Long-Term Care Fund

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Contents

Summary

Introduction

1. The Long-Term Care Fund (LTCF) provides universal and means-tested benefits through the Long-Term Care Scheme (LTCS) to those aged over 18 with long term care needs. It is funded through a central grant 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 Law).

2. The Government Plan 2022 to 2025 includes estimates for the LTCF for the period of the plan as shown in Exhibit 1. The Government Plan 2022 to 2025 was approved prior to the publication of the 2021 Annual Accounts and therefore the opening balance is an estimate.

Exhibit 1: LTCF forecast

	2022 £'000	2023 £'000	2024 £'000	2025 £'000
Opening balance	43,568	51,049	58,227	65,034
Closing balance	51,049	58,227	65,034	71,489

Source: Government Plan 2022 to 2025

3. I have evaluated the arrangements for the oversight and governance of the LTCF. I have also evaluated the arrangements for the management, monitoring and performance of the LTCS. Finally, I have evaluated the performance of both the LTCF and the LTCS.

Key findings

4. The key findings from my review are as follows:

- the LTCS started in 2014 and currently provides care for around 1,400 residents. The majority of LTCS recipients live in residential care homes. The percentage of Jersey adult residents who live in residential care settings is considerably higher than comparative data for England. There is an emphasis in the Jersey Care Model on moving the focus from residential to caring for people in their own homes (domiciliary care). At present, the LTCS does not have outcome-based performance indicators or targets although a review is underway to introduce these in 2022

- whilst some performance data is available on the Government website in respect of the LTCF and LTCS, the formal reporting of performance in the annual reports of the States of Jersey and of departments has been limited since 2017
- care is funded through the LTCF via taxpayers' contributions and an annual grant from the Government. An actuarial review of the LTCF is required by the Law every three years. The first review at 31 December 2017 signalled funding pressures which were not unexpected given the inherent volatility in the scheme and the lack of benchmarks when it was introduced. Adjustments to the contribution rate were made to address this and the LTCF performance has improved as a result. The second actuarial review has not yet been performed and is behind schedule due to impact of the COVID-19 pandemic on Government priorities
- some elements of the LTCF and LTCS have not been adjusted since inception. These include the investment strategy and certain financial variables including the asset disregard, the basis of the Government grant contribution and the basis for management charges
- the processes underpinning the LTCS are complicated and, in some instances, inefficient. Some systems and processes are in need of improvement to eliminate duplication of effort and to manage risk more effectively
- the guidance available to claimants on the LTCS is complicated. The information and guidance provided by the Government should be streamlined, simplified, and made more accessible. The Customer and Local Services Department (CLS) has plans to improve customer engagement, including with LTCS claimants
- key performance information associated with financial benefits claims processing and payments is measured and monitored regularly. Performance information in respect of care needs assessments however has not been monitored on a consistent and routine basis; and
- at the time of my audit, a review of the customer journey from the initial referral through to the assessment was being undertaken with a view to improving the cycle time from initial contact through to assessment and engagement with the long-term care team.

Conclusions

5. The LTCF and the LTCS have operated in Jersey for over seven years. From the evidence reviewed, the LTCF and LTCS have met their intended policy objectives.

6. The second actuarial review of the LTCF, now scheduled for 2022, should be used as a basis to take stock of future funding parameters.

7. In addition, the implementation of the Jersey Care Model provides an opportunity to re-design future care provision on the Island with a potential beneficial impact in terms of service user experience, care outcomes and the cost of care.

8. At an operational level, there is an opportunity to review, simplify and streamline the systems and processes that underpin the LTCS as well as the guidance and tools provided to support claimants.

Objectives and scope of the review

9. The LTCF provides universal and means-tested benefits to those aged 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.

10. The LTCF provides financial support to people with long-term care needs through the LTCS. To qualify for support, an individual must:

- have lived in Jersey:
  - either for ten years immediately before application; or
  - for 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.

11. The review has evaluated specific aspects of the LTCF and the LTCS as shown in Exhibit 2.

Exhibit 2: Scope of review

Overall Governance	
Long-Term Care Fund:	**Long-Term Care Scheme**:
• funding and investment strategy	• information for claimants
• taxpayers' contributions	• care assessment
• Government contributions; and	• care provision and choice; and
• management charges.	• financial assessment.

12. The review has extended to those departments within Government involved with the LTCS and LTCF, namely:

- Treasury and Exchequer (T&E)
- Health and Community Services (HCS)

- Customer and Local Services (CLS); and
- Strategic Policy, Planning and Performance (SPPP).

13. The review has not evaluated the quality of care being provided as part of the LTCS and has not considered organisations outside of the Government of Jersey.

Detailed findings – Overall Governance

14. The LTCF comes within the remit of the Minister for Social Security. The Director General of CLS is the Accountable Officer for the LTCF, including the LTCS. The operation of the LTCF and the LTCS involves participation from several departments, each of which assumes responsibility for their respective areas.

15. At an operational level, collaboration between departments is achieved through the Long-Term Care Senior Liaison Group involving senior managers from the three departments of CLS, HCS and SPPP. This group provides a forum to consider cross-departmental issues, discuss emerging policy issues and highlight issues that may need to be escalated to Ministerial level. Meetings are scheduled to take place monthly. Officers acknowledge that the meeting schedule has slipped during the period of the COVID-19 pandemic and only six meetings were held during 2020 and 2021.

16. The Terms of Reference for the Long-Term Care Senior Liaison Group do not specify what issues should be discussed by the group. For example, standard areas could usefully include the Jersey Care Model, SPPP initiatives relating to adult care, LTCS financial parameters, care provision and care quality. From a limited review of three sets of minutes provided, I consider that there is scope for a better structure in the format of the meetings and in the recording of the minutes.

17. Performance review is the responsibility of respective departments. Under the Terms of Reference for the Senior Liaison Group, departmental issues can be escalated to relevant Leadership Teams. There is an intention to establish a Long-Term Care Board at a more strategic level during 2022. Terms of Reference for this Board are being established.

18. The Health and Social Security Scrutiny Panel report dated 18 March 2018 noted that a previous Scrutiny Panel recommendation dated 2013 (SR 11/2013) on information reporting had not been addressed. At that time, it was recommended that the Minister for Social Security should publish key data, such as the number of claimants at each long-term care level and average stay in care, in the Minister's annual report.

19. Basic demographic data was published in the Minister's Annual Report 2017, however since 2017 the Minister has not published an annual report. Whilst some demographic data relating to the LTCF is available on the Government of Jersey open data website, overall performance data is not published as part of the Annual Report for the States of Jersey.

Recommendations

R1 Review the cross departmental governance arrangements to include:

- establishment of a LTCF Board; and
- reinvigorating the Long-Term Care Senior Liaison Group with a more structured agenda and minutes.

R2 Publish key performance measures related to the LTCF, including the LTCS, either as part of the States of Jersey Annual Report and Accounts or as part of CLS's departmental public reporting process.

Detailed Findings – Long-Term Care Fund

Overview of the LTCF

20. The balance on the LTCF at 31 December 2020 was £36.6 million. Exhibit 3 shows the movement on the fund since 2016.

Exhibit 3: LTCF income and expenditure 2016 to 2020

	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Opening balance	11,185	19,985	25,113	25,378	26,011
Return on Investments	116	79	(81)	457	329
LTC charge	18,008	19,203	20,096	21,307	35,579
Grant to LTCF	34,320	31,795	28,706	28,878	29,919
Benefits and other expenditure	(43,644)	(45,949)	(48,456)	(50,009)	(55,281)
Net income/(expenditure)	**8,800**	**5,128**	**265**	**633**	**10,546**
Closing balance	19,985	25,113	25,378	26,011	36,557

Source: States of Jersey Annual Report and Accounts 2016-2020

21. The closing balance at 31 December 2020 represents significant growth from the previous year end position following the increase in Long-Term Care (LTC) taxpayer contributions to 1.5% of taxable income in 2020. The closing balance of £36.6 million is £5.6 million greater than forecast at the time that the Government Plan 2021 to 2024 was prepared. The figures from the current Government Plan 2022 to 2025 are shown in Exhibit 4.

Exhibit 4: LTCF income and expenditure forecast 2022 to 2025

	2022 £'000	2023 £'000	2024 £'000	2025 £'000
Opening balance	43,568	51,049	58,227	65,034
Return on Investments	495	700	832	990
LTC charge (taxpayer contribution)	33,611	35,661	37,623	39,842
Grant to LTCF	31,802	32,597	33,412	34,281
Benefits and other expenditure	(58,427)	(61,780)	(65,060)	(68,658)
Closing balance	51,049	58,227	65,034	71,489

Source: Government Plan 2022 to 2025

Funding and investment strategy

22. It is a requirement of the Long-Term Care (Jersey) Law 2012 for the Minister for Social Security to appoint an actuary to review the LTCF once every three years and report on:

- the financial condition of the LTCF; and
- the adequacy or otherwise of the contributions payable to the LTCF to support the benefits payable.

23. The first independent actuarial report was dated 28 September 2018 based on data as at 31 December 2017. This was presented to the States on 17 October 2018 as R136/2018. The review presented different scenarios based on the significant variable factors that can influence performance of the fund, namely the:

- number of the population receiving care
- split between residential and domiciliary care numbers
- contribution from taxpayers

- care cost cap level
- standard care payment and co-payment levels; and
- asset disregard.

24. The feedback from the actuary projected finances of the LTCF for the next 25 years on various assumptions, and then extracted key data for presentation in the report, including:

- a comparison of the income and expenditure of the LTCF, for each year in the future, to establish whether the contributions will be adequate to meet the benefits in the longer term
- a projection of the balance in the LTCF
- the 'breakeven' contribution rate which is the contribution rate that would be required for each year in the future to exactly meet the projected benefit payments in that year. This represents the contributions that would be required if the LTCF operated on a "pay as you go" basis; and
- a projection of how the total care costs are expected to be shared between individuals and the LTCF.

25. The findings from the first actuarial report in 2018 emphasised the inherent volatility and uncertainties in forecasting immature fund performance with no benchmark data. The summary findings are shown in Exhibit 5.

Exhibit 5: Summary feedback from first actuarial report

Financial position – The LTCF balance is in surplus but is estimated to reduce to around 3 months' worth of LTCF expenditure by 2023 and become negative in 2027.

Adequacy of LTC contributions – Current LTC contributions are expected to be inadequate in the medium term, with the breakeven contribution rate rising to 1.5% by 2028 and up to 2.5% by the end of the projection period (2043).

Source: R136/2018. States of Jersey Long-Term Care Fund Actuarial Review 31 December 2017.

26. Under Section 12 (1) of the Long-Term Care (Jersey) Law 2012, the second actuarial review was due based on data as at 31 December 2020 and was due to be reported in 2021. This review however has not yet taken place and is behind schedule due to pressures and other priorities related to the COVID-19 pandemic.

27. The Treasury Advisory Panel (TAP) is established by the Minister for Treasury and Resources to provide advice on discharging responsibilities in relation to

investments. The primary focus of the TAP is to advise on matters relating to investments and specifically in the provision of oversight of the States of Jersey Common Investment Fund (CIF). The CIF operates several investment pools which include all invested funds from the LTCF.

28. TAP comprises the States Treasurer plus three independent people with appropriate experience. Alongside this, an independent investment adviser is appointed to advise the TAP and the Minister and Treasurer. Investments are reviewed each month and the investment adviser reports quarterly to the TAP on CIF performance.

29. The LTCF investment strategy is set out annually as part of the Government's overall investment strategy. The investment strategy for the LTCF is low risk with emphasis on capital preservation and liquidity. This reflects the uncertain timing of future cash flows because:

- the LTCF is a relatively new fund with limited historical data to enable accurate forecasting
- the contribution rate has not been stable in early years; and
- there is uncertainty around drawdown which is dependent on demographic and economic trends.

30. The investment strategy for 2021 is shown in Exhibit 6.

Exhibit 6: LTCF Investment strategy 2021

	Strategic aim (%)	Range (%)
Cash/Short-term gilts	50	45-55
Absolute Return Bonds	50	45-55

Source: States of Jersey Investment Strategies 2021 (R7/2021)

31. The focus in the strategy is on maintaining monetary value rather than maintaining real term asset value. However, some return on investments is expected. In 2020, the return on investments was £329,000 (2019 - £457,000).

32. After seven years of operation of the LTCF, the characteristics and performance patterns of the LTCF are now clearer. There is now therefore the opportunity to consider whether an alternative strategy may be more appropriate.

Recommendations

R3 Ensure that the actuarial review based on 31 December 2021 data is commissioned as soon as possible for reporting in 2022 and to inform the Government Plans from 2023.

R4 Review the LTCF investment strategy in light of experience since the last formal actuarial review, to assess whether the current strategy is the most appropriate.

Personal contributions

33. All income tax payers are required to contribute to the LTCF. The income tax contribution to the LTCF was initially set at 0.5% of taxable income and was subsequently increased to 1%. Contribution levels were then reviewed as part of the Government Plan 2020 to 2023 and the rate was increased to 1.5% from 2020. The Government Plan 2022 to 2025 has maintained the contribution rate of 1.5% for the period of the plan.

34. In practice, many taxpayers pay less than the maximum contribution rate of 1.5% due to the operation of marginal relief thresholds and allowances within the tax system. For example, a taxpayer earning £40,000 per annum will receive marginal relief on income tax of £1,760 in 2021 and the same level of relief is applied to the LTCF contribution. The result of this is that only higher earners who do not qualify for marginal relief pay the full rate of 1.5%.

35. At the time of my review, Revenue Jersey had not completed any analysis of 2020 data to demonstrate the overall yield rate of LTC contributions from all taxpayers and how this is distributed across different income levels or bands. This would be a useful exercise to use as a basis for future forecasting. In the absence of this analysis, trend data is used to develop the Government Plan. However, the trend data has not produced accurate forecasts. For example, the opening balance in the Government Plan 2021 to 2024 forecast during 2020 was understated by £5.6 million compared to the 2020 closing balance when produced.

36. To help individuals understand the complexities of the tax system including LTC contributions, various tools are provided on the website. The tools and guidance provided were updated in December 2021 to provide better up to date information and greater clarity for users.

37. The LTCF contribution is incorporated into income tax collection and recovery processes. These processes are well established.

Recommendation

R5 Carry out detailed analysis of the LTCF contributions collected by Revenue Jersey and use this to inform or validate future revenue forecasts for the Government Plan.

Government contributions

38. In addition to the contributions collected from taxpayers, the Government makes an annual contribution to the LTCF. Proposition P99/2013 noted that the States already supported long-term care costs of around £31 million at the time the LTCF was established. It was therefore agreed that the value of these budgets should be transferred into the LTCF from the second half of 2014 and for the whole of 2015, after some adjustments to reflect differences in the new scheme. The proposition also stated that the value of the grant transfer to the LTCF would be adjusted in line with general price inflation (Retail Prices Index) from 2016. The grant sum in 2020 was £29.9 million with a forecast of £31 million in 2021 rising to £34.3 million in 2025.

39. The grant from the States is an important component, providing just under half of the annual income to the LTCF. However, the baseline from 2014 has not been re-evaluated against current care costs or current policy objectives.

Recommendation

R6 Re-evaluate the basis for the grant contribution from the States to the LTCF.

Management charges

40. The basis of the management charge to the LTCF dates from 2016 and whilst annual Ministerial Decisions have referred to this being subject to a full review, this has not taken place.

41. A detailed calculation was prepared in 2016 to show the estimated direct staff costs and indirect costs associated with management of the LTCF and LTCS. Payment of the management charge from the LTCF as well as from two other social security funds (Health Insurance Fund (HIF) and Social Security Fund (SSF)) requires a Ministerial Decision. The 2016 Ministerial Decision (MD-S-2016-0001) approved a transfer of £1.42 million, included a 2% efficiency saving target and agreed to produce a reduced management charge of £1.33 million in 2019. It also

indicated that there would be a full review in 2019. The 2019 charge was part of a total charge of £7.66 million for all three funds (LTCF, HIF and SSF). Ministerial Decision S-2021-0007 dated 28 January 2021 confirmed that the management charge for all three funds would be the same level in 2021 but again stated that a full review would be undertaken in 2021. The figures are detailed in Exhibit 7.

Exhibit 7: Management charge to social security funds 2016-2021

Year	LTCF £'000	HIF £'000	SSF £'000	Total £'000
2016	1,420	1,540	5,180	8,140
2017	1,390	1,510	5,080	7,980
2018	1,360	1,480	4,980	7,820
2019	1,330	1,450	4,880	7,660
2020	Split not defined in Ministerial Decision			7,660
2021	Split not defined in Ministerial Decision			7,660

Source: Ministerial decision records 2016 - 2021

Recommendation

R7 Carry out a full review of the management charge to the LTCF and ensure that the charge is an accurate representation of the costs of managing the fund.

Detailed Findings – Long-Term Care Scheme

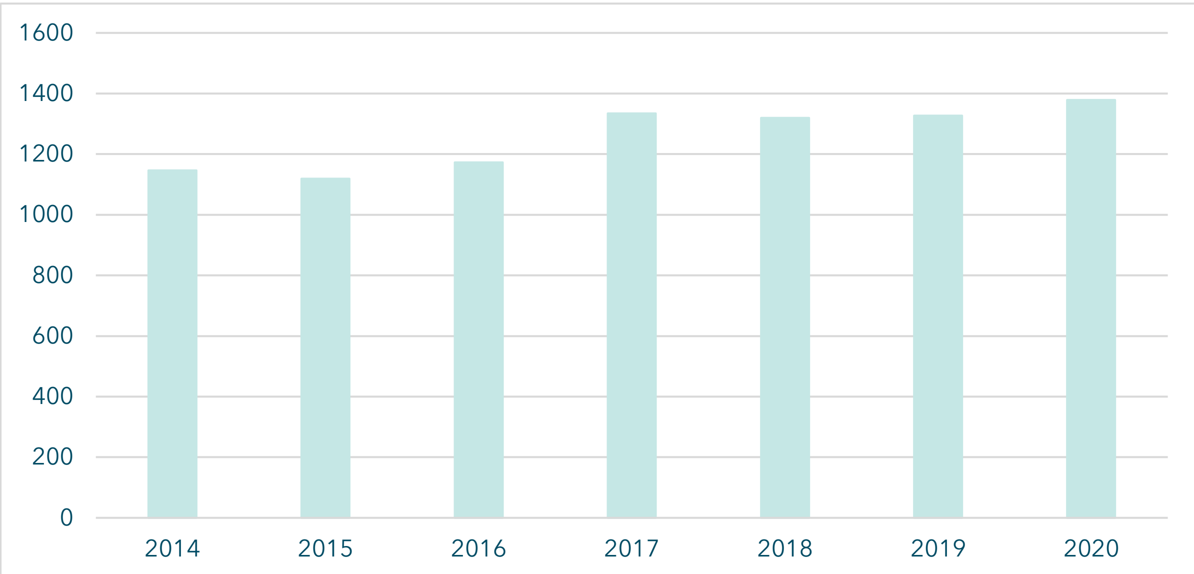
Overview of the LTCS

42. The LTCS provides support for adults assessed as requiring permanent care. To qualify for the scheme, ten continuous years residency as an adult must be demonstrated. The onus is on the claimant to demonstrate this with checks being made against Government records.

43. Two types of financial assistance are funded by the LTCF, LTC Benefit and LTC Support. LTC Support is available from the beginning of an approved claim on a means tested basis. LTC Benefit is available when the standard care costs of the individual have reached the care costs cap. At this point, the individual will start to receive universal benefit to meet their care costs up to a maximum of the appropriate standard care rate.

44. Data at the end of 2020 shows that there were 1,379 people receiving support in the LTCS. The caseload since 2014 and the demographic split of current claims at the end of 2020 are shown in Exhibits 8 and 9.

Exhibit 8: LTCS claim numbers at year end since 2014



Source: Long-term care demographics 2020 – Opendata.gov.je

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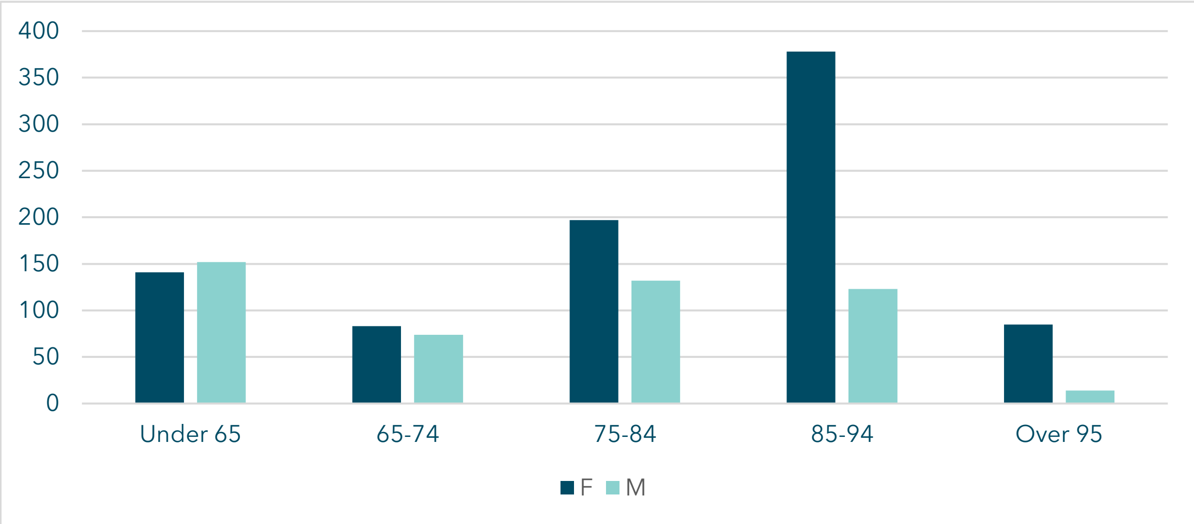
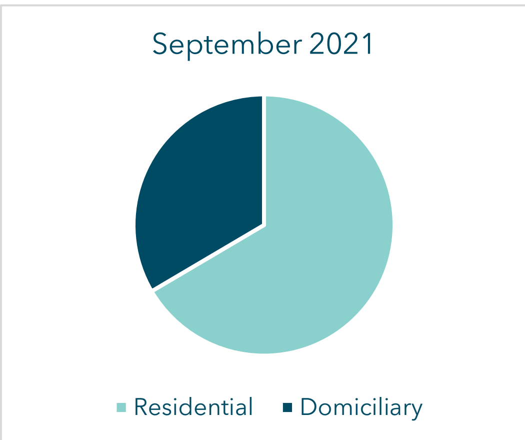
Exhibit 9: LTCS claim numbers at 31 December 2020

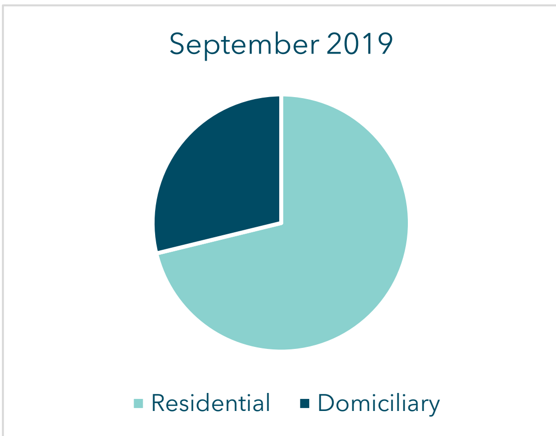


Source: Long-term care demographics 2020 – Opendata.gov.je

45. Figures from September 2021 show that the majority of LTC Benefit cases (67%) and LTC Support cases (82%) are for people who live in residential care settings. In a number of cases, individuals are in receipt of both LTC Benefit and LTC Support payments. Exhibit 10 shows the analysis for September 2021 for LTC Benefit claimants only compared to September 2019. The shift to more domiciliary care provision in 2020 and 2021 reflects factors such as available capacity in the residential sector as well as constraints on admissions due to the impact of the COVID-19 pandemic in the period.

Exhibit 10: Residential and domiciliary care analysis (LTC Benefit) – September 2021 and 2019





Source: Long-term care benefit recipients by group 2019 – 2021 – data provided by Government of Jersey

46. The standard care costs are set as a weekly amount for each of the four assessed levels of care need in the LTCS. Where care is provided in a care home, the fee comprises a standard care cost plus a co-payment which is the responsibility of the individual and covers the cost of living in a care home. The co-payment varies with the facilities provided by each care home, but for the purposes of the LTCS, a single standard co-payment rate is specified for every person. The co-payment is not relevant for domiciliary care as people continue to meet their own living costs. The standard rates are shown in Exhibit 11.

Exhibit 11: LTCS standard care costs 2022

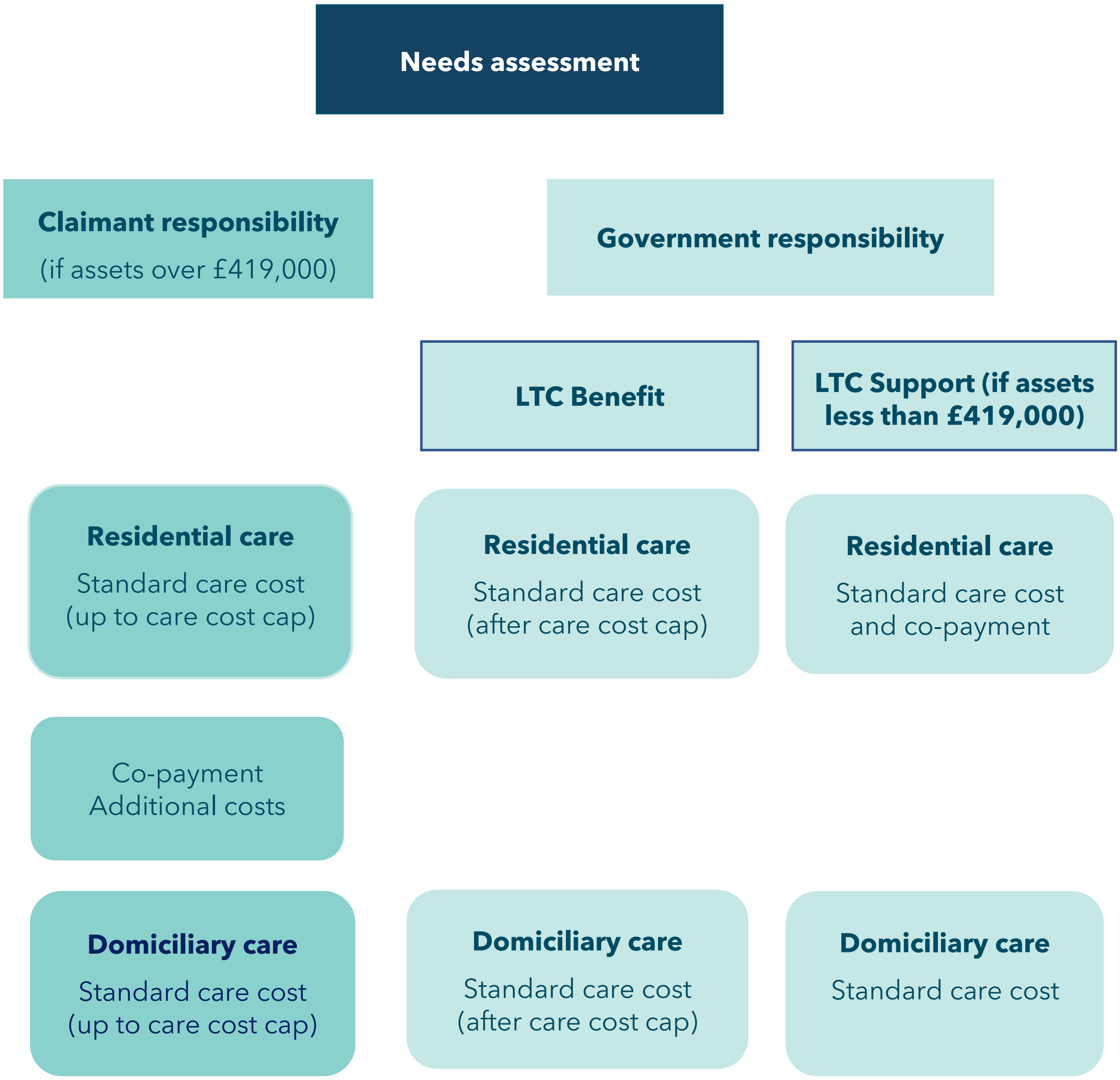
Care level	Standard weekly care cost £	Standard weekly co-payment £	Standard weekly gross fee (care home) £
1	407.82	361.20	769.02
2	622.16	361.20	983.36
3	899.36	361.20	1,260.56
4	1,130.64	361.20	1,491.84

Source: Government of Jersey (CLS) Long-Term Care Scheme General Information booklet

47. Every person must contribute their own funds including income (less expenses) to meet the standard care cost up to a care cost cap level of £60,160 for a single person or £90,240 for a couple. Once the cap level is reached, the universal LTCS Benefit will be paid to meet the standard care cost for the remaining time in care, regardless of any income or assets. The combination of the care cost cap and the weekly rates will determine how long an individual will be expected to meet their own care costs. At level 1, this may be nearly three years. At level 4, the care cost cap will be reached after one year.

48. Where assets are below a prescribed level of £419,000, this is discounted from the financial assessment and LTCS Support can be claimed to help meet the standard care costs and the co-payment if in a residential care setting. The respective responsibilities of Government and claimant are summarised in Exhibit 12.

Exhibit 12: Care cost responsibilities



Source: Jersey Audit Office analysis

49. At the time that the LTCS was introduced, the asset disregard of £419,000 provided protection from the need to sell a family home to meet care costs. The sum comprises £394,000 as a notional property value as well as protecting up to £25,000 of a property owner's cash and other assets. If a LTCS claimant does not own a property, cash and other assets up to a value of £419,000 are protected.

50. The asset disregard was based on the average value of a two-bedroom property at the time that the LTCS started in 2014. The value has not changed since the start of the LTCS. However, published property sales and inflation data demonstrate the price growth since 2014, which means that the asset disregard is now worth less in real terms. As a consequence, the LTCS now offers less asset protection to new

claimants and is therefore less generous to claimants than when the LTCS was first introduced.

51. Proposition P99/2013 which introduced the LTCS stated that the asset disregard would be reviewed annually with reference to the average value of recent two-bedroom house sales. In order to consider this, an annual report is prepared by officers in SPPP to advise the Minister for Social Security on changes to benefit levels and the asset disregard. In each year since 2014, the recommendation has been to keep the asset disregard at the same level. The more recent report to the Minister dated 25 October 2021 does recognise the market trend and provides a clear rationale for a review of the asset disregard level in 2022.

52. The other variables in the LTCS are reviewed each year by the Minister for Social Security on advice from SPPP. In the report towards the end of 2021, the recommendation was to increase all values by the average earnings increase of 3.3% on the basis that this would match cost pressures reflected in the cost base of care providers. The values that increased from 1 January 2022 were the:

- standard care cost at each level
- standard co-payment
- standard personal allowance; and
- standard care cost cap – single and couple.

53. There is some evidence however that care costs have risen in excess of the rise in average earnings since the LTCS was established. As a consequence, the standard care costs provided by the LTCS may not reflect the actual cost of care provision in the same way as when the LTCS was first introduced.

Recommendations

R8 Complete the proposed review of the asset disregard level included in the LTCS during 2022, to:

- consider whether a revised level is more appropriate to meet the objectives of the scheme; and
- provide a basis for future reviews.

R9 Undertake a formal analysis of care costs to inform the 2022 review of the following variables within the LTCS:

- standard care cost at each level

- standard co-payment
- standard personal allowance; and
- standard care cost cap – single and couple.

LTCS information for claimants

54. Information explaining the scheme is available on the Government website and comprises:

    - General Long-Term Care information booklet
    - Short Introduction to Long-Term Care; and
    - Long-Term Care diagram.

55. The Health and Social Security Scrutiny Panel report dated 18 March 2018 concluded that the LTCS was complex and difficult to understand. A recommendation was made to streamline and clarify the General Information booklet by quarter three in 2018. In response to this recommendation, a revised version of the booklet was produced in July 2018.

56. I consider that there is scope to simplify and clarify the current guide in a number of areas, including:

    - providing the guide in other languages (for example Polish, Portuguese, and Latvian)
    - replacing text with diagrams where possible
    - providing greater clarity on what support is available for those who do not qualify for the LTCS
    - providing a description of the care assessment process
    - providing a description of the financial assessment process
    - providing guidance on how to appeal against the findings of an assessment
    - providing details of the complaints process
    - providing details of how to access financial support where this is relevant, as well as LTCF support

- providing links to the database of domiciliary and residential care providers
- giving details on how quality in care is assured; and
- providing greater detail on how payments are made.

57. The CLS Department business plan for 2021 included several initiatives planned to run until 2023. These initiatives include direct engagement with the community to identify improvements in the areas outlined above. Undertaking the planned initiatives provides a good opportunity to seek feedback specifically on the current information and accessibility in respect of the LTCS and to secure improvements.

Recommendation

R10 Review and update the LTCS guidance following feedback from the community as part of the planned engagement initiatives.

Care assessment

58. Around 1,600 referrals are considered by the Adult Social Care team each year, with about 60% of these ultimately being accepted into the LTCS. The care assessment is carried out by health and social care professionals from the Single Point of Referral (SPOR) Team within HCS. From the end of October 2021, the SPOR Team became part of 'HCS 24' which is a 24-hour referral service introduced as part of the implementation of the Jersey Care Model.

59. The care assessment system allocates each individual to one of four levels of need. This is determined using a system called Care Partner which analyses data input by the health and social care professional. A judgement is also made on the anticipated living situation which is a matter of choice for the claimant.

60. The needs profile emerging from the system calculates an indicative budget of the cost of support required. Each care assessment is reviewed by an approved authoriser before a Personal Care Plan (PCP) is prepared.

61. At the same time as needs are assessed, the basic client data is passed to the LTCS team in CLS so that the financial assessment can commence. This is followed by the initial budget assessment.

62. At present, the systems in HCS do not interact with the systems in CLS. HCS is required to notify CLS of new cases by email. To mitigate the risk of data loss or

error, representatives from both departments meet every two weeks to compare information in respect of new cases and changes, to ensure completeness and accuracy. Future changes are planned to update the systems to provide a direct link from HCS to CLS.

63. The Resource Allocation System which produces the indicative budget is based on hourly rates for domiciliary care of £20.25 per hour or £24.80 per hour for higher needs. These rates have not kept pace with the market and as a result, the indicative budgets are often understated. A Freedom of Information request in 2020 identified the average cost of domiciliary care to be £24.49 per hour with a range from £20 - £30.

64. There is provision in the Long-Term Care (General Provision) (Jersey) Order 2014 setting out the process for challenging a care needs assessment. A claimant can seek a re-determination within 21 days and has a further right to appeal to the Medical Appeals Tribunal. The volume of re-determinations is around four or five each year. There have been fewer than ten appeals in the last five years and none have resulted in a change to the care needs assessment.

Complex and high-cost needs

65. Where packages of care are identified from the assessment which meet the following criteria, they are referred to the Adult Social Care Individual Placement Panel (IPP):

- placement required from an overseas provider where needs cannot be accommodated on-Island (two cases at time of review)
- people approaching the age of 18 and may be eligible for care
- costs of the individual packages of care or residential placement are likely to exceed the top band of LTC Benefit; or
- need is identified where there is no funding pathway but where it is considered that there is an obligation for the Government to meet this need.

66. Prior to July 2021, there were separate IPPs for Adult Social Care and Adult Mental Health. The IPP process was then integrated, but from November 2021, following a report into Adult Mental Health care, the two care group panels were separated again. The Adult Social Care IPP meets every fortnight and as well as complex cases, it considers a wide range of cases which are not accommodated in the typical non-residential offer available through the LTCS.

67. Practitioners interviewed as part of my review consider the care levels and packages on offer through the LTCS to be too rigid and anything other than a standard care package at home requires intervention. Innovative packages of

support, for example equipment, taxi service or Motability must be supported by a full business case submitted to the IPP. The business case for all placements submitted to the IPP must demonstrate the cost of the package and the balance of funding between LTCF and other HCS budgets. The General Manager (Adult Social Care) has authority to agree care packages up to £100,000 through this process.

68. In 2021, there were 91 cases considered by the Adult Social Care IPP plus 100 Adult Mental Health and Adult Social Care cases considered by the integrated panel from July to November. These figures include individual applications that have been brought to the IPP on multiple occasions. This volume of cases, considering the required documentation, is an ongoing pressure for the Adult Social Care team and impacts on routine performance.

Performance monitoring

69. Performance data collected by HCS for the LTCS is largely related to caseload and timeliness of assessments. It is acknowledged by HCS that it would be desirable to have a greater emphasis on care outcomes in the performance data monitored. It is anticipated that a first selection of revised performance measures will be available in the first quarter of 2022 for detailed testing and data quality checks. HCS plans to develop new metrics and to improve existing metrics once the system upgrade has been completed.

70. One performance measure for HCS is the time from first contact to the allocation of a health and social care professional to undertake the assessment. There are four triage levels as well as hospital discharge cases, as shown in Exhibit 13.

Exhibit 13: Care assessment triage allocation of referrals 2021

Triage level	Target for allocation of health and social care professional	Referrals 2021	% of total referrals
Red	5 days	539	34.4
Amber	10 days	336	21.4
Green	10 days	182	11.6
Hospital discharge	24 hours	511	32.6
Total		1,568	

Source: Adult Social Care Team – HCS

71. At the time of my review, performance data was not provided to show performance against each of the above categories. Whilst I have been advised that the data is being collected, reporting is provided at generic level across all categories which does not enable specific identification of performance issues.

72. In addition to the time from first contact to the allocation of a health and social care professional, HCS also collects and reports the following performance measures:

- number of care plans opened
- care plan reviews opened with percentage of goals achieved
- cases re-opened within 90 days of closure; and
- number of assessments closed within 30 days.

73. The latter performance measure is reported as one of the suite of headline performance measures included in the 2021 HSC Business Plan. Baseline performance was reported as 71.8% based on October 2020 data. Subsequent data indicates that the full year position for 2020 was 69% and by November 2021 this had improved to 87%. The performance measure for cases re-opened within 90 days is currently not robust and meaningful due to the way it is being recorded and calculated within the system when compared to the target.

74. At the time of my audit, CLS was supporting HCS to review the customer journey from the initial referral through to the assessment. The aim is to improve the cycle time from initial contact with the SPOR to being assessed and then engaging with/being engaged by the LTC team.

75. There is an emphasis in the Jersey Care Model on moving the focus, where appropriate, from residential to domiciliary care. However, a performance measure to monitor the numbers in each care setting with a target has not been introduced.

Recommendations

R11 Complete the planned systems updates to provide a direct data link for the LTCS between HCS and CLS systems.

R12 Update the standard hourly rate figures for domiciliary care in the Resource Allocation System and ensure that these are reviewed and revised annually.

R13 Publish the re-determination and appeals process for both care needs and financial assessments on the website and in future guidance.

R14 Undertake a review of all performance measures for the LTCS to:

- establish a more comprehensive suite of performance measures to reflect the customer journey, including metrics to monitor the balance between residential and domiciliary care provision
- ensure data and other information for all performance measures are reported and monitored on a regular basis; and
- ensure underlying reasons for performance variances are investigated and improvement plans are agreed to address risks and issues arising.

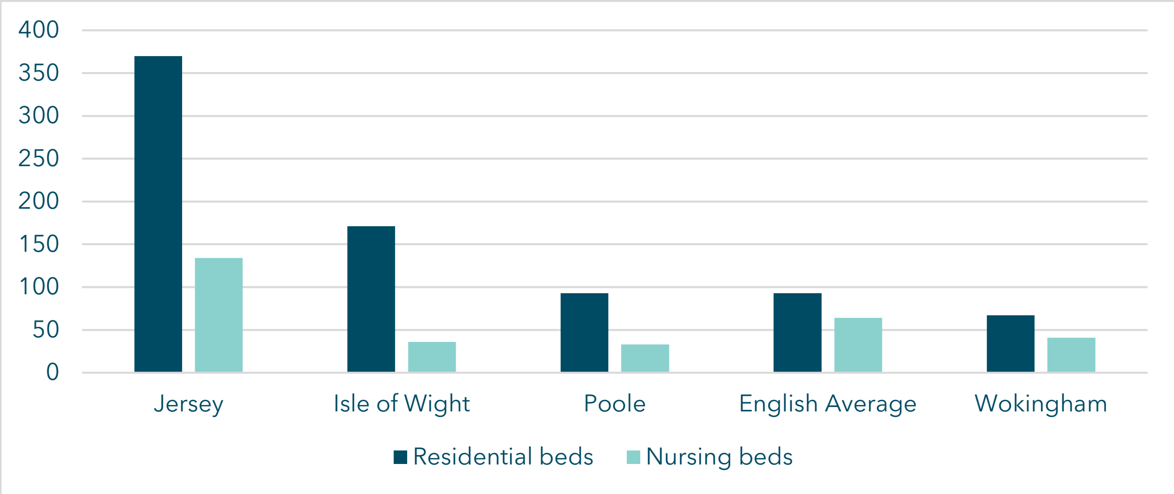
Care provision

Current provision

76. As many LTCS claimants will be contributing to standard care costs up to the level of the care cost cap, the choice of care provider is made by the individual, subject to availability. Once the care cost cap is reached, the costs will be met by the LTCF unless a change in circumstances requires a change in care setting. In cases where a claimant has no significant assets or income, whilst the guidance suggests that the individual may have less choice of provider, in practice the determinant is availability.

77. The majority of LTCS claimants are in residential settings with occupancy levels in Jersey being significantly higher than comparative data for England. Exhibit 14 shows the figures for Jersey compared to the England average, alongside some example local authorities.

Exhibit 14: Numbers of occupied residential and nursing beds per 10,000 population aged over 65



Source: Jersey Care Model Briefing paper October 2019

78. At the time of my review, there were 999 residential and nursing beds on the Island including 23 beds for adults aged over 65 at Sandybrook Nursing Home, operated by HCS. All other care homes are privately managed. In September 2021, there were 21 residential care home vacancies and one nursing home vacancy reported.

79. The LTCS is not supported by an overarching commissioning model. Individual health and social care professionals take the responsibility for sourcing residential or domiciliary care on the basis of the best information available to them at the time. Care home data is requested from residential home managers on a weekly basis. However, there is no obligation for care homes to provide the data and consequently records maintained of vacancies are incomplete. This puts pressure on health and social care professionals to contact individual care homes to check capacity. Where data is provided, this shows capacity only and not prices. Costs and prices are determined by providers and may vary depending on occupancy levels. Whilst many individuals are free to make their own choice of residential care setting, in reality the choice is limited as the market is stretched.

80. HCS does not have contracts with any care provider as the contract is between the individual and the care provider. Residential provision and capacity are therefore driven by the providers who can exercise discretion in accepting new cases. During the COVID-19 pandemic, the difficulties in securing placements have been emphasised with some care homes closing to new residents. Agreements are in place between approved care providers (who must be registered under the Nursing and Residential Homes (Jersey) Law, 1994) and CLS. However, this is only in respect of breaches of conditions of registration under this Law and administrative issues such as:

- a requirement to publish service offers on the Jersey Online Directory – this does show current capacity as well as price ranges

- the treatment of Personal Care Plans

- invoicing arrangements; and

- sanctions for non-compliance with registration conditions and the administrative conditions set out in the agreement (including classification of the care home as 'not approved' where there is non-compliance with conditions of registration and administrative requirements).

81. CLS has acknowledged that the current agreements require updating. The agreements with residential care providers and domiciliary care providers are earmarked for review although the timescales for this review have not yet been set out.

82. Following the introduction of the Regulation of Care (Jersey) Law 2014 on 1 January 2019, there is no reference in the current LTC agreements between the Minister for Social Security and care providers to standards for the quality of care, other than a requirement for the provider to be registered.

83. The independent Jersey Care Commission (JCC) became responsible for health and social care regulation from 1 January 2019. Reports from the JCC are published on its website which allows HCS and CLS to satisfy themselves as to the quality of provision. HCS officers interviewed during my review described the overall standard of residential provision to be very good. The ten inspection reports issued by the JCC on residential care homes in the last three months of 2021 showed nil or one improvement areas in six cases, two improvement areas in two cases and one case each where four and six improvement areas were identified. These reviews are largely focussed on compliance but where comments are made on the quality of the care setting, these were positive.

84. The domiciliary care market is growing but remains under-developed on the Island following a historic emphasis on residential care provision. As a comparison, data from the UK National Audit Office and the Office for National Statistics in England in 2020 indicates that 66% of care needs are delivered in the home. This compares to 33% of LTC Benefit cases in Jersey.

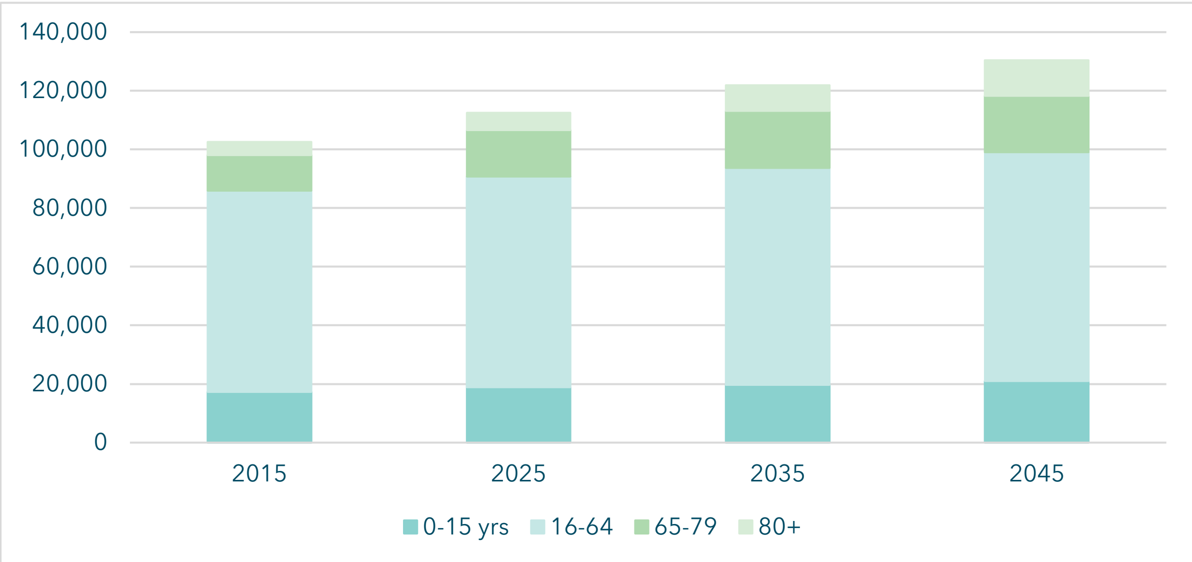
85. Day respite care provision is also limited. A database of domiciliary care provision and availability is not routinely maintained by HCS. Newly assessed cases are addressed on a case-by-case basis through contact with providers at the time to see firstly, whether capacity is available, and secondly, if this is in the required part of the Island. As with residential provision, the care provider can exercise

discretion on accepting a particular case which can result in health and social care professionals supporting individuals in contacting a number of providers.

Future provision

86. Population forecasts referred to in the last actuarial report suggest that the Island population could grow by around 28,000 or 27% in the first 30 years of the LTCF to 2045 (based on an assumption of 700 net inward migration each year). Within these forecasts, the proportion of those aged over 65 is estimated to increase from 16% of the population at the start of the LTCF in 2015 to 24% in 2045. Furthermore, 12,100 Jersey residents are forecast to be aged over 80 in 2045 compared to 4,500 in 2015. Exhibit 15 shows the forecast every ten years.

Exhibit 15: Population forecast to 2045



Source: Statistics Jersey population forecast report 2016

87. The Government acknowledges the importance of the domiciliary care market as part of the overall planning to support the future needs of the population. This is clear, not just in the structure of the LTCS itself but also in some of the key messages in the Closer to Home initiative and the Jersey Care Model. This includes the Help at Home Scheme which is focussed on developing the domiciliary workforce to support the growing demand for care at home. Growing the demand for care at home is also expected to create an environment where existing providers have more confidence that demand will be there to justify employment and training initiatives.

88. The Jersey Care Model emphasises the desired focus on stimulating market development and local strategic commissioning alongside providing greater choice through personalised budgets. This represents a major shift from the current provider-led model and will require changes to the Government's current

JERSEY AUDIT OFFICE

relationship with care providers as well as initiatives to grow the supply market to meet future demand.

89. Future care models may include innovative solutions using technology to support some people with care needs in their own homes. In anticipation of this, parts of the LTC Law are due to be reviewed in 2022 to ensure that the definition of 'approved home care services' includes technology as well as 'on site' carers.

90. As well as this work on the Jersey Care Model, other initiatives are being developed by SPPP with contributions from relevant departments. These include projects to help individuals live in their own homes for longer and support to help financial independence in old age.

Recommendations

R15 Review and update existing framework agreements with all care providers. Ensure that the update includes a clear articulation of the data and quality standards required from care providers.

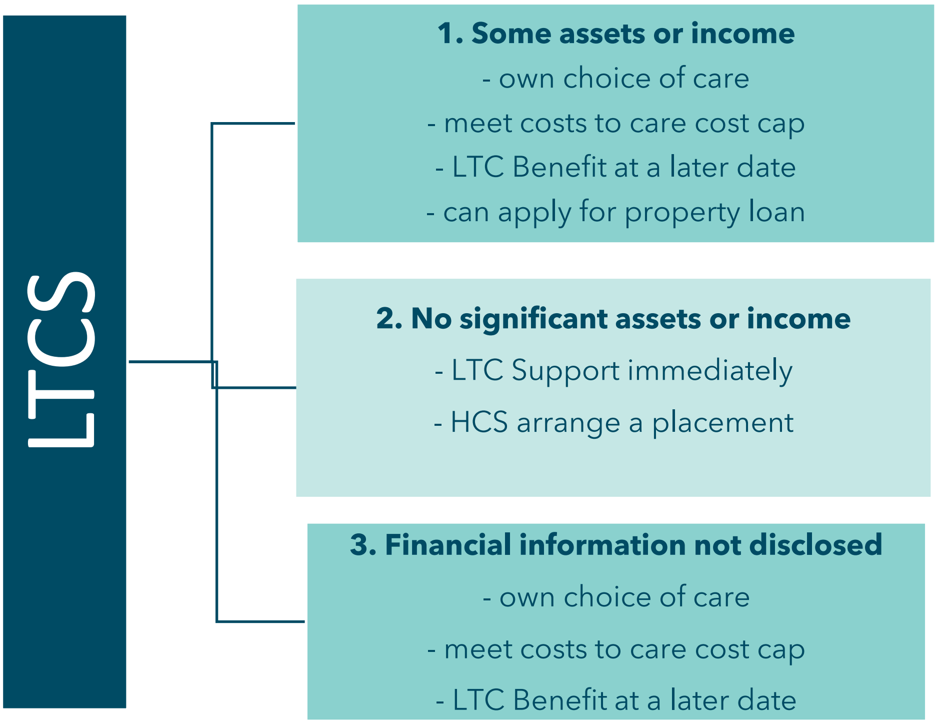
R16 Prepare a detailed plan to implement a range of initiatives to reduce demand on the LTCF in future. This plan could form part of the Jersey Care Model implementation and should include shifting the emphasis of care provision to prevention and domiciliary care.

Financial assessment and payment of benefits

Financial assessment

91. The LTCS financial assessment places individuals into one of three categories as shown in Exhibit 16:

Exhibit 16: Access to Long-term Care Scheme



Source: Government of Jersey Long-Term Care Scheme diagram

92. All claimants receive face to face support to help complete the application. An online facility was previously available, but this was withdrawn due to complexities in the application process.

93. The nature of the scheme requires full financial data to be collected on the application form. The face to face support recognises that a number of claimants may find this daunting. Not all details in the application process are relevant for every claimant.

94. All LTC claimants are required to disclose details of income, property and other assets for review by CLS. Regular household expenses are also disclosed but a standard allowance of £254 per week is allocated for utility bills, rates and insurance.

95. All claimants are advised of the LTCS Benefit rate at the conclusion of the process and payment commences automatically once the care cost cap is reached. The notification letter also includes details of an appeals process but, as noted earlier, this is not included on the website or within the guidance.

96. Applications must be supported by three months' bank statements so that regular income and expenditure can be checked. CLS also checks for any asset disposals within the last ten years. Property and investments held anywhere in the world must be disclosed.

97. Where financial circumstances change, it is the responsibility of the individual claimant to notify CLS. There is no standard template or form that provides for this. To manage the risk of not being notified of a change, an annual review process is in place. However, resourcing pressures have resulted in these reviews not taking place on an annual basis. The current feedback is that reviews are at 18-month intervals.

98. Claimant data must be entered into two different systems. The Customer Relationship Management (CRM) system captures the basic data and calculates the appropriate LTCS Benefit. The CRM system does not interface with the Navision payment system. The data has to be entered into a separate system (New Employment and Social Security Information Exchange (NESSIE)) to provide the interface with the payment system. There are plans to streamline this into a single system as part of a wider project to update all CLS core technology platforms for the management of benefits, over the next three to five years. Until this is completed, the process will remain inefficient.

Property loans

99. Property loans are available where a homeowner cannot meet their share of the total care costs. This includes the contribution to standard care costs, the standard co-payment in a residential setting and in some cases, the additional costs of residential care. The ability to borrow against property value is based on an assessment of the asset disregard levels of £394,000 for property and £25,000 for other assets. The circumstances where a loan will be considered are:

- if the property value is above £394,000 and other assets are below £25,000; or
- if the value of all assets is less than £419,000 but care costs are above standard rates, in which case a loan may be possible to meet the additional costs only.

100. If the property value is above £394,000 and other assets are greater than £25,000, a loan will not be available until other assets fall below £25,000. The assumption is that the other assets will be used to fund care costs in the first instance.

101. The amount of loan available to contribute to standard costs and co-payment is limited to the value in the property above the exemption level. Should the property value fall below the exemption level, the loan will no longer be required, and support will be available through the LTCS.

102. Where a loan is used to meet additional costs, the LTCS General Information booklet explains that a test is applied to ensure that £197,000 of value remains in the property once five years of additional costs have been met. The rationale for this is not however clear and this is not referred to in the separate Property Loan

guidance leaflet. The guidance on property loans within the LTC General Information booklet would benefit from simplification.

103. The loans are secured using a Social Security 'hypothec' (a charge or mortgage registered against a property owner) registered in the Jersey court and recorded in the Public Register. Valuation and registration costs are met by the Government and loans attract standard interest of 0.5% above Bank of England base rate. Each borrower receives an annual statement of principal and loan interest, and the loan is payable when the property in question changes hands. In cases where the borrower dies and a carer or family member remains living in the house, the loan is only due to be repaid when that person dies or stops living in the home.

104. Since the LTCS started, there has been lower take up of loans than anticipated. At the time of my review, there were 40 outstanding property bonds totalling £1.1 million. Of these, only ten relate to claimants who are currently being assisted. The remaining 30 property bonds no longer have borrowing requirements.

Payment of benefits

105. Payment of LTCS Benefit can be made:

- directly to the care provider
- to the individual to pass to the care provider; or
- to a family member to pass on to the care provider.

106. The majority of payments are paid directly to care providers on receipt of invoices. Where the benefit payment is paid to the individual or family member, CLS is reliant on the provider to notify it if the payment is not passed on. Similarly, if care provision ceases for any reason, there is a risk that payment can continue beyond the entitlement period unless CLS is informed by the care provider or by the claimant. A single consistent approach to making payments may mitigate against some of this risk.

107. The finance business support team from T&E has identified issues in reconciling data between the NESSIE and the CRM systems. Since the LTCS was brought in (in 2014), both LTC Benefit and LTC Support have been paid through a single account code in NESSIE. A reconciliation process is used to split the Benefit and Support expenditure at each month end. I am advised that, due to anomalies in the CRM system, it is sometimes difficult to determine the correct split between Benefit and Support costs – as a claimant may receive both Benefit and Support. In some cases, an estimated split of 71% Benefit and 29% Support is used where the correct split cannot be determined from the CRM system data. As a result, forecast

data produced includes adjustments which partly reflect misallocations between Benefit and Support that result from these estimates. Work is ongoing to resolve this anomaly through redesign of the reconciliation process.

Performance monitoring

108. The CLS Business Plan for 2021 did not include any specific performance indicators relating to long-term care or the LTCS. Performance in respect of the LTCS is monitored using a range of metrics relating to response time and accuracy. These are shown in Exhibit 17. At the time of my review performance was near target with the exception of new claims opened within 15 days, which was significantly below target.

Exhibit 17: Performance measures – CLS

Performance measure	Target	Year To Date Sept 2021
New claims opened within 15 days	95%	83.80%
Accuracy of new/amended claims	100%	100%
Change of circumstances actioned within 15 days	95%	92.80%
Reclaims for deceased claimants completed within 10 days	95%	93.40%

Source: CLS records

Recommendations

R17 Review the potential to streamline the claims process, for example, through:

- providing an online self-assessment tool
- providing a standard template for claimants to notify a change of circumstances; and
- simplifying the property loan process and guidance.

R18 Introduce a performance measure to monitor the timeliness of annual reviews of individual claims.

R19 Resolve the issues in the interface between the CRM system and NESSIE as soon as possible to avoid requirement for duplicate data entry. In doing so, review the allocations of payments to LTC Benefit and LTC Support in both systems to eliminate adjusting entries.

R20 Review the potential to move to a single, consistent approach to making payments due from the LTCS.

Appendix One

Audit Approach

The review included the following key elements:

- review of relevant documentation provided by the States of Jersey; and
- interviews with key officers within the States of Jersey.

The documentation reviewed included:

- Long-Term Care Scheme proposition 99/2013
- Long-Term Care Scheme - General information booklet
- Long-Term Care Scheme – Property loans guidance
- Health and Social Security Scrutiny Panel report dated 18 March 2018
- Government Plans 2021 to 2024 and 2022 to 2025
- Departmental business plans
- Report to the Minister for Social Security – Long-Term Care benefit levels, 12 October 2020
- Long-Term Care Senior Liaison Group – Terms of Reference and sample of minutes
- States of Jersey Investment Strategies – January 2021
- Quarterly investment report – August 2021
- Actuarial Review 31 December 2017
- Framework agreements with care providers
- LTCS process maps

The following officers were interviewed remotely or provided written input:

- Director General, SPPP
- Director General, CLS
- Senior Policy Officer, SPPP

- Principal Policy Officer, SPPP
- Head of Strategic Planning and Reporting, HCS
- Associate Managing Director – Adult Social Care and Mental Health, HCS
- Associate Managing Director – Modernisation, HCS
- General Manager – Adult Social Care, HCS
- Principal Social Worker – Adult Social Care, HCS
- Head of Treasury and Investment Management, T&E
- Director of Treasury Operations and Investments, T&E
- Head of Contributory Benefits, CLS
- Team Manager – Pensions and Care, CLS
- Acting Head of Finance Business Planning (CLS), T&E
- Finance Business Partner (CLS), T&E
- Advisor – Analytics and Management Information (CLS), T&E
- Team Leader (Personal Tax), Revenue Jersey
- Manager – Operations (Analytics), Revenue Jersey

I would like to thank all officers who have contributed to this report. The fieldwork was carried out by an affiliate working for the Comptroller and Auditor General.

Appendix Two

Summary of Recommendations

R1 Review the cross departmental governance arrangements to include:

- establishment of a LTCF Board; and
- reinvigorating the Long-Term Care Senior Liaison Group with a more structured agenda and minutes.

R2 Publish key performance measures related to the LTCF, including the LTCS, either as part of the States of Jersey Annual Report and Accounts or as part of the CLS departmental reporting process.

R3 Ensure that the actuarial review based on 31 December 2021 data is commissioned as soon as possible for reporting in 2022 and to inform the Government Plans from 2023.

R4 Review the LTCF investment strategy in light of experience since the last formal actuarial review, to assess whether the current strategy is the most appropriate.

R5 Carry out detailed analysis of the LTCF contributions collected by Revenue Jersey and use this to inform or validate future revenue forecasts for the Government Plan.

R6 Re-evaluate the basis for the grant contribution from the States to the LTCF.

R7 Carry out a full review of the management charge to the LTCF and ensure that the charge is an accurate representation of the costs of managing the fund.

R8 Complete the proposed review of the asset disregard level included in the LTCS during 2022, to

- consider whether a revised level is more appropriate to meet the objectives of the scheme; and
- provide a basis for future reviews.

R9 Undertake a formal analysis of care costs to inform the 2022 review of the following variables within the LTCS:

- standard care cost at each level
- standard co-payment
- standard personal allowance; and

- standard care cost cap – single and couple.

R10 Review and update the LTCS guidance following feedback from the community as part of the planned engagement initiatives.

R11 Complete the planned systems updates to provide a direct data link for the LTCS between HCS and CLS systems.

R12 Update the standard hourly rate figures for domiciliary care in the Resource Allocation System and ensure that these are reviewed and revised annually.

R13 Publish the re-determination and appeals process for both care needs and financial assessments on the website and in future guidance.

R14 Undertake a review of all performance measures for the LTCS to:

- establish a more comprehensive suite of performance measures to reflect the customer journey, including metrics to monitor the balance between residential and domiciliary care provision
- ensure data and other information for all performance measures are reported and monitored on a regular basis; and
- ensure underlying reasons for performance variances are investigated and improvement plans are agreed to address risks and issues arising.

R15 Review and update existing framework agreements with all care providers. Ensure that the update includes a clear articulation of the data and quality standards required from care providers.

R16 Prepare a detailed plan to implement a range of initiatives to reduce demand on the LTCF in future This plan could form part of the Jersey Care Model implementation and should include shifting the emphasis of care provision to prevention and domiciliary care.

R17 Review the potential to streamline the claims process, for example, through:

- providing an online self-assessment tool
- providing a standard template for claimants to notify a change of circumstances; and
- simplifying the property loan process and guidance.

R18 Introduce a performance measure to monitor the timeliness of annual reviews of individual claims.

R19 Resolve the issues in the interface between the CRM system and NESSIE as soon as possible to avoid requirement for duplicate data entry. In doing so, review the allocations of payments to LTC Benefit and LTC Support in both systems to eliminate adjusting entries.

R20 Review the potential to move to a single, consistent approach to making payments due from the LTCS.

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