

Withdrawal of Individual Level Older People's Funding Formula (SSE1) from Consultation

1. In the July 2005 consultation document "Local Government Finance: Formula Grant Distribution", older people social services option SSE1 was based on a preliminary model using a combination of the General Household Survey, a new PSSRU survey of care home admissions and home care recipients and information from the 1995 survey of admissions to care homes. This was because the 2005 survey of care home admissions did not collect enough data to construct a robust analysis at the time the consultation was launched.
2. Over the summer, there has been a continuing data collection exercise to improve the sample for the 2005 survey of care home recipients. In light of this new evidence, it is now possible to construct revised versions of consultation option SSE1. However, after careful consideration, we have decided that it is not possible to produce statistically robust formula options using only the 2005 survey data on individuals in receipt of older person's social services and General Household Survey data. This is because the final survey is still too small and we cannot draw reliable conclusions on the impact of different variables on the needs for LA funded social care.
3. **The Department of Health have therefore decided to withdraw option SSE1 from the consultation exercise.**

Methodology and data

4. Our intention was to use an updated individual level option using information on the following groups:
 - Individuals over 65 not receiving social care services (General Household Survey 2001),
 - Individuals receiving home care services (PSSRU home care survey and a small sample of 118 individuals who are identified as receiving care in the General Household Survey 2001), and,
 - Individuals who receive care home admissions (PSSRU 2005 Home care admissions survey)
5. The table below outlines the final sample for each of these groups and the representation across different types of local authority. The sample that could be used in the analysis is much smaller than the total sample. The reason for this is a lack of data on key variables, especially receipt of benefits, household composition and housing tenure in many responses to the client surveys. This is partly because it was not possible to obtain household composition and tenure information for older people already in care homes, such as former self-funding care home residents moving to local authority support.

Sample Coverage for Option SSE1

	London Borough	Metropolitan Districts	Shire County	Unitary	Total
General population over 65 ¹					3356
Population over 65 receiving domiciliary care services (achieved sample)	148	116	82	38	384
Population over 65 receiving domiciliary care services (complete data)	92	67	60	22	241
Population over 65 receiving residential care services	183	249	315	78	825
Population over 65 receiving residential care services (complete data)	56	144	132	28	360

6. This achieved sample size is well below the planned sample of 1000 people entering care homes, and up to 500 people receiving care at home.
7. In order to test whether a reliable formula model could be produced the sample was weighted for the following reasons:
 - to reflect the correct balance in the number of older people supported by local authorities of different types – London Boroughs, Metropolitan Boroughs, Shire Counties and Unitary Authorities.
 - reflect the population proportions receiving home care, residential care and no care.
 - to reflect DH figures on the overall proportions of (i) intense and (ii) non-intense home care.
8. A further complication to the PSSRU modelling is the change in the benefit structure for older people over the last few years. In October, 2003 the Minimum Income Guarantee was replaced by the Pension Credit. However, the General Household Survey 2001-02 is the most up-to-date version that includes data on the receipt of homecare. As a result the level of receipt of Pension Credit for over-65's who do not receive care services has had to be imputed using either income or income support.
9. The proportion of the older population receiving pension credit after imputation and the proportion of the older population receiving AA/DLA in the GHS differ from the actual proportions reported by the DWP. Therefore, there is an issue over whether or not the data needs to be weighted to reflect the correct level of benefit receipt.

¹ The sample for the general population over 65 is taken from the General Household Survey 2001-2. This offers a fully representative sample for all types of authorities. However, it has not been possible to show the sample size for each individual type of authority here.

10. As a result, PSSRU have created a number of models for older people's social services, based on a range of options to estimate pension credit and weight the model for benefit receipt. These include:
- imputing pension credit receipt using income as a proxy,
 - imputing pension credit using income support as a proxy, and,
 - re-weighting sample by a benefit weight to reflect DWP national figures. This was designed to reflect 4 categories: no receipt of benefit, AA/DLA only, pension credit only and AA/DLA and pension credit.
11. This creates four different individual needs level models for older people – using the two ways of imputing pension credit, each weighted or unweighted for benefit receipt. For completeness, the models are outlined in the table below. All variables in the model are significant to the 1% level. It can be seen that changes in the modelling assumptions have a significant effect on the variables that enter the models, and in some cases, the value of the coefficients.

Potential Individual Level Models for Older People's Social Care

	Option A Pension credit imputed using income. Sample adjusted by the benefit weight.	Option B Pension credit imputed using income. Sample unadjusted for benefit receipt.	Option C Pension credit imputed using income support. Sample adjusted by the benefit weight	Option D Pension credit imputed using income support. Sample unadjusted for benefit receipt.
Age 75-79	-	-		-
Age 80-84	15.37	15.12	14.82	13.21
Age 85+	58.50	58.36	58.17	55.86
Living Alone	6.51	-	-	-
Single living with others	-	-	-	-
Renting (LA or Private)	7.78	7.32	-	-
Limiting long-term illness	18.94	15.34	13.89	12.23
Pension Credit	23.13	10.46	24.16	44.39
AA/DLA	-	33.36	11.01	24.94
Constant	-10.00	-9.49	-6.40	-6.34
R squared	0.17	0.18	0.16	0.22