

Distribution Sub-Group (2016) Paper 22 – Increasing Capital Limits for Residential Care

This paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of government policy for or against changes.

Increasing Capital Limits for Residential Care

Overview

1. This paper outlines the method of distribution of the £4.5 million in the 2017-18 Provisional Settlement to fund the commitment to increase the capital limit used by local authorities who charge for residential care.

Views sought

2. For information and discussion.

Background

3. The current capital limit for residential care and support is £24,000, including both housing and non-housing assets (housing assets are disregarded if a qualifying relative lives there).
4. The Welsh Government has committed to increase the capital limit used to determine whether a person self-funds the full cost of their residential care, or whether they receive financial support towards this from their local authority. This increase is to enable people entering residential care to retain more of their capital without this having to be used to pay for their care. The commitment is to increase the current limit of £24,000 to £50,000. It is one of the top six “Taking Wales Forward” commitments.
5. It has been agreed to implement the first stage of this, with an increase to £30,000 in 2017-18. This would cost approximately £4.5 million (with around 250 people benefitting).
6. LE Wales has provided exemplifications for a further two stages:
 - Up to £40,000 limit, costing £11.5 million (with around a further 360 people benefitting);
 - Up to £50,000 limit, costing £19.4 million (with around a further 390 people benefitting, to become around 1,000 benefitting in total).
7. A full detail of the options and methodology can be found in the [Research on proposed changes to charging for social care](#) paper (September 2016).

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Analysis

8. Within the 2017-18 Provisional Settlement, the £4.5 million to fund increasing capital limits for social care was distributed on a combination of the Younger Adults' PSS and Older Adults' residential and domiciliary care SSA formulae.
9. The weightings of the Younger Adults' PSS and Older Adults' residential and domiciliary care formulae were determined using the number of adults supported in care homes as presented in Table 1.

Table 1: Number of adults supported in care home placements, by age group, at 31 March ^{1 2}

Adults in care homes	2012	2013	2014	2015	2016
Adults aged 18-64	1,923	1,974	1,951	1,975	1,888
Adults aged 65-74	1,297	1,357	1,421	1,415	1,433
Adults aged 75-84	3,542	3,479	3,550	3,495	3,303
Adults aged 85 and over	7,075	6,851	6,770	6,395	6,316
Total adults in care homes	13,837	13,661	13,692	13,280	12,940
Proportion of adults aged 18-64	13.9%	14.4%	14.2%	14.9%	14.6%
Proportion of adults aged 65+	86.1%	85.6%	85.8%	85.1%	85.4%

Source: [Assessments and social services for adults](#)

¹ Placement type includes: Local authority care homes; Independent sector care homes and Independent sector care homes with nursing care

² Figures are for clients supported by local authorities and do not include self-funding clients

10. The proportion of the latest 3-year average of adults in care homes who are aged 18-64 was 15% (to the nearest percentage point). The proportion of the latest 3-year average of adults in care homes who are aged 65+ was 85% (to the nearest percentage point). Therefore the £4.5 million was distributed as follows:

- 15% Younger Adults' PSS formula
- 85% Older Adults' residential and domiciliary care formula

11. Table 2 in Annex 1 shows the exemplification based on the 2017-18 Provisional SSA. Cardiff allocation of £410 thousand was largest whilst Merthyr Tydfil allocation of £86 thousand was the smallest.

Conclusion

12. The DSG is asked to note the basis of distribution within the 2017-18 Provisional Settlement and to consider any distributional issues for future years.

**Local Government Finance Policy
Welsh Government**

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Annex 1

Table 2: Distribution of the £4.5 million to fund increasing capital limits for social care, within the 2017-18 Provisional Settlement.

Unitary Authority	Standard Spending Assessment (SSA)		
	Younger Adults PSS (18-64)	Older Adults PSS (65+)	Total
	£'000		
Isle of Anglesey	14	96	110
Gwynedd	25	174	199
Conwy	24	185	209
Denbighshire	21	140	161
Flintshire	31	164	195
Wrexham	29	157	186
Powys	27	195	222
Ceredigion	16	105	121
Pembrokeshire	25	163	188
Carmarthenshire	39	261	300
Swansea	54	305	359
Neath Port Talbot	33	197	230
Bridgend	31	161	193
The Vale of Glamorgan	26	141	167
Rhondda Cynon Taff	54	296	349
Merthyr Tydfil	14	72	86
Caerphilly	41	203	244
Blaenau Gwent	16	95	111
Torfaen	20	115	135
Monmouthshire	18	110	128
Newport	32	162	195
Cardiff	82	328	410
Wales	675	3,825	4,500