

# Long-Term Care Fund

## Project Specification

### Background

The Long-Term Care Fund (the LTCF) provides universal and means-tested benefits to those over 18 with long term care needs, funded through central grants from the States of Jersey and income-related contributions from income tax payers. The LTCF was established by the Long-Term Care (Jersey) Law 2012.

The LTCF was set up at the end of 2013 and long-term care benefits paid from July 2014. In 2014 all funding was provided by the States but since January 2015 contributions have been collected from Jersey residents - initially 0.5% of income for tax payers. In January 2016, the rate was set at 1%, intended to hold for at least three years. As part of the Government Plan 2020-23, an increase in the contribution rate of an additional 0.5% was agreed and implemented. The maximum contribution rate now stands at 1.5% although most people pay less than this because of the availability of allowances and reliefs, particularly marginal relief within the personal income tax system.

The current rate is expected to enable the balance on the LTCF to continue to increase throughout the period of the 2021-24 Government Plan. It is anticipated that there will need to be further increases in the contribution rate in future years, as the number and proportion of older people with long-term care needs is expected to increase. However, the implementation of the Jersey Care Model, and the proposed introduction of the new Care Needs at Home benefit, are intended to reduce the number of individuals who will need a care home placement. This is through the provision of alternative care options and improved support at home and in the community. These actions are expected to reduce the extent of future increases in LTCF expenditure.

The 2021-24 Government Plan includes estimates for the LTCF for the period of the plan as shown in Exhibit 1. The 2021-24 Government Plan was approved prior to the publication of the 2020 Annual Accounts. The actual balance on the LTCF at 31 December 2020 was £36,557,000.

## Exhibit 1: LTCF forecast

|                                | 2021<br>£000 | 2022<br>£000 | 2023<br>£000 | 2024<br>£000 |
|--------------------------------|--------------|--------------|--------------|--------------|
| Opening balance                | 30,972       | 35,220       | 39,566       | 43,810       |
| Return on Investments          | 300          | 400          | 400          | 400          |
| LTC charge                     | 31,889       | 34,471       | 37,264       | 38,866       |
| Grant to LTCF                  | 31,000       | 32,100       | 33,300       | 34,200       |
| Benefits and other expenditure | (58,941)     | (62,625)     | (66,720)     | (71,086)     |
| Closing balance                | 35,220       | 39,566       | 43,810       | 46,190       |

Source: Government Plan 2021-24

The LTCF provides financial support to people with long-term care needs through the Long-Term Care Scheme (LTCS). To qualify for support, an individual must:

- have lived in Jersey:
  - either for ten years immediately before application, or
  - or ten years continuously as an adult in the past and for another year immediately before applying
- be an adult aged 18 or over; and
- have had their level of care needs assessed as being above a minimum level.

Individuals initially pay their own long-term care costs until they reach a 'care costs cap' of £58,230, after which the LTCF pays. The maximum that a couple will pay in care costs is £87,350 even if they receive long-term care at different times.

For those where the LTCF pays for care home fees, the 'living costs' standard co-payment from individuals in care homes is £349.65 per week.

There is a requirement for the Minister for Social Security to appoint an actuary to review the LTCF once every three years and report on the Fund's financial condition and the adequacy of contributions to support benefits payable.

An actuarial report was presented to the States Assembly in October 2018 based on the LTCF's value at December 2017. A 'central scenario' estimated that:

- LTCF expenditure will grow at a significantly faster rate than income
- LTCF balance will reduce to c. 3 months' expenditure by 2023 and to nil by 2027; and
- the breakeven LTC contribution rate will be higher than the (then) current rate of 1% in the short term, rising to 1.5% by 2028 and to 2.5% by 2043.

### **The Functions of the Comptroller and Auditor General (C&AG)**

Article 11 of the Comptroller and Auditor General (Jersey) Law 2014 requires the C&AG to:

- provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Public Finances (Jersey) Law 2005
- consider and report to the States on:
  - the effectiveness of internal controls of the States, States funded bodies and funds
  - the economy, efficiency and effectiveness in the way the States, States funded bodies and funds use their resources; and
  - the general corporate governance arrangements of the States, States funded bodies and funds; and
- make recommendations to bring about improvement where improvement is needed.

### **Objectives of this review**

The review will evaluate:

- the arrangements for the oversight and governance of the LTCF
- the arrangements established to manage, monitor and report on the operation of the LTCS; and
- performance of the LTCS and the LTCFF.

## Scope

The review will extend to those departments involved with the LTCS and LTCF, including:

- Treasury and Exchequer
- Health and Community Services
- Customer and Local Services; and
- Strategic Policy, Planning and Performance.

The objectives and/or scope of the review may be amended in the course of the review in the light of emerging findings or other matters arising.

## Approach

The review will commence with an initial documentation request. The findings of the document review will be followed up by interviews with key officers and potentially with other stakeholders.

The detailed work will be undertaken by an affiliate engaged by the C&AG. Fieldwork is planned to commence in July 2021.



JERSEY AUDIT OFFICE

LYNN PAMMENT  
Comptroller and Auditor General

Jersey Audit Office, de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT  
T: +44 1534 716800 E: [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je) W: [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je)