

Making the case for funding for extra care – a view.



- *Insanity is doing the same thing over and over again and expecting different results*
- Albert Einstein

Context

Learning from market leading experience that might provide ways forward as part of the Casey Review.

Background

- Committed specialist in extra care housing for over 30 years
- Director of The ExtraCare Charitable Trust and last 10 years independent consultant Matters Grey advising 3rd sector organizations and for profit providers.

There is no money!

- Inability to implement respected Sir Andrew Dilnot reforms since 2010 – older people shouldn't face cliff edge funding dilemmas in old age.
- History onwards from 2010
Liam Byrne – no money.
- Government spending priorities is 'working people'.
- Edward Trop – tax advisor
....going to have to look to the more senior members of society.
- pre-emptive decision to scrap universal winter fuel benefit for pensioners.

Given no money what to do...

- Older people an opportunity - 80% owner occupiers.
- Baby boomers peak demand
- Asset rich revenue poor.
- Housing assets lower value. Average house prices in England £305,000 in 6.24.
- Older people trapped in often sub-standard hard to maintain and hard to heat properties.
- Extra care a route out, but the entry point can be more than nett housing assets.
- Opportunity to release family housing for the next generation.

Immediate needs care annuity

- Funding long term care costs through purchase an immediate needs care annuity - similar to a pension but available immediately – de-risking care costs.
- Example, an 85-year-old with annual care costs of £70,000 and revenue of £30,000 could buy an annuity for £176,00 – funded through house sale.
- Opportunity for State/ insurance based partnership – capping liability.

Extra care housing

- Importance of shared ownership model to improve affordability.
- Owner occupiers bringing equity to help drive forward projects.
- Standards are key – depth of care provision/resales / managing voids.
- Role of Homes England to focus subsidy on the best projects.

Learning from the market

- Innovative models in extra care – no equity growth.
- Care costs covered through a cross-subsidy community approach – ECCT and Hartrigg Oak.

There is money!

- Inheritance tax income in 2023. Was £7.1 billion and is projected to grow to £9.7 billion by 28/29.
- This reflects the percentage of estates paying IHT growing from 3.7% to 6%. This will continue to grow exponentially as more baby boomer estates become available.
- Earmarking this growing funding has the potential to help solve the challenge and show that the... *“never had it so good”* boomers can help provide the solution without directly impacting services for working people.

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