FINDINGS REPORT

States of Guernsey

Working toward a new model for community long-term care

November 2024

This Findings Report is a positive step toward designing the community long-term care model that will best serve Guernsey and Alderney into the future.

It presents factual evidence to the community on the challenges and complexities of developing a new model for community long-term care. Finding a new model will be difficult, and there will be differing views. The Report will enable islanders to form a view based on the facts and evidence that will, it is hoped, inform any decisions made on the new model during the next term of the States.

1 An introduction from the Policy & Resources Committee

The Supported Living and Ageing Well Strategy (SLAWS) is an ongoing, cross-Committee approach agreed by the States of Guernsey in 2016. This political term, the Policy & Resources Committee has been tasked with facilitating this, working with the Committee *for* Health & Social Care and the Committee *for* Employment & Social Security. Its focus, as detailed in the Government Work Plan, has been on working toward an overriding goal – an improved, future model for the delivery and funding of community long-term care. 17 interdependent projects generated by the extant Resolutions detailed in Appendices 1A and 1B of this policy letter have been progressing toward this goal.

Community long-term care refers to residential care, nursing care and homecare delivered to islanders in Guernsey and Alderney by public, private and not-for-profit organisations. It also includes care provided by informal carers who play a vital role in meeting the community's needs.

The ultimate goal is to build a community long-term care model that will meet islanders' increasing care needs in a way that ensures people receive the care that is right for them in a way that is fair, affordable and sustainable. As the demographics of our population shift with more older islanders and fewer people of working age, the demand for long-term care will soon outstrip the islands' current supply. The need for both bed-based and homecare provision is expected to more than double between now and 2063.

An important part of the work underway is facilitating the stability and growth of the Bailiwick's care sector. A thriving care sector with a range of options available means that islanders will have greater choice in finding care to suit their individual needs.

Over recent months, extensive and integrated work has been carried out to analyse the factual detail of the challenges we face in creating a new, sustainable community long-term care model. This has included researching other jurisdictions' systems and best practice, and assessing the global trends that impact local care delivery such as medical and general inflation and care worker shortages. We have projected local demographic trends and the costs of delivering different levels of care now and in the future. We have weighed up the future demand for care against capacity. The work has included actuarial and financial modelling and cost-benefit analyses. We have engaged with care providers to better understand the challenges they face, delivered improvements in States' service delivery mechanisms and put in place consumer protection legislation which also covers people receiving care.

The input of the private care sector, Health & Social Care professionals, and third-sector organisations involved in health, care, disability, ageing and generational issues has been enormously helpful in informing our direction of travel. We are grateful for the involvement of stakeholders including the Guernsey Care Home Managers' Association and other care providers, Carers Guernsey, Ageing Well in the Bailiwick/Age Concern, the Guernsey Disability Alliance and CareWatch.

We have also held a series of briefings for States Members to ensure that the entire States Assembly has been fully sighted on the complexities and considerations throughout the workstream.

The detailed work carried out places the States in a much better position to understand the challenges of developing a community long-term care model that can affordably best meet islanders' needs into the future.

We enthusiastically invite islanders, including anyone who might be considering standing in the 2025 General Election, to be actively involved by considering with us the recent data and the complexities inherent in creating a new model. That is the primary reason for publishing this Findings Report - to shine a light on the factual evidence, the issues to be addressed, and potential solutions. This will put islanders in a better position to provide their own views to the States next term as our new model of community long-term care is developed and funding options are decided upon.

Agreeing a new model will be a key task for the incoming States. It is not a decision to be made in isolation. Not only will islanders' input be essential, deciding on a future model will require consideration of the information in this report as well as the wider context of increasing health and social care costs and the States' overall fiscal challenges.

2 Our current community long-term care model

Who receives community long-term care?

50% to 70% of all islanders will need some form of community long-term care at some point in their lives, most likely in their later years. An individual's care needs can shift over time, for instance from homecare to residential care to nursing care.

The typical duration of bed-based care is relatively short at 12-18 months. In 2023, 1,010 people accessed bed-based long-term care services, which was 1.6% of the total population.

Who provides community long-term care?

Community long-term care in Guernsey and Alderney is currently delivered by States' Health & Social Care professionals in the long-stay wards on the Princess Elizabeth Hospital site and the Mignot Memorial Hospital, St John's Residential Home and in islanders' homes; by commercial care providers in residential and nursing homes; and in some cases by third-sector organisations.

A significant proportion of long-term care is delivered by informal carers, with estimates that as many as 6,000 individuals provide informal, unpaid care in Guernsey and Alderney. Carer's allowance is available to people aged over 18 who care for a person in receipt of severe disability benefit for at least 35 hours per week. The weekly rate of carer's allowance is £91.90. It is not intended to be a wage for caring; people can receive carer's allowance while working. Additional financial assistance is available, on a means-tested basis, through income support for people whose caring responsibilities limit their capacity to work. The allowance is funded from general taxation. As of June 2024, 658 people were in receipt of carer's allowance. The States intend to review the allowance once the future care model has been settled.

Delivering long-term care is expensive

While homecare services can be more affordable and residential care is less staff intensive because residents have some independence, delivering nursing care is a 24-hours-a-day, seven days-a-week, 365 days-a-year proposition. It relies on skilled, trained care providers who can manage the physical, mental and emotional demands of providing care to vulnerable people. Care sector staff include managers, nurses and care workers, as well as catering, cleaning and maintenance staff.

Delivering the most intensive level of care is very expensive and costs have been rising fast. Local care costs have increased annually by, on average, more than 1% above inflation since 2003. If all potential charges are taken into account, residential and nursing care costs ranged between £60,000 and £85,000 per year in 2023. Currently, private homecare in Guernsey costs between £25 and £40 per hour.

The Long-term Care Insurance Scheme helps islanders pay for care

The Long-term Care Insurance Scheme (the Scheme) is a mandatory, Social Security contributions-funded public insurance scheme that pays benefits to eligible islanders in Guernsey and Alderney. It was designed to protect islanders against the risk of significant personal costs if they needed care covered by the Scheme. It was introduced 21 years ago as a permanent scheme. Its funding model had a 15-year horizon after which it was clear it would need to be reviewed.

A percentage of islanders' Social Security contributions goes into the Scheme's funding pot called the Long-term Care Insurance Fund (the Fund), which is carefully invested to help those who meet the Scheme's eligibility criteria to pay for some of their long-term care.

By providing a mechanism to help people to meet the high cost of bed-based care, the Scheme also supports the private care sector and was designed to incentivise its growth to meet demand. This in turn can result in islanders having a greater range of on-island care provision from which to choose.

Under the Scheme, eligible islanders receive a set amount of long-term care benefit. There are three benefit rates for different levels of care (2024 rates provided):

- Private residential home: £609 per week
- Private residential home/Elderly Mentally Infirm (EMI) care (for instance, care for someone with dementia): £796 per week
- Private nursing home: £1,099 per week

It is a condition of entitlement to benefit that the person in care should make a contribution toward their cost of accommodation and living expenses while in care, known as the 'co-payment'. The co-payment is £327.32 per week (2024 rate). If an individual cannot afford their co-payment, then they can apply for financial assistance through income support.

Together, the rate of benefit plus the co-payment is the fee for a 'standard rate' bed. Rates for care home beds can vary and care homes may charge the individual receiving care an additional fee based on room size, location or other commercial factors as determined by each care home.

The Scheme also provides benefit for up to four weeks of respite care in a care home in any 12-month period. This is available for people with an assessed level of need who are ordinarily cared for at home by an informal carer(s), to provide the carer(s) with a temporary break.

A snapshot of active claims on 30th December 2023 showed the following split of active long-term care benefit claims:

- Residential – 229
- Nursing – 200
- EMI – 148

Our current model is generous compared to other jurisdictions

When the Scheme was conceived, the policy and rules were designed to address the pressures at that time with a limited 15-year funding horizon. That time has passed, and the Scheme faces increasing demands because of demographic changes and the States' policy intent to support a wider choice of services to better meet individuals' care needs. Contribution rates have had to increase to keep pace and if service provision is to increase, even more funding will be required.

In this context, our Scheme is generous. While the residency requirement for eligibility to the Scheme's benefits is five years, in Jersey it is ten years. In England, access to funding for long-term care in a care home is means-tested but a public insurance scheme is not in place. In Guernsey and Alderney, all eligible users meeting residency requirements are entitled to receive the full rate of benefit applicable to their circumstances irrespective of their wealth or assets, including their savings or property. There is no form of means-testing to determine if people with income or assets over a certain threshold should receive the same benefit as people with income or assets below a certain threshold.

Who can access the Long-term Care Insurance Scheme?

Long-term care benefit is payable to anyone receiving care in a private residential or nursing home, provided they have a care need as determined by the Needs Assessment Panel and have lived in Guernsey or Alderney for a continuous period of five years at any time (including for one year immediately before starting to claim).

3 Why won't the current model work in the future?

While the current model of community long-term care has been successful and assists eligible islanders with care home costs, a different model will be needed going forward for a range of reasons.

The Scheme does not provide assistance with homecare expenses

The Long-term Care Insurance Scheme assists islanders with meeting the cost of residential or nursing care in a private care home but does not apply to islanders who receive care at home. At present, some people receive homecare free of charge through Health & Social Care while others pay for private homecare.

Homecare supports people to continue living independently at home by providing help with daily activities such as bathing and getting dressed, and in some cases cleaning or cooking. For people whose health status is such that their care needs can be successfully managed at home, there are countless health benefits including continued independence, a greater level of control over their personal lives and the ability to stay close to their loved ones and community. Many people interviewed for the Bailiwick's 2018 Joint Strategic Needs Assessment for People Over 50, conducted by the Committee *for* Health & Social Care, expressed a desire to stay in their own home as they aged.

Supporting people at home when their care needs are at an early stage can mean that their need for more complex care over a longer period reduces. This in turn helps manage increasing demand. Access to homecare when needed is viewed globally as the best way to manage future demand for long-term care and is the more affordable option as it reduces the need for more complex interventions such as hospital admissions.

The States have agreed twice in principle that the Scheme should cover homecare as the most appropriate means to reduce and manage future demands. The homecare service delivered by the States is free but heavily oversubscribed. Extending the Scheme to include homecare would enable more people to opt for homecare as it would be expected to stimulate the market thereby increasing the number of private providers, meaning that the States could revisit its role as a service provider and focus on more specialist needs.

There is no benefit rate that adequately supports complex care needs

Increased longevity also corresponds to a greater need for 'complex care' which is more expensive to deliver. Complex care is specialist health and social care support provided to people who have significant and continuing health and care needs. Their care may need input from a team of professionals and may require the use of equipment such as hoists, breathing equipment and feeding pumps.

At present, the Scheme does not include a higher rate of benefit to pay for complex care which means that the States have to step in to provide this care or the additional costs are absorbed by care homes.

Our care model is not necessarily fair

Fairness and unfairness are open to various perceptions and opinions.

Islanders who have sufficient income/earnings are obliged to pay contributions to the Fund to insure themselves against the risk of potential future care costs. At present, employees and self-employed people are paying 2.1% of their earnings towards this benefit. Non-employed people, including pensioners, are paying 2.2% of their income (less an allowance) if they have income of more than £22,750.

Once someone has been assessed as eligible for long-term care benefit, that benefit is equally distributed to them regardless of their income/earnings. This aspect is similar to other types of insurance that are more familiar such as home insurance. Individual policy holders do not pay enough in premiums to cover the unlikely eventuality that their home will burn down, but the total premiums paid by all insured persons enable the insurance provider to cover an expensive individual claim if it arises.

While it is often the case in government systems that citizens who pay taxes and contributions are funding services that they might never use themselves, the Scheme's reliance on contributions funding and not general taxation may be perceived by some as inherently unfair or disproportionate. Some may object to a specific mandatory insurance contribution for a dedicated service. Others may feel that islanders who could afford to pay their full care costs themselves should not be eligible for benefit, but there is currently no means-testing as part of the Scheme.

Since the majority of beneficiaries are over the age of 85, meaning that they have been pensioners for all or most of the period since the Scheme's inception in 2003, some people receiving benefits now will have never contributed to the Fund (see case studies later in the Report). That is because the Scheme was designed to pool the financial risk of needing care throughout the community to protect individuals from a potentially large cost if they need bed-based care during their lifetime.

Our shifting demographics mean that more islanders will require care

For decades, birth rates across western democracies have declined while life expectancy has increased due, in part, to medical advances. This increased longevity is of course positive news, but it means there will be a higher percentage of people in older age brackets. Increased longevity is projected to correspond to an extension in the years that individuals will live in a state of health that requires care support – sometimes complex care (see Mortality Report 2021). Demand for care is likely to increase by 50% in the next 15 years. The number of people aged 85 plus in Guernsey and Alderney is expected to increase by 128%

over the 30-year period between 2023 to 2053. Lower birth rates will result in fewer working-age people, which inhibits States' revenue for funding community long-term care which is contribution funded.

On-island care capacity is limited

Guernsey's care homes are mostly small, family-run businesses or are operated by the third sector. Alderney has one care home. While most homecare in the Bailiwick is currently delivered by Health & Social Care, there are a number of private homecare providers.

The community long-term care sector has experienced some challenges in recent years – at times there are more islanders needing care provision than care homes and other providers can accommodate. Care system pressures can also impact healthcare provision, for instance when lack of care capacity impacts someone's timely discharge from hospital, which in turn contributes to delays in hospital-based treatments and operations.

Global shortages in care staff also present challenges here. This limited-supply and increasing-demand scenario creates competition for staff across the private, public and third sectors and affects affordability of care. The local shortage of housing exacerbates recruitment challenges.

Costs are increasing amidst wider fiscal challenges

Not only are care costs rising, Guernsey's health and care provision overall is becoming increasingly unsustainable. The Committee *for* Health & Social Care's budget has been under significant pressure for several years. This is driven by several underlying causes including technological and treatment advancements; overall increases in the number of people requiring care, in part because the population is living longer but also as people are not necessarily living with good health for longer; and high public expectations that services and prescription drugs will be provided.

Increasing demand means increasing health and social care costs, so how care is funded is a major focus of any public expenditure discussion. The Tax Review identified the wider financial challenges that government is facing against the backdrop of an increasing cost of living. The States agreed that the longer-term financial position of the States of Guernsey is unsustainable and effective measures must be implemented in a staged approach to ease the challenges. Without growth in government revenues, operational change and/or cost reduction, there will be insufficient money available to meet the growing demands.

States’ decisions on SLAWS and community long-term care

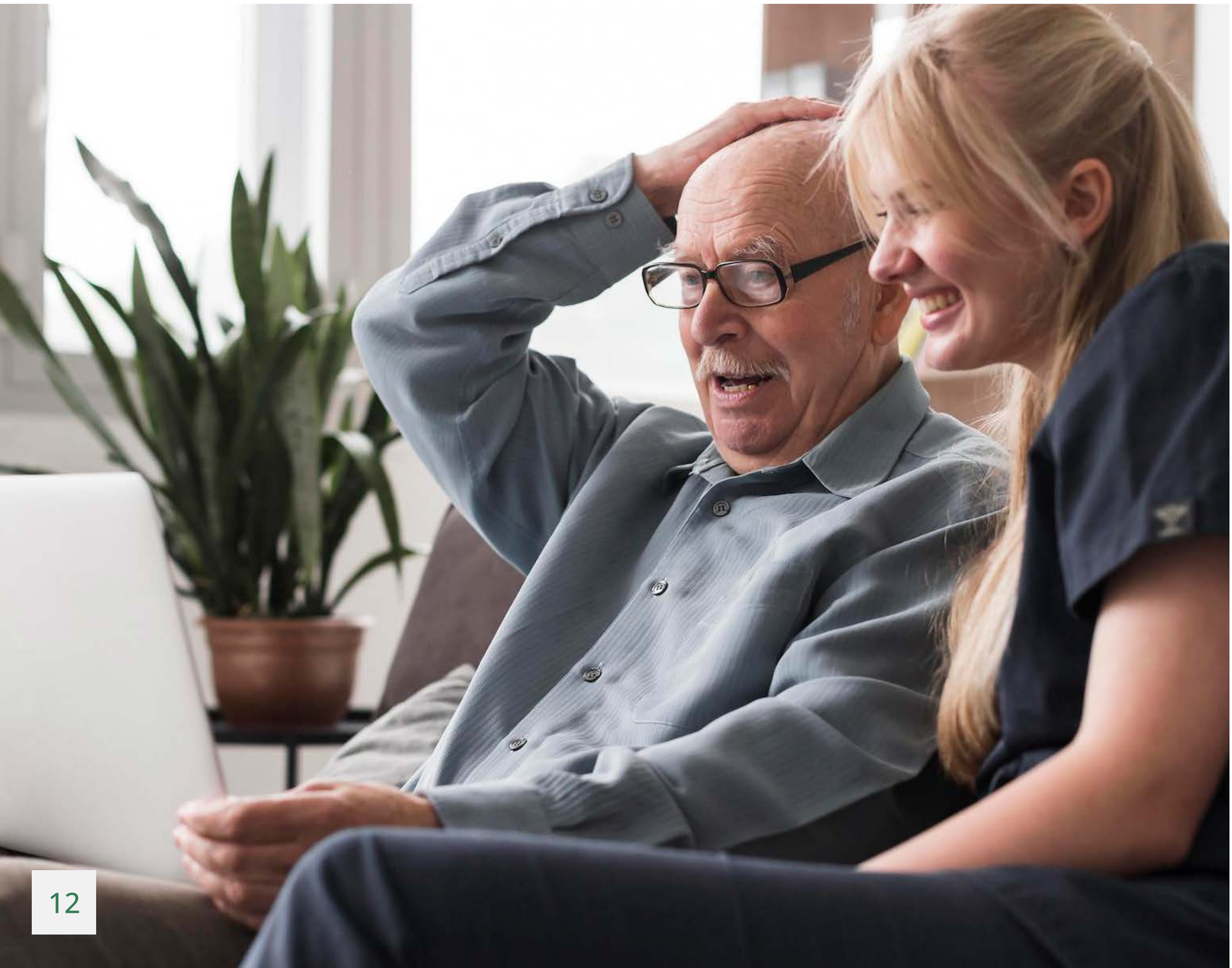
- The States agreed the Supported Living and Ageing Well Strategy (SLAWS) in 2016 which recognised the need and set out steps to develop a new model for community long-term care and secure its sustainable funding
- Developing a new model of community long-term care is a workstream in the Sustainable Health and Care Strategic Priority in the Government Work Plan.
- The Scheme’s exclusion of homecare benefit is a gap which the States have twice agreed in principle should be remedied. Financial assistance with homecare would represent a significant improvement to the model and enable more people to be cared for in their own homes than is currently possible.
- In 2020, the States agreed to increase the benefit and co-payment rates to fund care in care homes and agreed in principle to add homecare benefit and a complex care rate.
- In 2021, the States agreed in principle to increase the Scheme’s funding by 0.4% over four years, which is currently being implemented. This does not cover homecare benefit or a new complex care rate.

4 An improved and sustainable community long-term care model is needed

What is needed is a future model that meets increasing demand. The States want to ensure that islanders receive the care that is right for them, when they need it, in a way that is equitable, affordable and sustainable.

The objectives of a new model are to:

- Ensure that those receiving care are safe, supported and as independent as possible
- Provide person-centered and dignified care
- Foster a sustainable care sector
- Be funded in a way that is fair and affordable to all islanders



5 Recent key findings

The cross-Committee work carried out since late 2022 has delivered a wealth of detailed statistics and data that will help inform development of the new community long-term care model and its interdependent workstreams. This factual evidence, much of which involved making demographic and financial projections in today's inflationary landscape, improves our understanding of the challenges ahead.

The cost of adding homecare benefit and a complex care rate to the Scheme

If the Scheme continues to be predominantly funded through Social Security contributions, the rates will need to go up by 0.4% or more to cover the proposed introduction of homecare benefit

Similarly, contributions would need to rise by approximately 0.1% if a complex care rate were introduced.

Analysis of the current model's inherent unfairness across generations

The current contributions-based structure of the Scheme means that an individual's contributions do not necessarily apply toward their own long-term care. To quantify the Scheme's inherent inter-generational unfairness at present, financial models have been developed comparing what someone might pay in versus what they might draw out in benefits, across different generations. These models assume that the Fund will be depleted by 2085 if the existing funding model continues.

Three hypothetical case studies are set out below:

Consider three people - Alice, Ben and Johnny. Other than their ages, everything else about their career, earnings and care requirements is identical.

Alice

Alice starts work aged 20 in 1958. She works for 45 years earning an average wage. She retires in 2003 aged 65, the same year that the Scheme is introduced. Her total income in retirement is below the threshold for contributions so she contributes nothing to the Scheme while in retirement.

In 2023, when Alice is 85, she requires long-term care in a residential home at a cost of £570 a week. She requires this care for 72 weeks, totalling around £41,000 (in 2023 terms), which is paid from the Scheme.

Ben

Ben starts work aged 20 in 1988, also earning an average wage. He starts paying into the Scheme when it is launched in 2003, when he is 35. He works until age 67 and 8 months (his State Pension Age) and so contributes to the Scheme for 32 years and 8 months. During this time he pays a total of £23,500 (in 2023 terms) into the Scheme.

In 2053, when Ben is 85, he requires long-term care in a residential home at a cost of £570 a week (in 2023 terms). He requires this care for 72 weeks, totalling around £41,000 (in 2023 terms) which is paid from the Scheme.

Johnny

Johnny starts work aged 20 in 2023, also earning an average wage. He starts paying into the Scheme immediately. He works until age 70 (his State Pension age) and so contributes to the Scheme for 50 years. During this time he pays a total of £44,900 (in 2023 terms) into it.

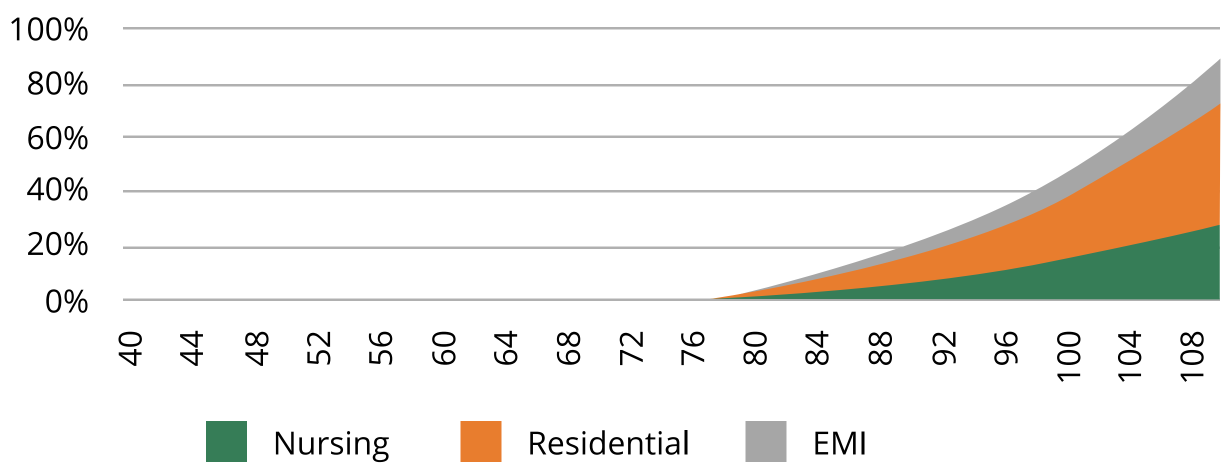
In 2088, when Johnny is 85, he requires long-term care in a residential home at a cost of £570 a week (in 2023 terms). Unfortunately, the Scheme's fund becomes exhausted in 2085, so there are no funds available to pay for Johnny's care costs. These costs will need to be met by Johnny (if he has the means) or by his applying to the States for income support, assuming no changes are made to existing income support assistance.

In summary:

	Alice	Ben	Johnny
Year started work	1958	1988	2023
Paid into Scheme	£0	£23,500	£44,900
Benefit out of Scheme	£41,000	£41,000	£0
Size of the Scheme's fund at the point care is required	2023 - 5.5 times expenditure	2053 -7.1 times expenditure	2088 - nil

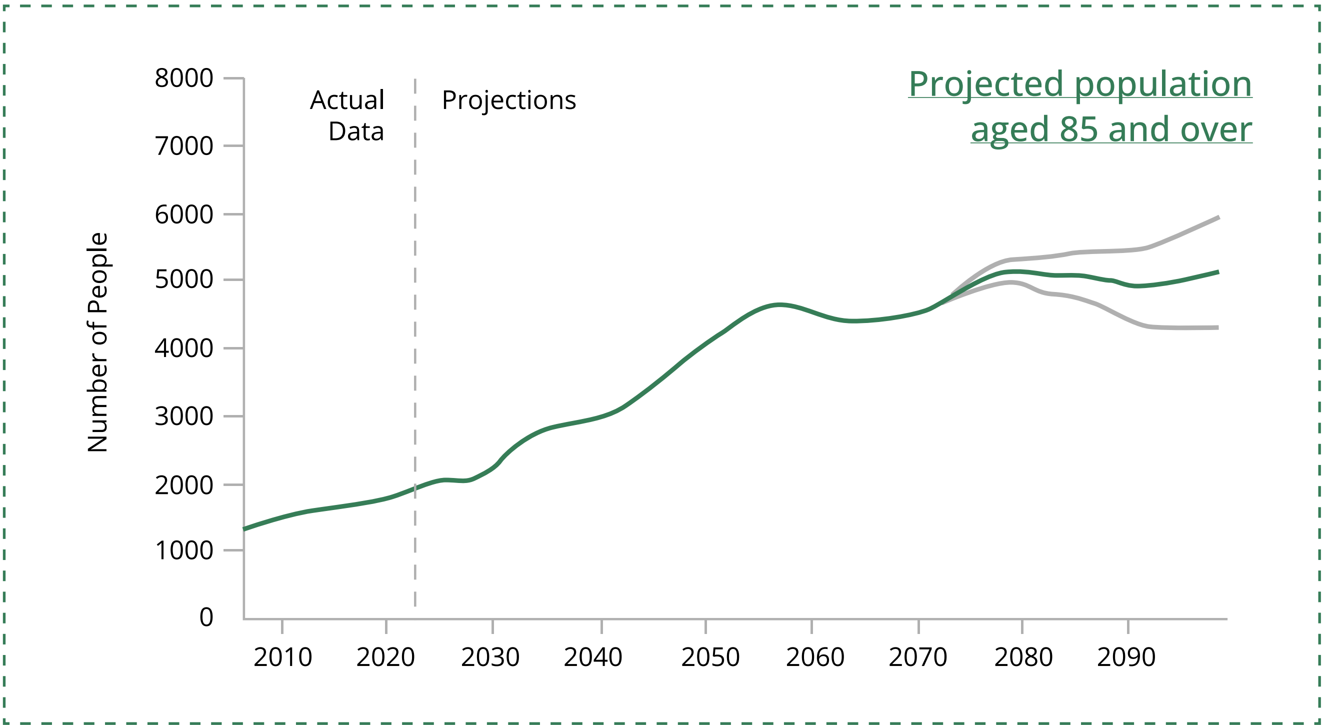
Proportion of the population receiving care in a care home

This graph illustrates percentages of different age groups who typically receive care in a care home.



Proportion of the population aged 85 or older

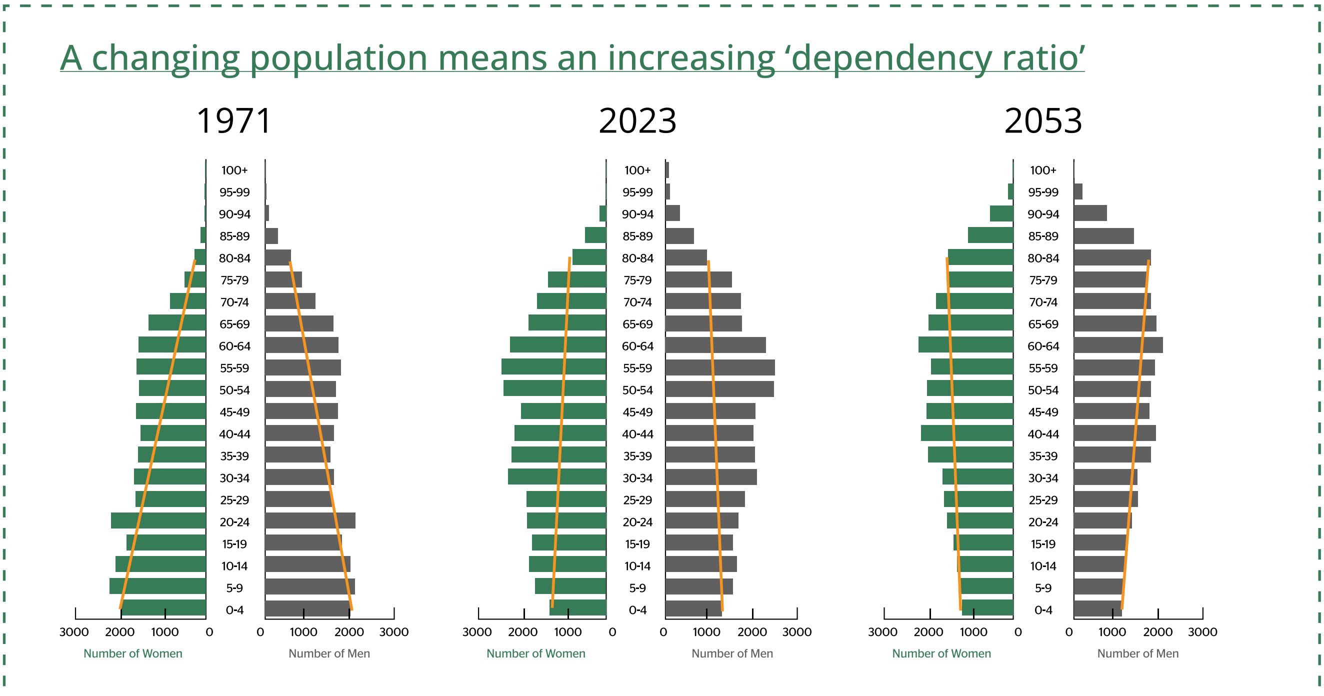
People who are 85 and older tend to have the greatest need for medical and care services. The size of this group is increasing rapidly and the rate of increase is likely to speed up significantly from 2031, when the leading edge of the baby-boom generation (born from 1946 to 1964) reaches 85.



Projected demographics: Working-age population

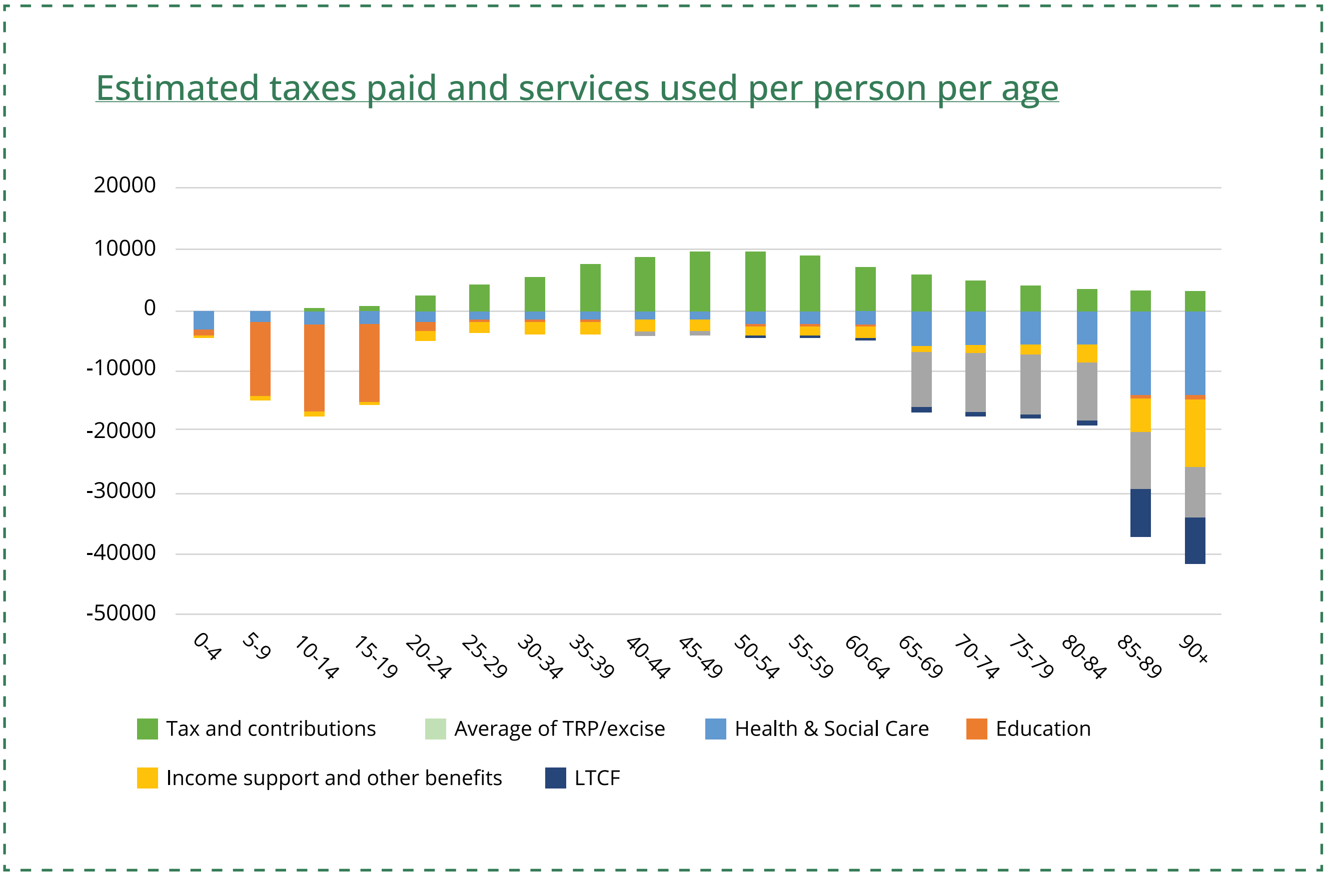
Typically termed 'working-age adults,' people aged 16 to 64 make up the core of the tax-paying workforce. The graph below shows a sustained decline in the working-age population. The rate of decline is lessened by the phased increase in the States' pension age and net immigration.

The change in the make-up of our population is one of the biggest challenges we face over the coming years and is not unique to us.



The dependency ratio is a measure of the number of people in age groups that tend to require more government services (such as children and older people) compared with those of working age. It is calculated by dividing the total number of people in dependent populations (those of compulsory school age and below and those above state pension age) by the number of working-age people. A higher dependency ratio translates to a bigger onus on working-age people to provide contributions that support young and older people.

The chart below shows how much, on average, people in each age group contribute compared to the cost of the main services they use. As the number of people in the working age groups decrease and the number in the pensioner age groups increases, States' income reduces and costs increase.

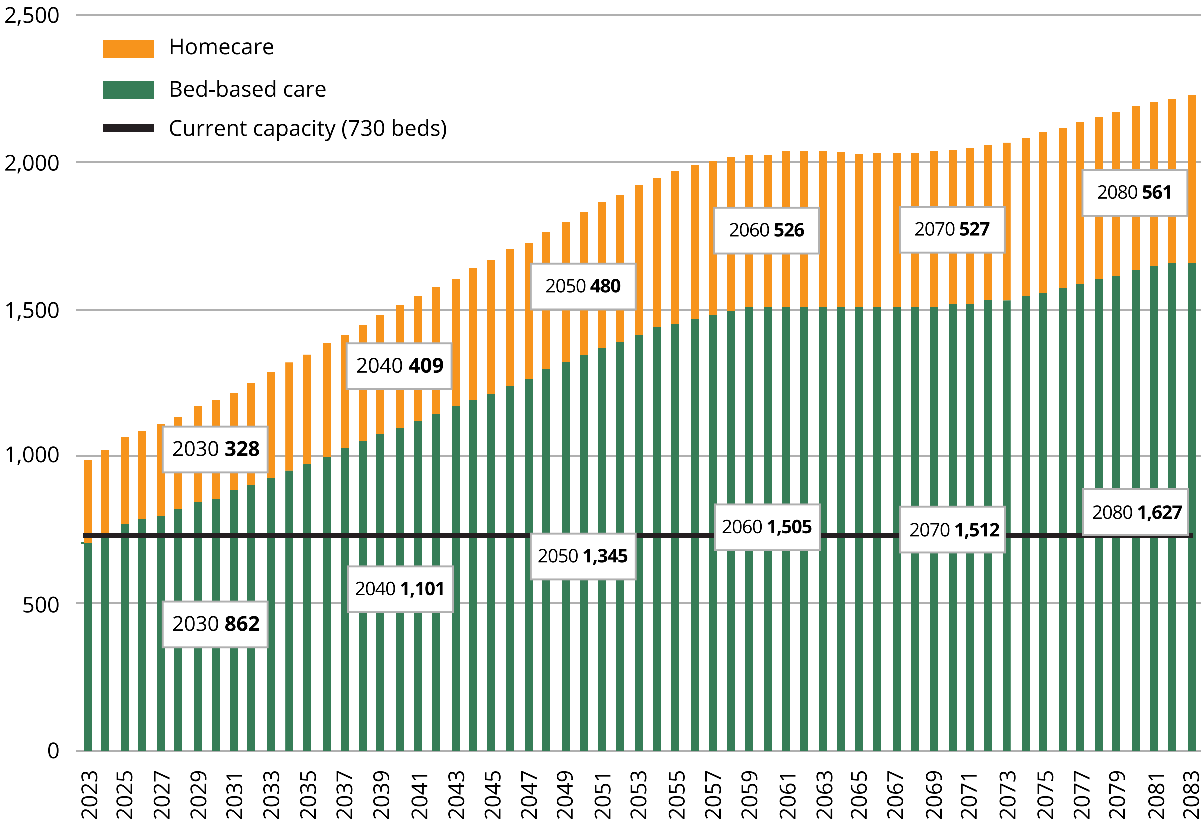


Projected care capacity shows demand outstripping supply

Projections show that the demand for care will soon exceed the current supply. The demand for care home beds between now and 2063 is expected to more than double, which equates to approximately 730 extra beds.

Projections suggest that an extra 33 care home beds would be needed in 2025, rising to 50 by 2026 and 132 by 2030. It is expected that 48 more people will need homecare by 2030.

Projected demand for long-term care (bed-based and homecare)



Benefit expenditure under the Scheme

Supporting a person in long-term, bed-based care for a full year via the Scheme costs between £31,668 and £57,148 in 2024. This cost range differs from the £60,000 to £85,000 figure on page 6 because it relates only to the cost of long-term care benefit and not the co-payment or any additional fees paid by the care recipient.

The Scheme is forecast to pay out £25.3m in benefit in 2024, and this cost is increasing.

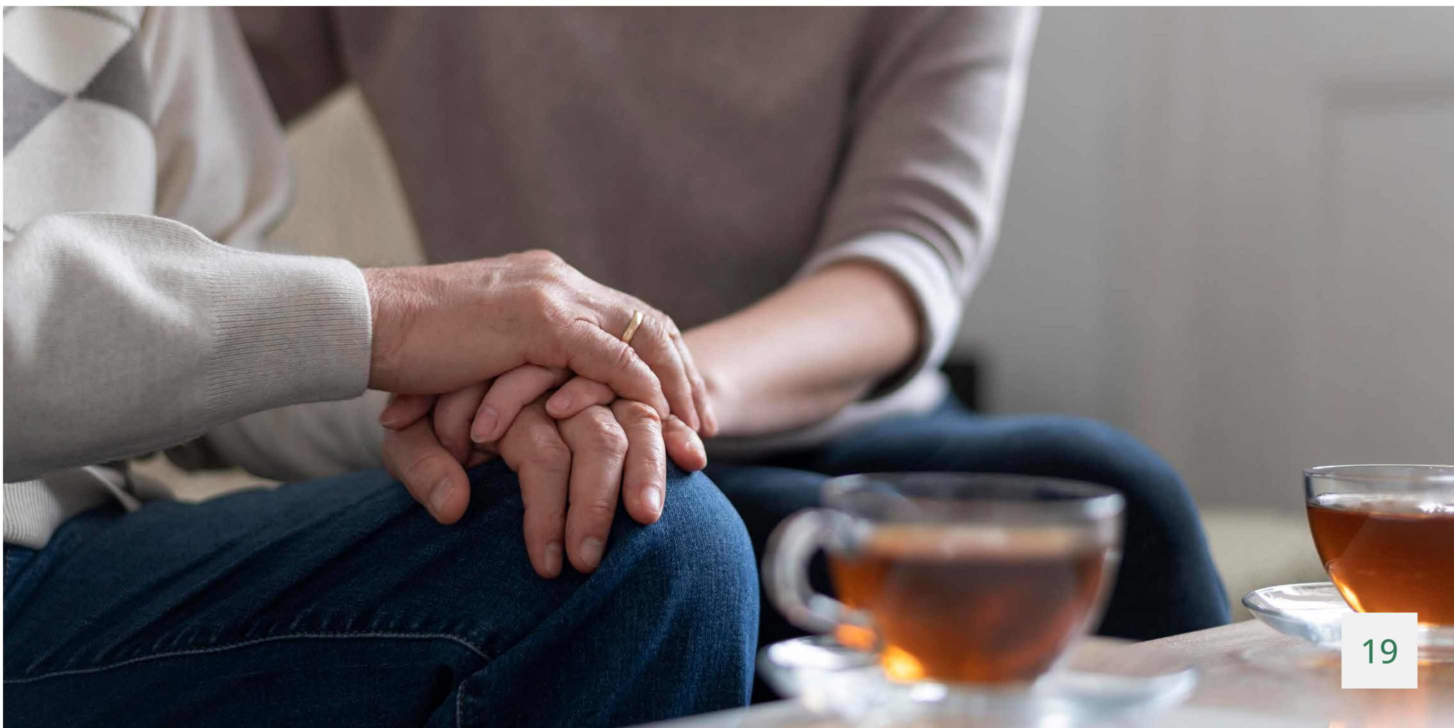
Projections of health and care delivery costs

While cost increases are hard to predict, it is expected that by 2040 overall health and social care services could cost £32m per year more than at present. In addition, the cost of the Scheme could increase by around £15m per year over the same period. These costs are in current terms, before the impact of future inflation.

Cost comparison of public vs private sector delivery of care

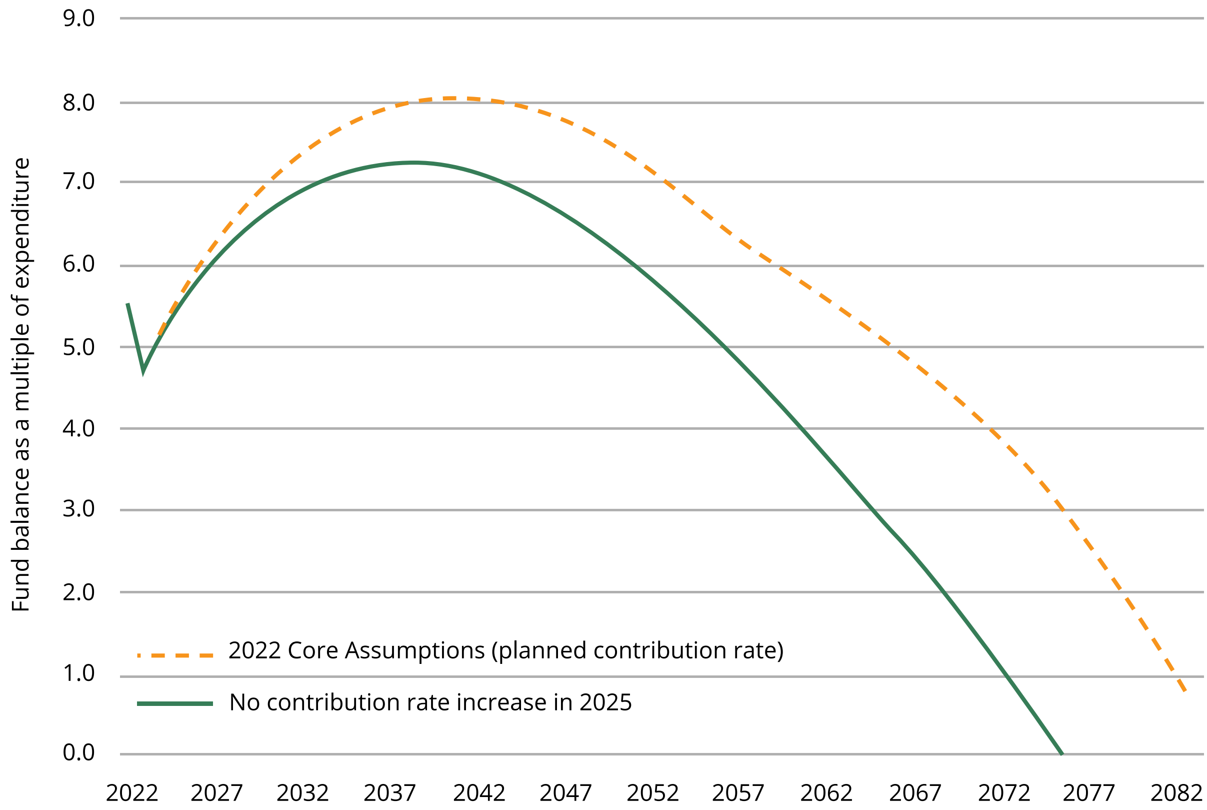
At present, long-term care that is bed-based is provided by the public sector in the islands' hospitals and by care homes. Recent estimates suggest that the average cost of providing a bed in the long-stay beds at the Princess Elizabeth Hospital campus for someone with long-term care needs is around £35,000-£40,000 a year (or £650-750 a week) higher than in a private care home.

Why is this the case? Those who access the long-stay beds on the hospital campus often also have medical care needs requiring specialist services. This care is provided directly by on-site specialist healthcare professionals, increasing operational costs. In short, these beds have a level of care built into their running costs that most care homes do not. Some of those receiving care in the long-stay beds could have their care needs met in a care home.



Actuarial review: projected Long-term Care Insurance Fund balance

This graph illustrates the projected Fund balance based on the current level of benefit provision and contribution rates.



Based on an interim actuarial review carried out in 2023, the Fund would be expected to be exhausted by 2085 if no funding changes are implemented. In October 2024, the States agreed to increase contribution rates to the Fund by 0.1% in 2025.

6 SLAWS workstreams' advances

Working more closely with the private care sector

Several of the 17 SLAWS workstreams are intended to bolster the care sector and encourage its expansion. Having a robust and varied sector that offers a range of residential, nursing and homecare options means that islanders will have greater choice in finding the right care to suit their individual needs.

The States have been engaging with private care providers in order to better understand the sector's strengths and challenges to learn how government can support it. This engagement has provided valuable information on the status of the islands' care providers, what they see as incentives and barriers to growth, and the 'true costs' of delivering private care. Their recent and ongoing input will be extremely valuable as the States assess how to construct a model of care that can enhance the sector.

Addressing the care worker shortage by upskilling islanders

While Guernsey and Alderney have dedicated and passionate people working in our care sector, shortages of skilled and trained care workers are a challenge both globally and locally. The demand for care in Guernsey and Alderney is becoming greater than the current number of care workers can provide.

This low supply-high demand scenario means that working in care is a secure career choice that will continue to be secure in the future. The TGI College offers apprenticeships and courses toward the following qualifications: BTEC Level 2 Diploma in Care; Level 2 Health & Social Care; and Level 3 National Extended Diploma in Health & Social Care.

As part of the SLAWS workstreams to improve recruitment of care workers, the Committee *for* Health & Social Care and the Committee *for* Employment & Social Security launched a joint initiative this year called Pathway to Caring. The seven-week, part-time course enabled islanders who were not in work to gain their care certificates, setting them up for a career in caring. Nine islanders completed the Pathway to Caring course this year.

Improving systems that match those who need care with the right care at the right time

Operational improvements to make Health & Social Care's assessment processes more efficient have been introduced and hospital discharges are prioritised when allocating community care packages. These measures are intended to help match people with a care package best suited to their individual needs and reduce delays in discharging patients who are ready to return home or settle into care homes.

Legal frameworks to protect consumers

Two of the enabling workstreams put in place greater protections and safeguards for various individuals including those who need care in terms of both the provision, and private funding, of that care.

In line with this, the Trading Standards (Fair Trading) (Guernsey) Ordinance, 2023 was approved by the States, and subsequently came into force, in 2023. The Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022, came into full effect in July 2023 with work ongoing to develop and introduce legislation to support new funding options for islanders such as equity release, should lenders wish to offer such products.

17 interdependent SLAWS workstreams

Delivery of Care

- Recruitment of States of Guernsey community long-term care staff
- Address short-term pressures in delivery of care
- **Scope and model of providing community long-term care**
- Care home recruitment
- Care home capacity
- Assessment within care services
- Immediate, medium and long-term key worker housing
- Incentivising private and third sector investment

Funding

- Long-term Care Fund funding decisions
- Extension of the Long-term Care Fund to cover homecare
- Review community long-term care costs and benefit rates
- Higher rate of benefit for complex cases
- Establishing partnership arrangements with care providers

Regulatory Framework

- Health and care regulation
- Improving statutory safeguarding provisions
- Lending, credit and finance law – legislation to introduce protection in respect of new funding options such as equity release products
- Consumer protection legislation

7 Key considerations for the next Assembly in crafting a new model

'Universal Offer' vs 'User Pays'

Different governments around the world base their health and social care offerings on differing principles. In simple terms, the more that a jurisdiction collects in contributions and tax, the more it is likely to be able to have a 'universal offer' that provides health and care services to any resident, free at the point of use. For instance, in Japan and the Netherlands, care coverage is universal but funded through high government taxes. However, rising health and care costs are causing some 'universal offer' jurisdictions to re-examine their models.

Another concept is 'user pays', meaning that those who directly benefit from certain services should pay for part or all of them. This can reduce the financial burden on those who are paying contributions toward a service they may not use.

The reality is that many jurisdictions opt for a health and care model that combines both of these principles to differing degrees with a corresponding funding model.

In developing the right future model for Guernsey and Alderney, the conceptual aspirations will need to align with the wider fiscal considerations. Potential adaptations to our long-term care model and the Scheme will need to be considered as part of the sustainability of public finances overall, given that pressure is increasing in many areas, especially health and social care services.

Improvements already agreed by the States in principle

The States have already agreed in principle that a new model of community long-term care should enable the Scheme to help cover islanders' expenses for homecare and that a new complex care benefit rate should be introduced. While these improvements would no doubt be welcomed by islanders, they would increase the amount of funding required for the Scheme.

8 Potential adaptations to the Scheme and its funding

There are several ways in which the Scheme and its funding could be adjusted or changed to serve future needs. These considerations are not mutually exclusive.

Change the Scheme's eligibility requirements

Altering the criteria for who is eligible for the Scheme's benefits based on their residence on-island could help toward reducing costs. For instance, the current requirement to have lived here for five years at any time (and a year preceding claiming) could be extended to ten or 20 years.

Change how the Scheme is funded

- Continue to increase Social Security contributions for all or some of the community;
- Consider a person's income or the value of their assets in determining if they could contribute more toward their care costs:
    - If those capital assets included a person's primary residence, consideration could be given to creating a government-backed loan scheme secured through a bond on the person's property. In cases where someone had little savings but did own a property, this would facilitate their being able to release funds from their property without having to sell it.
    - If a person's income or assets were considered in determining if they could contribute more, there could be a limit placed on how much they would have to pay.
    - To stop people from hiding their assets to avoid paying more, consideration would need to be given to legal measures to prevent divestment.
- Reintroduce a grant, that is funded by general taxation, which in turn would require an increase in existing taxation or the introduction of new taxes.

Focus group indicators

In November and December 2023, the States arranged four, independent focus groups on potential aspects of a new model conducted by an independent researcher. 24 islanders participated in the sessions.

Comprehensive community consultation will be essential in the next political term to assess islanders' views on potential solutions. While the results of four focus group sessions are too small to be considered representative of the community's views, they do provide some early, indicative information.

What did the focus groups on potential solutions indicate?

- Recognition of the limitations of what is currently available regarding range of care services and the resources to deliver them.
- Overall agreement that 'something needs to be done', but no consensus on who should pay.
- Recognition by a majority that a user contribution based on a person's ability to pay could have a role in making the Scheme sustainable in the future, so long as it was 'fair'.
- Consensus that homecare benefit should be added to the Scheme, dependent on funding.
- Consensus that the Scheme's five-year residency requirement could be extended to ten years.
- Broad support for the role of informal carers and carer's allowance, alongside recognition that not everyone has access to informal care.

9 Finding a new model will be an important and urgent task for the next States

This Term

The States have recently agreed to increase the rates of long-term care benefit, respite benefit and the rate of the co-payment, by 4.5%, this being the rate of RPIX as at the end of June 2024. These proposals are detailed in 'Contributory Benefit and Contribution Rates for 2025' which was debated in October this year. However, these are intended to be interim, short-term rates pending finalisation and States' consideration in early 2025 of the full package of funding proposals to maintain the current model.

The range of proposals may include a wider review of the rates payable to care homes and the approach to future uprating of the benefit rates to align with the 'true costs' of delivering long-term care, as well as options for improving the sustainability of the Fund.

Next Term

In considering next term how best to shape the future model of community long-term care, the incoming States will need to focus on these key aspects:

- First, time is limited. With demand for care projected to soon outstrip supply and costs rising all the time, potential options for a new model and how it is funded in the long-term will need to be presented to the States as early as possible in the next term.
- Second, the new model must be considered within the broader context including how it aligns with the agreed strategic direction for sustainable health and care services, as outlined in the Partnership of Purpose, and corresponding changes to the delivery of health and social care. This will help ensure the provision of quality care that is person-centred and supports people in safely living independently for longer within a model that is fair, accessible and affordable.
- Third, population changes will result in a States' funding shortfall forecast to rise by about £100 million a year by 2040.


Fairfield