

<b>Institution:</b> University of Kent		
<b>Unit of Assessment:</b> 20: Social Work and Social Policy		
<b>Title of case study:</b> Changing Practice and Shaping Policy Formation regarding the Fair and Timely Allocation of Adult Social Care Funding		
<b>Period when the underpinning research was undertaken:</b> September 2013 – July 2015		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Professor Julien Forder	Professor of the Economics of Social Policy	2007-present
Dr Karen Jones	Senior Research Fellow	2003-present
Dr Florin Vadean	Research Fellow	2013-present
<b>Period when the claimed impact occurred:</b> July 2014 – July 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> No		
<b>1. Summary of the impact</b> (indicative maximum 100 words)		
<p>Research by staff in the Personal Social Services Research Unit (PSSRU) at the University of Kent has both changed practice and been instrumental in influencing policy in the allocation of adult social care funding. It has changed local authority practice across England by creating a model to facilitate new 'Deferred Payment Arrangements' that have directly impacted on the lives of thousands of people needing to pay for care costs. The UK Government-commissioned development of a new Adult Social Care Relative Needs Formula (ASC RNF) has influenced policy formation at all levels. It has informed House of Commons discussions, been employed by Government departments' technical working groups, been cited in policy formation consultation documents, and been used by local government associations to inform their analysis and to feed back to Government regarding their preferred policy option. The new formula is now the leading Government policy option for the distribution of some £5.7 billion of public Adult Social Care (ASC) funding.</p>		
<b>2. Underpinning research</b> (indicative maximum 500 words)		
<p>Adult Social Care Relative Needs Formulae (ASC RNF) are used to distribute Government funding for ASC to local authorities (LAs). The research of Professor Julien Forder and his colleagues, Dr Karen Jones and Dr Florin Vadean, developed the following:</p> <ol style="list-style-type: none"> <li>1. Allocation formulae for funding the new Deferred Payment Agreements (DPA), which are a way for local authorities to initially pay care costs on behalf of home-owners moving into care homes, with repayment made when their home is sold after death (or before).</li> <li>2. A new ASC RNF to form part of the Local Government Finance Settlement, used to distribute around £5.7 billion to local authorities.</li> </ol> <p>The study was funded by the Department of Health and Social Care (056/0018), and conducted between September 2012 and July 2015 [G1]. It was conducted jointly with local government specialists LG Futures and colleagues at the London School of Economics. The University of Kent team led on: (i) the conceptual development; (ii) the specification of the data collection; and (iii) the analysis and outputs as reported below.</p> <p>Allocation formulae are developed on the principle that people in each local authority should have equal access (to adult social care) for equal need (including impairment, risk, frailty, etc.)</p>		

**[R1]**. The University of Kent team's approach was to assess the (statistical) relationship between people's (current) use of ASC and indicators of their level of need, with parameters for a need formula being estimated while accounting for the influence of non-need factors, including the existing supply of care services, on people's utilisation **[R2]**. Their previous research helped to guide the empirical methodology **[R3]**. DPA policy is targeted to support home-owners who are not financially eligible for public ASC support. Accordingly, the research also involved developing a person-level model of whether people in different circumstances would qualify for a DPA, again drawing on the team's previous research **[R4]**.

Dr Karen Jones led on the ethics and research governance applications, and then worked closely with LG Futures to help ensure that data on ASC utilisation from local authorities was collected to specification. The data collection generated unique datasets on ASC users in 53 LAs and more than 13,000 small areas – ONS Lower Layer Super Output Areas. Small area data from various national datasets were added by the University of Kent team on need and wealth factors (e.g. longstanding illness, rates of benefits uptake, home ownership, number of properties by Council Tax band, etc.).

Statistical (mainly regression) analyses conducted by Professor Julien Forder and Dr Florin Vadean produced the parameters for an allocation formula for DPAs **[R5]** and for general funding allocations to LAs for ASC provision **[R6]**. They found that utilisation of ASC does vary significantly with differences in need across 152 local authorities in England. Supply was also an important factor. The new formula produced funding allocations that are different from those made per head of population only, and also from the currently used ASC RNF allocation.

### 3. References to the research (indicative maximum of six references)

**[R1]** Darton, R., Forder, J., Netten, A., Bebbington, A., Holder, J., and Towers, A. (2010). 'Slicing up the pie: Allocation of central government funding of care of older people'. *Social Policy and Administration* 44(5): 529-553. <https://doi.org/10.1111/j.1467-9515.2010.00728.x>

**[R2]** Fernandez, J. L., and Forder, J. (2015). 'Local Variability in Long-Term Care Services: Local Autonomy, Exogenous Influences and Policy Spillovers'. *Health Economics* 24: 146-157. <http://dx.doi.org/10.1002/hec.3151>

**[R3]** Forder, J., and Allan, S. (2014). 'The impact of competition on quality and prices in the English care homes market'. *Journal of Health Economics* 34(1): 73-83. <https://dx.doi.org/10.1016/j.jhealeco.2013.11.010>

**[R4]** Fernandez, J. L., and Forder, J. (2010). 'Equity, efficiency, and financial risk of alternative arrangements for funding long-term care systems in an ageing society'. *Oxford Review of Economic Policy* 26(4): 713-733. <https://doi.org/10.1093/oxrep/grq036>

**[R5]** Forder, J., and Vadean, F. (2014). 'Estimating relative needs formulae for new forms of social care support'. PSSRU Discussion Paper 2877/2. Interim report: 2014; final report: 2018. <https://www.pssru.ac.uk/publications/pub-5417/>

**[R6]** Vadean, F., and Forder, J. (2018). 'The revision of the Relative Needs Formulae for adult social care funding and new allocation formulae for funding Care Act reforms'. PSSRU Discussion Paper 2906/2. <https://www.pssru.ac.uk/publications/pub-5143/>

(The final reports **[R5]** and **[R6]** were 'blind' peer-reviewed (involving two independent anonymous referees for each report), as organised by DHSC, and were published in June 2018.)

**Funding**

**[G1]** Study to Review and Update RNF Allocation Formulae for Adult Social Care, funded by the Department of Health Policy Research Programme (056/0018). Value: £110,000.

**4. Details of the impact** (indicative maximum 750 words)

The University of Kent team's research set out in section two above has had significant impact in two areas:

**Impact on Practice**

First, there has been direct impact on practice through the implementation of a University of Kent-designed allocation formula for funding the new Deferred Payment Agreements (DPA). The decision to implement the formula followed a 2014 consultation run by the Department of Health and Social Care with local authorities and stakeholder organisations **[a]**. Responses were received from 74 Local Authorities (LAs) and nine organisations, with the vast majority (82%) agreeing with the formula as published in the 2014 interim report **[b]**. Since the formula was adopted in April 2015 **[b]**, it has directly impacted the lives of thousands of people by allowing them to receive timely care whilst being able to defer the costs. The implementation of the formula has also directly impacted local authorities by providing a fair and transparent method whereby they can provide funds upfront to those in need, but formally recoup their costs at a later date in order to plan effectively and respond to a large portfolio of needs.

The reach of DPAs employing the Kent-designed formula is demonstrated by the number of people who have benefited as a result of its implementation. Between April 2015 and March 2019, over 12,000 DPA recipients were directly impacted by the use of the formula. In 2015-16, the planned spend was some £83.5 million to LAs, to be allocated by the formula **[b, c]**. The total number of active DPAs in England as of March 2019 was 6,380, with a total value of £213 million **[d]**. With regard to significance, the Government's impact assessment for this policy suggested substantial benefit to people from DPAs, especially the reduced stress and anxiety from time to sell their homes and meet care costs, during a period of significant upheaval in people's lives **[c]**.

**Impact on Informing Policy**

Secondly, the University of Kent research achieved a multifaceted impact on policy, building capacity and awareness within national and local government, as well as in an influential think tank. In England, national and local government have been examining policy solutions in order to distribute an estimated £5.7 billion of national ASC funding fairly. The importance of this policy development cannot be overstated. It will not only affect some 870,000 people aged 18 and over who receive publicly funded long-term care, but also the social care sector as a whole, which employs about 1.45 million people (full- or part-time), whose pay, workload, and conditions are dependent on public funding and care policies.

The University of Kent research has directly informed policy, improved awareness, and created capacity in this crucial area by offering options through the development of a new ASC RNF. The formula, and its development work, has had a direct and tangible impact on Government thinking. It is being formally 'considered as part of the government's review of local authorities' relative needs and resources', this review being led by the Ministry of Housing, Communities and Local Government **[e]**. It formed part of key House of Commons discussions on the distribution of ASC funding by Sajid Javid, then Secretary of State for Communities and Local Government **[f]**. It is also cited as informing discussions regarding the development of a key forthcoming Government Green Paper on adult social care **[f]**. At a local level, it forms a central part of the information being used by the local government association to gauge potential impacts of changes regarding the relative distribution of adult social care funding on local authorities in order to feedback to Government **[g]**. Beyond influencing central

and local government, the advantages of employing the new ASC RNF in the distribution of adult social care funding has been recognised by the Institute of Fiscal Studies [h].

The significance of the ASC RNF development on Government policy is further demonstrated by the fact that it is now cited as the preferred policy option both by the Government's 'Fair Funding Review' consultation [i] and by the Department of Health and Social Care Technical Working Group [j]. The reach of the ASC RNF has what we refer to here as 360-degree evidence of influence on policy formation at all levels. It has influenced ministerial discussions, thinking in Government departments, and local government, as well as a key think tank inputting into consultation processes. Our research is recognised as providing Government policy-makers with the ability to ensure resources are fairly distributed to meet eligible care needs, regardless of the local authority in which recipients live [h].

##### 5. Sources to corroborate the impact (indicative maximum of 10 references)

[a] Department of Health and Social Care (2014). Consultation on funding formulae for implementation of the Care Act in 2015-16: Allocations for additional assessments for the cap, universal deferred payment agreements, and social care in prisons – introduction to local authorities and further stakeholders of the DPA formula developed by this research (pp. 13-17).

[b] Department of Health and Social Care (2014). Response to the consultation on funding formulae for implementation of the Care Act in 2015-16: Allocations for early assessments against the cap on care costs, universal deferred payment agreements, social care in prisons, and additional funding for Care Act implementation, including carers rights – consultation responses on the DPA formula developed by this research, including the final allocated amount for DPAs for 2015-16 (pp. 11-14; pp. 19-21).

[c] The Care Act 2014: Regulations and guidance for implementation of Part 1 of the Act in 2015-16. Impact Assessment, Department of Health – impact assessment of Care Act reforms; benefits of DPAs (pp. 136-8).

[d] NHS Digital (2019) Deferred Payment Agreements Report England 2018-19 [PAS] – DPA statistics for 2018-19. See 'Key Fact 4' for evidence of figures given.

[e] Depart of Health and Social Care statement on the Study to Review and Update RNF Allocation Formulae for Adult Social Care – DHSC statement to the review of the ASC RNF.

[f] Commons Local Government Finance discussion, 22 February 2017, Volume 621. The Secretary of State for Communities and Local Government emphasised the importance of modern and updated relative needs-based formulae for adult social care. Note the Government directly commissioned the University of Kent team for the development of a new Adult Social Care Relative Needs Formula.

[g] Adult Social Care Relative Needs Formulas – LGA illustration (January 2020). Presents the impact (changes in allocations) to local authorities of the new ASC RNF developed by the University of Kent team's research.

[h] Phillips David and Harris Tom (2018). The Fair Funding Review: is a fair assessment of councils' spending needs feasible? London: Institute of Fiscal Studies. Discusses the different approaches to assess the spending needs of local authorities and the advantages of the small area analysis used in this study (Section 2, pp. 13-22), as well as the ASC RNF developed by the University of Kent team's research and robustness checks (pp. 43-46).

[i] MHCLG Fair Funding Review: a review of relative needs and resources. Technical consultation on relative need. Last updated December 2018. Consultation responses on ASC RNF developed by this research (pp. 25-27).

[j] Department of Health and Social Care (2018). NR TWG 18-14. Discussion paper regarding the approach to Adult Social Care in the review of relative needs and resources. DHSC presentation of the ASC RNF developed by this research as the leading option to measure ASC relative needs of local authorities.