

Health and Social Security Panel

Background Information

Long-Term Care Scheme

In 2011, the States Assembly approved a new Long-Term Care Law (P.108/2011). The approval of the Law enabled the Social Security Department to conduct further work on how a new Long-Term Care Scheme would be delivered. As a result of this work, the Minister lodged a proposition in August 2013 which set out the full details of how the Scheme would work (P.99/2013).

When was the LTC Scheme introduced?

The Long-Term Care Scheme (LTCS) was introduced on 1st July 2014 and is a ring-fenced fund held within the Social Security Department. In 2015, Social Security and the Health Department worked together to deliver the benefit in its first full year of operation¹.

Why was the LTC Scheme introduced?

The purpose of the LTCS is to support the growing care costs of the ageing population as well as providing means tested payments and loans to people who would otherwise struggle with the cost of care. The LTCS also provides a non means-tested benefit which removes the worry of the risk of catastrophic costs often associated with long-term care² for example if someone was involved in a road accident which resulted in long-term care needs.

How is the LTC Scheme financed?

The LTCS is financed by contributions by taxpayers into a ring-fenced fund: these started at 0.5% on 1st January 2015 and increased to 1% on 1st January 2016. Initial funding was provided by the States to allow benefits to be paid from 1st July 2014 whilst collection of the contributions from taxpayers started in 2015³.

The contribution rate is set to increase in the future as costs increase⁴. Modelling work undertaken by the Department at the time predicted that care costs are set to more than double by 2044⁵. In that regard, the contribution rate is set to rise over the next 30 years to just under an estimated 3% by 2044⁶.

The original intention was for the rate of 1% to remain fixed for at least 3 years (until the end of 2018) however, P.99/2013 states: "the fund will not build up the anticipated reserve and this may lead to an increase in contribution rates earlier than originally planned"⁷.

How is the contribution amount calculated?

¹ R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.13

² R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.13

³ R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.44

⁴ R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.13

⁵ P.99/2013 "Long-Term Care Scheme" lodged 22nd August 2013, p.3

⁶ P.99/2013 "Long-Term Care Scheme" lodged 22nd August 2013, p.3

⁷ P.99/2013 "Long-Term Care Scheme" lodged 22nd August 2013, p.23

The amount of contribution is based on a person's total income taking into account their tax allowances and relief and is only chargeable up to the upper earning limit. Following the introduction of the charge on 1st January 2015, £8.4m of income was raised through LTC contributions⁸.

How much money is currently in the LTC Scheme Fund?

The net asset value of the LTCS ring-fenced fund at the end of 2015 was £11 million⁹:

Long-Term Care Fund	
£ million	
Income	36.4
Expenditure	37.1
Surplus/(Deficit)	(0.7)
Net Assets as 31 December 2015	11.2

Who can receive the LTC benefit?

The LTC benefit is available to all households if they are incurring care costs but only once they have reached the standard care cost cap of £52,120 (in 2015). The benefit is paid at 4 levels depending on the type and level of care needed. The weekly rates from 1st July 2014 were set at¹⁰:

Level of standard care	Weekly cost for standard care in a care home
1	£353.15
2	£539.07
3	£779.24
4	£979.86

A single rate of £601.86 per week applies to a care package provided in a group home setting. The benefit is also available to people receiving care in their own home – the benefit rate reflects the actual cost of care up to the standard care cost in a care home¹¹.

There are two other aspects of the LTCS – “long-term care support” and “long-term care property loans”.

What is long-term care support?

Long-term care support is means-tested financial support and is available to households to help meet care costs and living costs in a care home (depending on the income and assets of the household).

Long-term care support is available to households whose income is not enough to meet these costs and whose total assets are below £419,000. People receiving care

⁸ R.104/2016 “Minister’s Report” Social Security Department, published 11th October 2016, p.22

⁹ R.104/2016 “Minister’s Report” Social Security Department, published 11th October 2016, p.14

¹⁰ R.104/2016 “Minister’s Report” Social Security Department, published 11th October 2016, p.44

¹¹ R.104/2016 “Minister’s Report” Social Security Department, published 11th October 2016, p.44

at home can also claim long-term care support to help cover the costs of their care and if necessary can claim this alongside an income support claim¹².

What is long-term care property loans?

Financial support is also available to homeowners facing high care bills through long-term care property loans. Depending on someone's income and assets, property loans are available to help cover care costs and living expenses¹³.

How many people are being support through the Long-Term Care Scheme?

As at 31st December 2015, there were 1,123 individuals being support through the scheme¹⁴.

What have been the key issues since the Scheme was introduced in 2014?

1. Waiting lists
2. Resources to deal with assessments
3. The transition to the Scheme
4. The process of the Scheme i.e. how it is administered
5. The assessment process

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¹² R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.44

¹³ R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.45

¹⁴ R.104/2016 "Minister's Report" Social Security Department, published 11th October 2016, p.45