



BRIEFING PAPER

Number 8001, 8 July 2020

Adult social care funding reform: developments since July 2019 (England)

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Summary

This House of Commons Library briefing paper provides a summary of developments concerning the reform of adult social care since Boris Johnson became Prime Minister in July 2019. It applies to England only.

The Government's current position, as outlined in the Conservative Party's 2019 general election manifesto, is that it will seek a cross-party consensus in order to bring forward proposals for reform of how people pay for adult social care. A prerequisite of the proposals will be that "no one needing care has to sell their home to pay for it."

In January 2020, the Prime Minister stated that the Government would bring forward a plan "this year" and would "get it done within this Parliament."

In March, the Health Secretary, Matt Hancock, began the process of seeking to build a cross party consensus by writing to MPs and peers to ask for their views, solutions and concerns about reforming the way people pay for their care. The letter stated that the Government planned to move to structured talks on reform options in May 2020.

However, in June, the Health Secretary suggested that, in light of the coronavirus outbreak, it was "not straightforward" to meet the previously set timetable for the reform of adult social care funding. At the time of writing the cross party talks – originally planned for May 2020 – have not started, with the Government stating that they will take place "at the earliest opportunity in light of the current circumstances."

In a speech on 30 June 2020, the Prime Minister stated that the Government "won't wait to fix the problem of social care" and was "finalising[its] plans and...[would] build a cross party consensus."

1. Background to the situation in July 2019

Proposals for the reform of adult social care funding already had a long history by the time Boris Johnson became Prime Minister in July 2019.

Box 1: How do people pay for social care at present?

While the NHS is mostly free at the point of use (except e.g. dentistry, prescriptions for some groups), this is not the case for social care. Rather, a means-test is applied to determine if someone requiring social care support is eligible for local authority funding support.

At present, care home residents with capital (which may include the value of their home) below £23,250 are eligible for such support, but have to contribute their income (and some of their capital if in excess of £14,250) towards the cost on an ongoing basis without limit. Even then, if their income exceeds what a local authority usually pays for a care home place, they may find themselves ineligible for financial help.

For those receiving social care in other settings, such as at home, local authorities can establish their own frameworks for charging (if they decide to charge) which must be at least as generous as the care home means-test. A key difference is that the value of a person's home is always excluded (or "disregarded") from the domiciliary care means-test.

There is no limit to the amount an individual can spend on social care support during their lifetime, which can lead to "catastrophic" social care bills of tens of thousands of pounds for some people.

However, if someone qualifies for NHS Continuing Healthcare because their needs are primarily health-related, then both their health *and* social care costs are met in full by the NHS without any financial contribution required at the point of use from the person receiving the care.

Further information can be found in the Library briefing papers [Social care: paying for care home places and domiciliary care \(England\)](#) and [NHS Continuing Healthcare in England](#).

1.1 Labour Government 1997-2015

The 1997–2010 Labour Government had appointed the Royal Commission on Long Term Care for the Elderly, whose March 1999 report called for free personal care to be introduced and a significantly more generous means-test, among other measures. While some of the Commission's proposals were implemented, on these points in particular the Labour Government rejected them, citing the cost.

While further proposals were subsequently put forward by the Government itself, fundamental change was not implemented during the remainder of the Labour administration.

1.2 Coalition Government 2010-2015

Following the May 2010 General Election, the Coalition Government established the Commission on the Funding of Care and Support, chaired by Sir Andrew Dilnot, in July 2010. A year later, the Commission published its proposals, central among which was the introduction of a cap on lifetime social care charges and a significantly more generous means-test.

The then Government accepted these proposals in principle, although they altered the parameters for the cap and the means-test as well as some of the detailed policy behind the cap. The *Care Act 2014* provided

the legislative changes to implement the novel policies proposed by the Commission, and an implementation date of April 2016 was set.

1.3 Conservative Governments 2015-2019

Two months after the 2015 General Election, the newly-elected majority Conservative Government announced that the introduction of the lifetime cap – plus the more generous means-test and other “Phase 2 reforms” of the *Care Act 2014* – would be “delayed” until April 2020.¹

In his Budget Statement on 8 March 2017, the then Chancellor stated that the Government would “set out their thinking on the options for the future financing of social care in a Green Paper later this year”.² The then Health Minister, Philip Dunne, told the House later in March 2017 that “it would be fair to say that it is expected to be published in the summer”.³

The Conservative Party’s manifesto for the 2017 general election reiterated the commitment to publish a Green Paper on adult social care and set out three planned measures:

- A more generous, single means-test capital limit of £100,000.
- “So that people are looked after in the place that is best for them”, the manifesto proposed to “align the future basis for means-testing for domiciliary care with that for residential care” – this would mean that for those receiving domiciliary care the value of their home would be included in the means-test (at the time this only applied to care home residents, as continues to be the case).
- The extension of the deferred payments agreement scheme to those receiving domiciliary care whose home is included in the means-test.

The Queen’s Speech in June 2017 similarly stated that the newly-elected Conservative Government would “work to improve social care and will bring forward proposals for consultation”.⁴

In December 2017, the Government stated that it would not take forward the plan to implement the Stage 2 changes under the *Care Act 2014* – including the lifetime cap on social care charges – in April 2020. However, no new timetable was set, in effect indefinitely postponing the introduction of the changes.

The Government stated that further details on its plans would be set out in the Green Paper on adult social care, which at that point was expected to be published by the 2018 parliamentary summer recess (following two delays to the expected publication date).⁵

¹ [HLWS135 17 July 2015](#).

² [HC Deb 8 March 2017 c818](#)

³ [HC Deb 14 March 2017 c48WH](#)

⁴ [HL Deb 21 June 2017 c6](#), see also 10 Downing Street, [The Queen’s Speech and Associated Background Briefing, on the Occasion of the Opening of Parliament on Wednesday 21 June 2017](#), 21 June 2017, p58

⁵ [HC Deb 7 December 2017 c1235](#)

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Following a series of delays, the expected adult social care Green Paper had not been published by the time Theresa May resigned and Boris Johnson became Prime Minister on 24 July 2019.

Further information on proposals for the reform of adult social care prior to July 2019 is provided in the following Library Briefing Papers:

- CBP 8000, [Social care: Government reviews and policy proposals for paying for care since 1997 \(England\)](#), 23 October 2017.
- CBP 7265, [Social care: Announcements delaying the introduction of funding reforms \(including the cap\) \(England\)](#), 23 February 2018.
- CBP 7106, [Social care: how the postponed changes to paying for care, including the cap, would have worked \(England\)](#), 22 July 2015.
- CBP 8002, [Adult social care: the Government's ongoing policy review and anticipated Green Paper \(England\)](#), 30 September 2019.

2. Developments since July 2019

On 24 May 2019, Theresa May announced that she would resign as Leader of the Conservative Party on 7 June and as Prime Minister once a successor had been elected. Following his election as leader of the Conservative Party in the subsequent leadership contest, Boris Johnson was appointed as Prime Minister on 24 July 2019.

In December 2019, a General Election returned Mr Johnson's Government with an overall majority of 80 seats in the House of Commons.

2.1 July 2019 – first speech as Prime Minister

In Boris Johnson's first speech as Prime Minister on 24 July 2019, he said:

My job is to protect you or your parents or grandparents from the fear of having to sell your home to pay for the costs of care and so I am announcing now – on the steps of Downing Street – that we will fix the crisis in social care once and for all with a clear plan we have prepared to give every older person the dignity and security they deserve.⁶

No indication was given by the Prime Minister as to when the prepared plan would be published.

While the Prime Minister referred to the "crisis in social care" for older people, he did not mention social care for other adults (in England, the total cost to the public purse of meeting the social care needs of adults under 65 years of age is around the same as that for those aged 65 and over).⁷

2.2 July 2019 – Green Paper reportedly dropped

On 31 July 2019, the Financial Times reported that "a consultative paper that laid out options for funding care for elderly and disabled people but which had languished unpublished as Brexit consumed ministerial attention" – presumably the social care Green Paper – had "already been ditched".

The reason cited was that the new Prime Minister "sought to inject more urgency into the process".

In its place, the FT reported, would be a White Paper, the publication of which was "expected in the autumn" and would propose "a clear course of action to address the crisis".

Supporting the suggestion that it had been dropped, responses to parliamentary questions on adult social care reform after Boris Johnson became Prime Minister no longer referred to a planned social care

⁶ 10 Downing Street, [Boris Johnson's first speech as Prime Minister: 24 July 2019](#), 24 July 2019.

⁷ Institute for Fiscal Studies and The Health Foundation, [Securing the future: funding health and social care to the 2030s](#), May 2018, p11 and footnote 15].

Green Paper.⁸ For example, when asked directly when the Government “plans to publish the green paper on funding social care”, the then Minister for Care, Caroline Dinenage, told the House in September 2019:

The Government will set out a plan to fix the care system and give every older person the dignity and security they deserve.

We will set out our proposals in due course.⁹

Similar responses were given to subsequent similar parliamentary questions.¹⁰

2.3 Conservative Party 2019 general election manifesto

In their manifesto for the December 2019 General Election, the Conservative Party said “we need a long-term solution for social care” and that it was “committing to an ambitious three-point plan”:

- 1) £1 billion extra of funding every year for more social care staff and better infrastructure, technology and facilities.
- 2) We will commit to urgently seek a cross-party consensus in order to bring forward the necessary proposal and legislation for long-term reform.
- 3) The prerequisite of any solution will be a guarantee that no one needing care has to sell their home to pay for it.¹¹

On the final point, this appears to be a significant departure from the current means-test. At present, the value of someone’s home is only included in the means-test if they are receiving social care in a care home setting, although it must be disregarded from the means-test if a partner or (in some cases) a relative continues to live there. If it is included in the means-test, then in many cases a deferred payment agreement can mean that a care home resident doesn’t have to sell their home during their lifetime. However, upon their death, the house is sold and the proceeds used to repay the local authority that had been funding the care home place.

The manifesto set out the Party’s principles in its approach to the question of funding social care:

We need to have a system to give every person the dignity and security that they deserve. This is a significant and complex challenge and in order to lay the foundations, we must plan for the infrastructure, workforce growth and healthcare integration that is required for a care system fit for the 21st century.

Because this is a long-term problem that will affect so many people, any solution has to be able to survive long-term. We must

⁸ For example, references were still being made to the publication of a social care Green Paper under Ms May’s leadership shortly before Mr Johnson became Prime Minister, see [PO 272233 10 July 2019](#).

⁹ [PO281725 9 September 2019](#)

¹⁰ For example, [PO7622, 29 January 2020](#); [PO 66924, 6 July 2020](#).

¹¹ Conservative and Unionist Party, [Get Brexit Done – Unleash Britain’s Potential](#), November 2019, p12

build the same level of consensus on social care as we have already built on the NHS.

So we will build a cross-party consensus to bring forward an answer that solves the problem, commands the widest possible support, and stands the test of time. That consensus will consider a range of options but one condition we do make is that nobody needing care should be forced to sell their home to pay for it.¹²

2.4 January 2020 – PM: reforms “done within this Parliament”

On 14 January 2020, the Prime Minister was questioned about the reform of social care. During the interview on BBC Breakfast, Mr Johnson was challenged that he had said in July 2019 that he already had a plan for social care reform, and was asked “where is that plan”. In response, he replied: “we will be bringing forward a plan this year but we will get it done within this parliament.”¹³

2.5 March 2020 – letter to parliamentarians

On 6 March 2020, the Health Secretary, Matt Hancock, [wrote](#) to parliamentarians “to begin the process of seeking to build a cross-party consensus on social care.” The letter stated that the Government sought to “build a cross party consensus so that the reforms we progress will last long into the future, nobody is forced to sell their home to pay for care, and everybody accessing care has safety and security.”

The letter asked MPs and peers for “your views, your proposed solutions and your concerns about reforming the way that people pay for their care.” It added that the Government then planned to move to structured talks on reform options in May 2020.

2.6 Delay to cross party talks

In answer to a question at the then daily coronavirus press conference on 2 June 2020, the Health Secretary suggested that it may not be possible to meet the previously set timetable for the reform of adult social care funding in light of the coronavirus outbreak. He stated:

Well, the time frame has been clear, which is that we have got to get these reforms done in this parliament and the prime minister has previously said we will get them set out this year.

That was before coronavirus – we will still try to do that but it is not straightforward.¹⁴

Subsequent responses to parliamentary questions, including on 2 July 2020, have stated that the cross party talks – originally planned for May

¹² Conservative and Unionist Party, [Get Brexit Done – Unleash Britain’s Potential](#), November 2019, p12

¹³ BBC, [The Big Interviews: Boris Johnson on BBC Breakfast](#), (at 16 minutes 25 seconds), 14 January 2020

¹⁴ [Coronavirus pandemic could delay reforms to social care, health secretary says](#), Independent, 2 June 2020.

2020 - would now take place "at the earliest opportunity in light of the current circumstances."¹⁵

2.7 Prime Minister's speech – June 2020

In a wide-ranging speech on 30 June 2020, the Prime Minister stated that now was the time to fix the problems that were "most brutally illuminated" by the coronavirus outbreak, including "the problems in our social care system." He added that:

"...we won't wait to fix the problem of social care that every government has flunked for the last 30 years. We will end the injustice that some people have to sell their homes to finance the costs of their care while others don't. We are finalising our plans and we will build a cross-party consensus."¹⁶

¹⁵ [PO 64976](#), 2 July 2020; [PO 59766](#), 22 June 2020.

¹⁶ Prime Minister's Office, [PM Economy Speech: 30 June 2020](#), 30 June 2020.

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