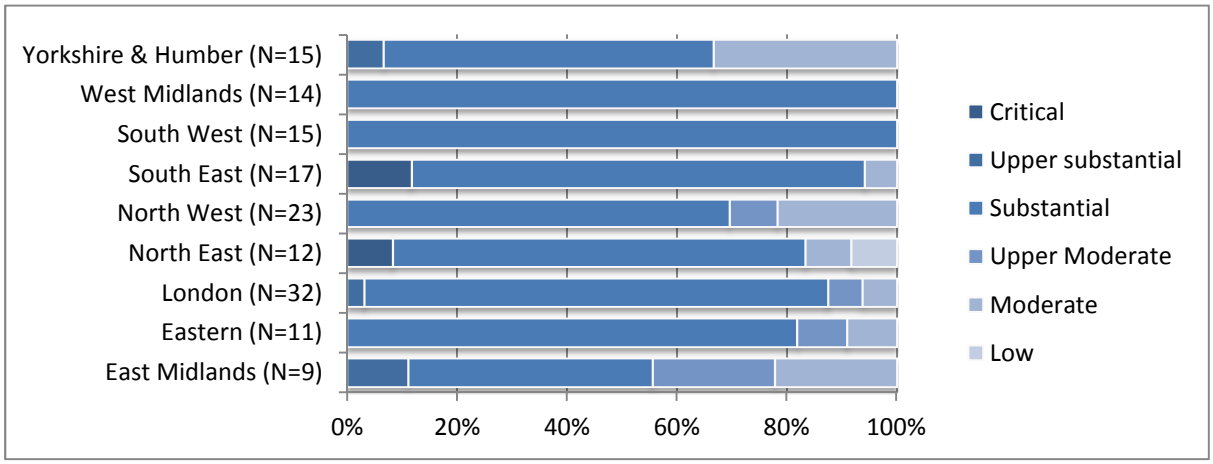
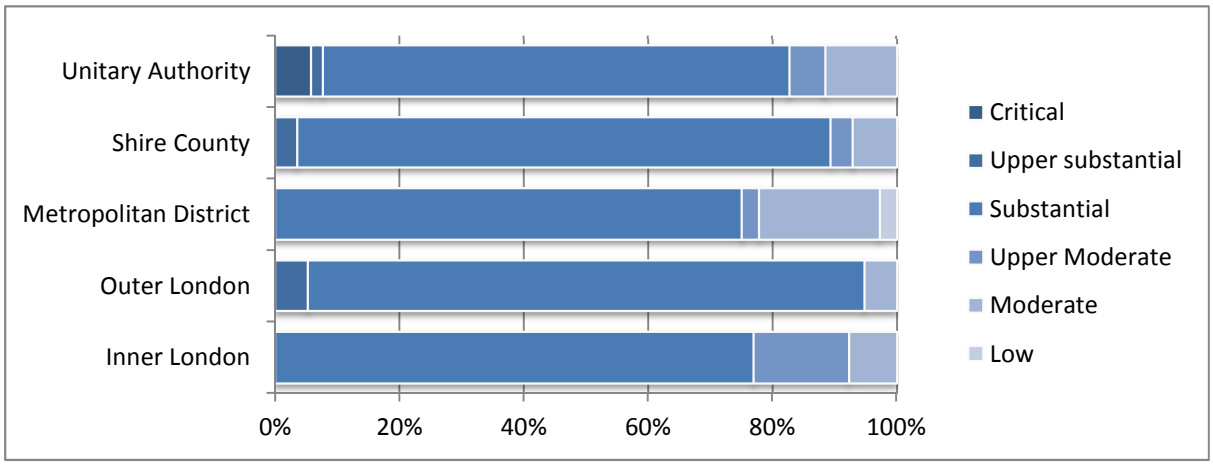


FIGURE 24 DISTRIBUTION OF FACS ELIGIBILITY THRESHOLD BY LOCAL AUTHORITY TYPE



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[i] The Isle of Wight, Isles of Scilly and City of London were excluded from analysis due to their anomalous characteristics.