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By David Foster

24 November 2021

Proposed reforms to adult social care (including cap on care costs)

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Number 9315

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Summary

On 7 September 2021, the Prime Minister announced plans to substantially increase funding for health and social care over the next three years (2022-2025), to be funded by a new tax, the Health and Social Care Levy.

£5.4 billion of revenue from the levy will be used to support adult social care in England over the next three years. Of this:

- £3.6 billion will be used to reform how people pay for care (including the introduction of a cap on care costs and a more generous means test)
- £1.7 billion will be used to support wider system reform.

The reforms are set out in the Government policy paper: Build Back Better: Our plan for health and social care, with further details provided in a further policy paper published on 17 November 2021.

Past reform proposals

The 2011 Dilnot Commission recommended, among other things, a lifetime cap on personal care costs of £35,000 for people aged over 65, and a more generous social care means test.

The Coalition Government accepted the Dilnot Commission's proposals in principle, although it altered the parameters for the cap (eg setting it at £72,000) and the means-test as well as some of the detailed policy behind the cap.

The Government initially set an implementation date of April 2016 for the reforms and the Care Act 2014 provided the legislative framework for a cap on care costs. However, implementation was delayed until April 2020 and then effectively indefinitely postponed.

In its manifesto for the 2019 general election, the Conservative Party said it would seek a cross-party consensus for proposals to reform how people pay for adult social care. It added that a prerequisite of the proposals would be that "no one needing care has to sell their home to pay for it."

The proposed reforms

From October 2023, the Government plans to introduce **a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime.** The cap will apply irrespective of a person's age or income. The cap will be based on the existing framework provided by the Care Act 2014.

Only money spent on meeting a person's personal care needs count towards the cap. Spending on daily living costs (or what are commonly referred to as "hotel costs" in a care home) will not count towards the cap.

In November 2021, the Government announced that it would seek to amend the Care Act framework so that money paid by a local authority towards meeting a person's eligible care needs will not count towards the cap. On 18 November 2021 the Government tabled a New Clause to the Health and Care Bill for consideration on Report (699KB PDF), which provides for this change to the Care Act 2014. During the Report Stage debate on 22 November, the new clause was approved. The change, which will impact those with lower assets (ie those eligible for local authority support) has proved controversial.

In addition, from October 2023, the Government proposes to **make the means test for accessing local authority funding support more generous.** This includes increasing the upper capital limit (the threshold above which somebody is not eligible for local authority support towards their social care costs) from £23,250 to £100,000.

The Build Back Better policy paper sets out a number of other proposed changes to how people pay for social care and says that the Government will publish a white paper on wider system reform later in 2021. This wider reform will include an investment of at least £500 million in workforce measures.

Reaction and comment

The proposed reforms to the social care charging framework, including the introduction of the cap and the changes to the capital limits, received a broad welcome from a number of stakeholders. However, it has also been suggested that the reforms may "not live up to their marketing" and that the cap will "help relatively few people."

Much of the initial stakeholder commentary focused on the broader funding of adult social care and, in particular, on whether the funding provided will be sufficient to address wider issues in the sector. These concerns have continued to be raised following the Autumn Budget and Spending Review 2021. The challenges associated with transferring revenue raised by the new levy from the NHS to social care in future years have also been raised.

1 Introduction

1.1 What is adult social care?

Adult social care is the support provided to adults (both older people and people of working age) with physical disabilities, learning disabilities, or physical or mental illnesses, and their carers. This may include personal care (such as support for eating, washing or getting dressed) or help with domestic routines (such as cleaning or shopping).

Social care includes:

- Support in people's homes (home care or 'domiciliary care')
- Support in community settings like day centres (day care)
- Care provided by care homes and nursing homes (residential care)
- 'Reablement services' to help people regain independence
- Providing aids and adaptations in people's homes
- Providing information and advice
- Providing support for informal carers.[1]

Adults with care needs are supported in two main ways: through services they or their local authority pay for (formal care); or by family, friends or neighbours without payment (informal care). Some adults may get their care needs met through a combination of the two, and some voluntary organisations also provide free care services.[2]

While around two-thirds of adults receiving long-term care through their local authority are aged 65 and over, the total cost to the public purse of meeting the social care needs of adults aged 18 to 64 is around the same as for those aged 65 and over.[3]

1.2 How is adult social care paid for?

There is no national government budget for adult social care in England. Instead, publicly funded social care is mostly financed through local government revenue. This is made up of central government funding from the

1 National Audit Office, Adult social care in England: overview, Session 2013-14, HC 1102, 13 March 2014, para 1.2; King's Fund, Key facts and figures about adult social care, 20 November 2019.

2 National Audit Office, Adult social care at a glance, July 2018.

3 NHS Digital, Adult Social Care Activity and Finance Report, England - 2020-21, 21 October 2021, p37; National Audit Office, The adult social care market in England, 25 March 2021, p22, Figure 6.

local government finance settlement combined with locally raised revenue from business rates, council tax and income from fees and charges. Individual local authorities then determine how much is allocated to social care. In recent years, the Government has also provided additional ring-fenced funding for adult social care.

Local authority support with care costs

The current framework governing who is eligible for local authority support with social care costs is set out in The Care and Support (Charging and Assessment of Resources) Regulations 2014, as amended, and in the Care and Support Statutory Guidance (CASS) published by the Department of Health and Social Care.[4]

Very broadly, whether a person is eligible for local authority funding depends on how much capital they have:

- Care home residents with more than £23,250 (the upper capital limit) are not eligible for local authority funding support.
- Care home residents with capital between £14,250 (the lower capital limit) and £23,250 are eligible for funding support but must contribute a "tariff income" of £1 per week for every £250[5] they have above the lower limit towards the cost of their care.
- Care home residents with capital below £14,250 are eligible for funding support and are not charged any "tariff income".[6]

The Office of National Statistics has estimated that between 2019 and 2020, 36.7% of care home residents were self-funded and 63.3% were state-funded.[7]

While the capital limits are rigid for care home residents, local authorities have discretion to set higher (but not lower) limits for people receiving care in other settings (such as in their own home).

The value of a person's main or only home is disregarded as capital when they are receiving care outside of a care home. For care home residents, their home can be counted as capital, but in certain circumstances it must be disregarded either for a time-limited period or permanently (eg if the home

4 The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672); The Care and Support (Miscellaneous Amendments) Regulations 2015 (SI 2015/644); DHSC, Care and Support Statutory Guidance, last updated 21 April 2021.

5 Or part of £250. For example, somebody with £300 over the limit would contribute £2 in tariff income.

6 The Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672), paras 12 & 25; DHSC, Care and Support Statutory Guidance, last updated 21 April 2021, Annex A, paras 24-7.

7 Office of National Statistics, Care homes and estimating the self-funding population, England: 2019 to 2020, 15 October 2021.

has been continuously occupied by the person's partner since before they went into a care home).

1.3 The treatment of income

When someone is eligible for local authority funding, they are still required to contribute their income towards the cost of their care, subject to any disregards (eg earnings are disregarded).

Individuals are, however, allowed to keep a certain amount from their income each week for personal expenses and (if applicable) household bills. For care home residents this is called the Personal Expenses Allowance and for people receiving care in other settings it is called the Minimum Income Guarantee.

Further information on the current system of paying for social care in England (with brief information about the systems in Scotland, Wales and Northern Ireland) is available in the Library briefing: Paying for adult social care in England. [8]

1.4 Funding pressures

Adult social care funding has been under pressure for several years. In the Local Government Finance Survey, carried out in January 2020, it was identified as the top long-term pressure for councils. [9]

A number of organisations have estimated the size of the social care 'funding gap' between the resources available and demand and cost pressures. However, estimates vary according to the methods and data used and the assumptions made.

In its October 2020 report on adult social care funding and workforce, the Health and Social Care Committee provided a table setting out different organisations' estimates of the adult social care funding gap. The estimates, which did not take account of the additional costs created by the Covid-19 pandemic, ranged from £1.4 billion to £12.2 billion per year. [10]

In February 2021, the Health Foundation published projections of social care funding requirements under the following four scenarios up to 2030/31:

1. meet future demand
2. meet future demand and improve access to care
3. meet future demand and pay more for care

8 CBP01911, Paying for adult social care in England, 27 August 2021.
9 LGiU, LGIU MJ State of Local Government Finance Survey 2020, 5 February 2020.
10 Health and Social Care Committee, Social care: funding and workforce, HC 206 2019-21, pp13-15.

4. meet future demand, improve access to care and pay more for care.

Estimates for the additional funding required by 2024-25 ranged from £2.5 billion (scenario 1) to £9.3 billion (scenario 4).[11]

In October 2021, the Health Foundation published updated projections for scenarios 2 (stabilisation) and 4 (recovery) over the next three years. The report estimated that funding would need to be approximately 25% (£4.8bn) to 50% (£9.3bn) higher in real terms by 2024/25 compared to 2021/22 under the stablilisation and recovery scenarios respectively.

The report noted that the projections were prepared before the Government announcement for social care funding on 7 September 2021 (see next section). However, it noted that it "presents a benchmark to compare those announcements against.[12]

It is argued that the funding pressures in adult social care contribute to a wide range of issues, including:

- Increasing numbers of **people not having their care needs met**. Research by Age UK in November 2019 estimated that 1.5 million older people in England, one in seven of the population aged 65 and over, were not getting the support they needed. [13] In addition, based on a survey carried out in August 2021, the Association of Directors of Adult Social Services (ADASS) estimated that around 300,000 people were currently awaiting social care assessments, care and support or reviews. [14]
- People not eligible for local authority support can face potentially **"catastrophic" care costs** of over £100,000, which they may have to sell their home to pay. [15] The Government has estimated that around one in seven adults aged 65 face such lifetime costs. [16]
- The **financial sustainability of care providers**. For example, In its Spring Survey 2021, published in July 2021, ADASS stated that 77% of local authorities were concerned about the financial sustainability of some of their care home providers, with 19% concerned about most of their providers.[17]
- **Impact on health services**, including delayed hospital discharges and unnecessary attendances at A&E. [18]

11 Health Foundation, Social care funding gap: Our estimates of what it would cost to stabilise and improve adult social care in England, 11 February 2021.

12 Health Foundation, Health and social care funding projections 2021, October 2021.

13 Age UK, The number of older people with some unmet need for care now stands at 1.5 million, 9 November 2019.

14 ADASS, ADASS REPORT: NEW RAPID SURVEY FINDINGS 2021, 8 September 2021.

15 'Alarming' rise in level of unmet care and support needs', Community Care, 16 February 2017.

16 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, para 78.

17 ADASS, Spring Survey 2021, July 2021, pp7 & 22.

18 Institute for Fiscal Studies, Long-term care spending and hospital use among the older population in England, 7 December 2020; NHS England Delayed transfers of care data.

- **Workforce pressure.** In 2020/21, there was a turnover rate of 34% and around 105,000 vacancies were advertised on an average day.[19] Pay in social care is also uncompetitive, not just compared to health but to other sectors such as retail.[20]

Further information on adult social care funding, including funding pressures and impacts, is available in the Library briefing: Adult Social Care Funding (England). [21]

1.5 What reforms have previously been proposed?

Reforming adult social care, including how people pay for care, has been an issue for successive governments and a number of reform proposals have been made.

The Dilnot Commission

In July 2011, the Commission on the Funding of Care and Support, chaired by Sir Andrew Dilnot, published its report Fairer Care Funding. This is particularly relevant to the current proposals. The Commission made several recommendations for reform, including:

- **A lifetime cap of £35,000 on the contribution that people aged over 65 would be expected to make towards their personal care costs**, after which they would be eligible for full support from the state. Different caps were proposed for adults aged under 65, including a zero cap for anybody entering adulthood with existing care and support needs.
- **Increasing the upper capital limit to £100,000.**
- **A standard rate for services other than personal care provided in a care home** (eg accommodation and food). The Commission recommended "a figure in the range of £7,000 to £10,000 a year". [22]

The Coalition Government accepted the Dilnot Commission's proposals in principle, although it altered the parameters for the cap and the means-test as well as some of the detailed policy behind the cap. This included:

19 Skills for Care, The state of the adult social care sector and workforce in England, October 2021.

20 Health and Social Care Committee, Social Care: funding and workforce, 22 October 2020, para 51.

21 CBP7903, Adult Social Care Funding (England), 11 December 2020.

22 Commission on Funding of Care and Support, Fairer Care Funding, July 2011, pp5–6, 21, 28, 35 and 76.

- The level of the cap on personal care costs. The Government proposed a higher cap (£72,000) and also that the same cap would apply to all adults (ie lower caps would not apply to younger adults).[23]
- Differences in what costs would count towards the cap. The Dilnot Commission proposed that every pound a person spent on social care should count. In contrast, the Government proposed that it should be every pound that would have been spent if a local authority had been paying for the care.[24]

The Government initially set an implementation date of April 2016 and the Care Act 2014 provided the legislative framework for a cap on care charges.[25] However, implementation was delayed until April 2020 and then effectively indefinitely postponed.[26]

In 2017, the then Government said it would set out its proposals for adult social care funding in a green paper.[27] However, the proposed paper was delayed on a number of occasions and had not been published by the time Boris Johnson became Prime Minister in July 2019.

Further information on past proposals for reform, including the Dilnot Commission, is available in the Library briefing: Social care: Government reviews and policy proposals for paying for care since 1997 (England).[28]

Developments between July 2019 and September 2021

In his first speech as Prime Minister on 24 July 2019, Boris Johnson said the Government would "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."[29]

The Conservative Party's 2019 general election manifesto said a Conservative Government would seek a cross-party consensus for proposals to reform how people pay for adult social care. It added that a prerequisite of the proposals would be that "no one needing care has to sell their home to pay for it."[30]

23 HM Treasury, Budget 2013, 2012–13 HC 1033, p57, para 1.195 and HC Deb 20 March 2013 c941; Department of Health, The Care Act 2014 – Consultation on draft regulations and guidance to implement the cap on care costs and policy proposals for a new appeals system for care and support, February 2015, p38, para 3.15.

24 Department of Health, Caring for our future: progress report on funding reform, Cm 8381, July 2012, p22; Department of Health, Caring for our future – How the care and support funding reforms will work, archived webpage.

25 Care Act 2014, section 15.

26 HLWS135 17 July 2015; HC Deb 7 December 2017 c1235.

27 HL Deb 21 June 2017 c6.

28 CBP8000, Social care: Government reviews and policy proposals for paying for care since 1997 (England), 23 October 2017.

29 10 Downing Street, Boris Johnson's first speech as Prime Minister: 24 July 2019, 24 July 2019.

30 Conservative and Unionist Party, Get Brexit Done – Unleash Britain's Potential, November 2019, p12.

In January 2020, the Prime Minister said the Government would bring forward a plan "this year" and would "get it done within this Parliament."[31] However, the Government subsequently said it would not be possible to meet this timetable because of the Covid-19 pandemic.[32]

At the Spending Review 2020, the Government said it was "committed to sustainable improvement of the adult social care system and will bring forward proposals next year" [ie in 2021].[33] This position was reiterated at the Queen's Speech in May 2021.[34]

Further information is available in the Library briefing: Reform of adult social care funding: developments since July 2019 (England).[35]

31 BBC, The Big Interviews: Boris Johnson on BBC Breakfast, (at 16 minutes 25 seconds), 14 January 2020.
32 PQ 64976, 2 July 2020; PQ 59766, 22 June 2020.
33 HM Treasury, Spending Review 2020, November 2020, para 4.10.
34 Prime Minister's Office, Queen's Speech 2021: background briefing notes, 11 May 2021.
35 CBP8001, Reform of adult social care funding: developments since July 2019 (England), 12 May 2021.

2 The Health and Social Care Levy

In a statement to the House on 7 September 2021 the Prime Minister announced plans to substantially increase funding for health and social care over the next three years (2022-2025), to be funded by a new tax, the Health and Social Care Levy.

The funds from the Health and Social Care Levy will be ringfenced for investment in health and social care.

The levy will be based on National Insurance contributions (NICs). From 2023, the levy will be legislatively separate, and will also apply to individuals working above State Pension age, who are not currently liable to pay NICs on their earnings. The Government also plans to increase the rates of income tax that apply to income from dividends.

The Prime Minister stated that it was estimated that the new levy will raise around £11.4 billion a year, while the associated increase in the rates of income tax on dividends will raise around £0.6 billion a year.[36]

The Health and Social Care Levy Act 2022, which provides for the introduction of the new levy, received Royal Assent on 20 October 2021. Further information is available in the Library briefing: Health and Social Care Levy Bill 2021-22.[37]

2.1 Funding for adult social care

£5.4 billion of revenue from the levy will be used to support adult social care in England over the next three years (2022 to 2025).[38] Of this:

- £3.6 billion will be used to introduce a cap on care costs and reform the social care means test. The funding will also be used to “help local authorities better sustain their local care markets by moving towards a fairer cost of care” (section 3 provides information on these reforms).
- £1.7 billion will be used to support wider system reform (section four provides more information).[39]

36 Prime Minister’s Office, PM statement to the House of Commons on health and social care: 7 September 2021, 7 September 2021.
37 CBP9310, Health and Social Care Levy Bill 2021-22, 10 September 2021.
38 HM Treasury, Autumn Budget and Spending Review 2021, HC 822, October 2021, para 4.8.
39 HM Treasury, Autumn Budget and Spending Review 2021, HC 822, October 2021, para 4.8.

3 Reforming how people pay for care

3.1 Introduction

This section provides information on the proposed reforms to how people pay for adult social care, as set out in the Government's September 2021 policy paper: Build Back Better: Our Plan for Health and Social Care.[40]

The reforms will be supported by £3.6 billion of funding though the Health and Social Care Levy over the next three years (2022 to 2025).[41]

Further details on the reforms were published by the Government on 17 November 2021: Adult social care charging reform: further details.[42]

3.2 Cap on care costs

From October 2023, the Government plans to introduce a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime. The cap will apply irrespective of a person's age or income.[43]

In his statement on 7 September 2021, the Prime Minister said that the Government would work with the financial services industry to "help people insure themselves" against expenditure up to the cap.[44]

As set out in section 1.5, a cap on care costs was a central recommendation of the 2011 Dilnot Commission and the Care Act 2014 provides the legislative framework for the introduction of a cap.

While the full details of the cap are still to be set out, the Build Back Better policy document stated that it will be implemented "using legislation already in place under the 2014 Care Act."[45]

40 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021.
41 HM Treasury, Autumn Budget and Spending Review 2021, HC 822, October 2021, para 4.8.
42 HM Government, Adult social care charging reform: further details, 17 November 2021.
43 Prime Minister's Office, PM statement to the House of Commons on health and social care: 7 September 2021, 7 September 2021.
44 HC Deb 7 September 2021, c154-5. The issue of private insurance was discussed by Sir Andrew Dilnot when giving evidence to the Treasury Committee on 18 November 2021: Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q363-365.
45 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, para 38.

What costs count towards the cap?

An important feature of the framework for a cap on care charges provided by the Care Act 2014 is that the amount that somebody pays for their social care will not necessarily be the amount that is counted towards the cap. Instead, if a person is paying for their own care**, the amount counted towards the cap will be the amount it would have cost the local authority if it had been meeting the person's eligible needs** (ie those needs that meet national eligibility criteria set by regulations).[46]

This will bring many self-funders who do not currently have any contact with their local authority into the care system. This is because, for the purposes of the cap, the local authority will have to set out how much it would be spending if it were paying for the person's care (an independent personal budget) and monitor their progress towards the cap.[47] When the cap was legislated for in the Care Act 2014 it was reported that this could result in 330,000 additional assessments a year. It has been suggested this may "potentially require a big increase in the social care workforce."[48]

A person may choose to make additional payments on top of the amount the local authority would pay towards meeting their eligible needs (top-up fees), for example to secure a premium room in a care home. For those in receipt of local authority funding support, top-up payments are usually made by a third party and there are only limited circumstances where the person can pay the top-up themselves (first-party top-ups).[49] The Government has announced that it will change the regulations to allow everyone in receipt of local authority support to make top-up payments themselves if they wish. Any top-up fees paid will not count towards the cap on care charges and will remain payable after the cap is reached.[50]

Under the Care Act framework, the level of the cap (and a person's accrued costs towards the cap) must be adjusted annually in line with average earnings. [51]

Announced change to Care Act framework

Under the framework as originally legislated for in the Care Act 2014, if a local authority is meeting a person's social care needs, the cost to the local authority of doing so counts towards the cap. However, in November 2021, the Government announced that **for individuals who receive financial support for their care costs from their local authority, only the amount that the**

46 Care Act 2014, section 15(2); The Care and Support (Eligibility Criteria) Regulations 2015 (SI 2015/313).

47 Care Act 2014, section 28.

48 Community Care, Government resurrects cap on care costs plan four years after ditching it, 7 September 2021; Community Care, More social workers will be needed to implement adult social care reforms, says chief social worker, 28 October 2021.

49 For further information see the Library briefing, Paying for adult social care in England, section 2.4.

50 HM Government, Adult social care charging reform: further details, 17 November 2021.

51 Care Act 2014, section 16(1).

individual contributes towards these costs (at the local authority rate) will count towards the cap on care costs.[52]

The Government estimates that the change will save around £900 million year from 2027-28 (the point when the additional cost to the state will stabilise once new users begin hitting the cap).[53]

On 18 November 2021 the Government tabled a New Clause to the Health and Care Bill for consideration on Report (699KB PDF), which provides for this change to the Care Act 2014.[54] On 22 November 2021, the new clause was approved following a division, 272 for versus 246 against.[55]

This change has proved controversial (see section 3.6 below).

Daily living costs

Under the Care Act framework, **only money spent on meeting a person's personal care needs will count towards the cap**; if a person's costs include daily living costs (or what are commonly referred to as "hotel costs" in a care home) these **do not** count towards the cap.[56] Similarly, a care home resident who has reached the cap on personal care costs would still be required to pay their daily living costs (subject to the means test).

In November 2021, the Government announced that "for simplicity", daily living costs will be set at a national notional level of £200 per week. The November 2021 policy paper explained:

> [Daily living costs] are a notional amount to reflect that a proportion of residential care fees are not directly linked to personal care, like rent, food and utility bills and would have had to be paid wherever someone lives. This is in line with the Commission on Funding of Care and Support's 2011 recommendation. The £200 level is £30 less than a proposal set out in 2015, ensuring people get to keep more of their income and assets.[57]

This therefore means that, the higher a person's overall care home fees are, the smaller the proportion of those fees attributed to daily living costs will be (and the proportion attributed to personal care costs will be higher). This could be of relevance given the variation in care home fees across the country.[58] For example, if a self-funder paid £1000 a week in care home fees (at the local authority rate for meeting their eligible needs), they would

52 HCWS399, 17 November 2021; HM Government, Adult social care charging reform: further details, 17 November 2021.

53 DHSC, Adult social care charging reform: analysis, 19 November 2021.

54 Health and Care Bill Notices of Amendments as at 19 November 2019 (699KB PDF), NC49, pp9-11.

55 HC Deb 22 November 2021, cc108-c156.

56 Care Act 2014, section 15(6); HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, paras 38-40.

57 HM Government, Adult social care charging reform: further details, 17 November 2021.

58 Average weekly fees for public and private payors combined in residential care homes in 2019 were estimated to vary from £547 in the North West to £751 in London (LangBuisson, Care Homes for Older People: UK Market Report, 2019, p105, table 1.22.

accrue £800 a week (80% of their total fees) towards the cap. In comparison, a self-funder paying £500 a week would accrue £300 a week (60% of their total fees) towards the cap.

Costs accrued before October 2023

From October 2023, anyone assessed by a local authority as having eligible care and support needs, either new entrants or existing social care users, will begin to progress towards the cap. The Government has said that local authorities will "need to work to identify people who currently meet their eligible needs themselves, to ensure that they can begin progressing towards the cap from the point it comes into effect."[59]

Costs accrued before October 2023, however, will not count towards the cap (ie it is not retrospective).[60]

Implementation

The Care Act 2014 Act provides that the level of the cap will be set in regulations, with the first version of the regulations subject to the affirmative procedure.[61]

The Government said that the publication of the November 2021 document marked "the start of a period of co-production of the statutory guidance with the sector, building on draft regulations and guidance published in 2015 [see section 1.5 above]. It added that this would be "followed by a public consultation in the new year", with the intention that the final regulations and guidance will be published in spring 2022.[62]

It has also said that it intends to test the implementation of the charging reforms with a small group of volunteer local authorities that will implement the reforms in advance of the national roll-out. Details of how the areas will be selected will be published "in due course".[63]

3.3 Changes to the social care means test

From October 2023, the Government proposes to make the following changes to the capital means test:

- Increase the **upper capital limit** (the threshold above which somebody is not eligible for local authority support towards their social care costs) from £23,250 to £100,000.

59 HM Government, Adult social care charging reform: further details, 17 November 2021.
60 Care Act 2014, section 15(5);
61 Care Act 2014, sections 15(4) & 125(4)(b).
62 HM Government, Adult social care charging reform: further details, 17 November 2021.
63 HM Government, Adult social care charging reform: further details, 17 November 2021.

- Increase the **lower capital limit** (the threshold below which somebody does not have to contribute towards their care costs from their capital) from £14,250 to £20,000.
- If somebody has capital between £20,000 and £100,000 they will be charged a "tariff income" of £1 per week for every £250 in capital they have between the lower and upper thresholds. This mirrors the current system. [64]

These limits will apply to those in residential care and to those receiving care in other settings (eg in their own home). [65]

3.4 Other changes

The Build Back Better policy paper also set out other changes to the adult social care charging framework. These include:

- From April 2022, the **amount of income** that a person must be allowed to retain after contributing towards their care costs (the Personal Expenses Allowance for care home residents and the Minimum Income Guarantee for people receiving care in other settings) will increase in line with inflation. [66] The rate of the Personal Expenses Allowance has not been increased since 2015/16 and the rate of the Minimum Income Guarantee has not been increased since 2016/17. [67]
- The Government will review the system of **Deferred Payment Agreements** to "provide more flexibility." A Deferred Payment Agreement is essentially a loan given by a local authority, which is usually secured against the value of a person's property. The intention is to allow a person to delay paying their care costs to avoid having to sell their home in their lifetime to pay for residential care. [68]

People who pay for their own care often pay more than people funded through the local authority for equivalent care. The policy paper states the Government will use provisions in the Care Act 2014 to "ensure that self-funders are able to ask their Local Authority to arrange their care for them so that they can find better value care." [69] An article in Community Care provided the following explanation:

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[64] HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, paras 41-44; HM Government, Adult social care charging reform: further details, 17 November 2021.

[65] HM Government, Adult social care charging reform: further details, 17 November 2021.

[66] HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, para 45.

[67] CBP8005, Adult Social Care: Means-test parameters since 1997, 11 June 2021.

[68] For further information, see CBP1911, Paying for adult social care in England, 27 August 2021.

[69] HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, para 40. For more information on the current position, see Care Act 2014, section 18(3); Department of Health and Social Care, Care and Support Statutory Guidance, last updated 27 August 2021, Annex A, paras 41-43.

> Currently, self-funders pay significantly greater sums for care than those funded by councils or the NHS (under continuing healthcare).
>
> However, the government said [on 7 September] it would also implement section 18(3) of the Care Act 2014 in full, requiring councils to arrange care in a care home for those self-funders with eligible needs who request that they do so.
>
> This is designed to enable councils to take account of their bulk purchasing power to secure lower rates for self-funders; as a result, the costs paid by self-funders and the state should converge, meaning self-funders' care accounts should reflect what they actually pay."[70]

The Government has said that further details on self-funders asking local authorities to arrange their care for them will be confirmed following the coproduction of statutory guidance on the charging reforms and will be subject to consultation early in 2022.[71]

3.5 Longer-term costs

The Government says the announced funding covers the cost to local authorities of implementing the proposed reforms. The policy paper says that if costs "differ significantly from projections", the Government will "work closely with local authorities to address this, including through national guidance, supporting appropriate local level mitigations, and by agreeing necessary updates to distribution mechanisms."[72]

In its Economic and Fiscal Outlook, published in October 2021, however, the Office for Budget Responsibility noted that the costs of the charging reforms "start relatively low because few individuals reach the lifetime costs cap in the initial years of implementation." It added, however, that the costs will "increase steadily over time" and it will take "several years for the system to reach steady state in terms of numbers of people having their costs covered by the state."[73]

The Government estimates that the reforms to social care charging will cost £3.7 billion in 2027/28 (including Barnett consequentials). It adds that this is the point when the additional cost to the state will stabilise once new users begin hitting the cap.[74]

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70 Community Care, Government resurrects cap on care costs plan four years after ditching it, 7 September 2021.

71 HM Government, Adult social care charging reform: further details, 17 November 2021.

72 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, para 46.

73 OBR, Economic and Fiscal Outlook, October 2021, Box A.1, p217.

74 DHSC, Adult social care charging reform: analysis, 19 November 2021.

Prior to the change announced in November 2021, the Institute for Fiscal Studies stated that the government's reforms were "likely to cost £5 billion a year in the longer term, almost three times the additional annual funding allocated over the next three years."[75]

3.6 Reaction and Commentary

The Government's Build Back Better policy paper said that the proposed cap on personal care charges will mean that "people will no longer face unpredictable or unlimited care costs" and that, as a result of the changes to the means test, "everybody will benefit from the certainty and security that if they or their loved ones need personal care, they will no longer face unpredictable and unlimited costs."[76]

Analysis published by the Government in November 2021 said that while around half of older adults in care receive some support from the state, this will increase to around two-thirds under the reforms. It added that "no one will be worse off, and some will be better off, as a result of these reforms."[77]

The analysis additionally compared how much a person's wealth will reduce during their time in care under the current system, the 2015 proposals and the current proposals.[78] However, some stakeholders have raised issues with the comparisons presented.[79]

Comparison with Dilnot Commission proposals

In evidence to the Treasury Committee on 18 November 2021, Sir Andrew Dilnot set out a number of ways that the Government's proposals are more generous than those recommended by the Dilnot Commission in 2011:

- The Governments current proposals increase the upper capital limit for everybody, including those receiving care in their own home. The Dilnot Commission recommended a lower capital limit for those receiving care in their own home.[80]

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75 IFS, English councils will need billions more from government and big council tax rises to maintain services and pay for social care reforms, 7 October 2021.

76 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, paras 38 & 44.

77 DHSC, Adult social care charging reform: analysis, 19 November 2021, p3.

78 DHSC, Adult social care charging reform: analysis, 19 November 2021, pp4-7.

79 For example, see @so_says_sally (Director of Policy at the King's Fund), Twitter, 20 November 2021, available from: https://twitter.com/so_says_sally/status/1462078971101827084.

80 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q308.

- The Government is proposing setting daily living costs at a lower notional level than proposed in 2015.[81]

However, he also highlighted a number of areas where the Government's proposals are less generous than recommended by the Dilnot Commission:

- The Dilnot Commission recommended a £0 cap for people entering adulthood with a care need (ie they would make no contribution towards their personal care). The cap would then increase in steps for those aged over 45. Under the Government's proposals, the £86,000 cap will apply to all adults irrespective of age.[82]
- The increase to the upper capital limit for those in residential care is less in real terms than recommended by the Dilnot Commission.[83]
- The level of the cap is higher than that recommended by the Commission.[84]
- Under the Government's proposals, only an individual's contribution will count towards the cap, and not also any contribution from the local authority (see section below for further commentary on this).[85]

Although he raised some concerns with the Government's proposals, Sir Andrew also emphasised that they were a big improvement on the current system:

> [The Government's proposals] still takes us to a much better place than where we are at the moment. The cap is less generous than I wanted it to be. The upper cap is a bit lower. Nonetheless, it moves us from a world where we are now, where this is an entirely means-tested regime that exposes the whole population to catastrophic costs, to, for the first time, a national risk pool for social care. These things are to be noted and welcomed. The particular way in which they are being done, and particularly what was announced yesterday, is less than the best way.[86]

A table setting out how the Government's proposals differ from those consulted on in 2015 was also tweeted by Charles Tallack, Assistant Director of the Health Foundation's REAL Centre.[87]

81 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q308.
82 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q307.
83 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q308.
84 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q308-309.
85 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q309.
86 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q329.
87 Charles Tallack, Twitter, 20 November 2021, available from: https://twitter.com/CharlesTTHF/status/1462069711324262412.

Initial stakeholder reaction

The proposed reforms to the social care charging framework, including the introduction of the cap and the changes to the capital limits, received a broad welcome from a number of stakeholders. The Resolution Foundation, for example, welcomed the changes as "an overdue socialisation of the risk we all face of high care costs" and the Nuffield Trust stated that the changes "will be a relief to tens of thousands of people." [88] ADASS similarly stated that the announced changes feel "like a significant step forward" and the Local Government Association said that they are "an important first step toward changing the way social care is funded and will help to reduce the burden of costs on people." [89]

The Resolution Foundation, however, raised the potential risk that the charging reforms will not live up to their marketing, with some people still needing to "give the local authority a significant stake in their home to pay for social care." The plans are also, it said, "significantly less generous" than those proposed by the Dilnot Commission. [90]

The Foundation also outlined the differential impact of the proposed changes across English regions, with the cap offering more support to families in the South and the more generous means test impacting favourably in lower wealth regions. [91]

The King's Fund said that the changes to the means test are "very welcome and will bring thousands more people into the publicly funded system". It added that, while the cap on care costs will protect people from very high costs it "will help relatively few people". [92]

The Health Foundation welcomed the proposed cap on care costs as "a positive and bold step forward" which will "provide people with greater certainty about the future costs they need to plan for and help reduce the care cost lottery." It also highlighted, however, that those with modest means still risk losing a high proportion of their wealth:

> With the cap set at £86k, most people will be protected from catastrophic care costs, but those with modest assets and high care needs will still risk losing a high proportion of their wealth in future. For example, an

88 Resolution Foundation, Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities, 8 September 2021, p2.; Nuffield Trust, Care providers, care users and workers will feel short-changed by proposed health and social care levy and reform, 7 September 2021.

89 Association of Directors of Adult Social Services, Prime Minister Announces Adult Social Care Reform Plans & Funding, 7 September 2021.; Local Government Association, LGA responds to social care funding announcement, 7 September 2021.

90 Resolution Foundation, Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities, 8 September 2021, pp9-11.

91 Resolution Foundation, Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities, 8 September 2021, pp9-11.

92 King's Fund, The King's Fund responds to the announcement of a health and social care levy, 7 September 2021.

> individual whose house is valued at £125k still risks losing almost half of their housing wealth whereas a cap set at £50k would have enabled them to retain two thirds. By comparison, a person with a house valued at £500k risks losing less than a fifth of their housing wealth. [93]

An analysis published by the Health Foundation in July 2021 explores what different levels of social care cap would mean for people with different levels of wealth. [94]

Age UK and the Care and Support Alliance said that the £86,000 cap "provides some much needed certainty and removes the fear of care bills spiralling to infinity, though at that level it will help fewer people than many had hoped." It added that "A more generous means test is arguably the more significant announcement for most and will result in greater numbers receiving at least some financial help." It also emphasised that "there is a lot of devil in the detail which we need to understand before reaching a final judgement." [95]

The Institute of Public Policy Research said that the proposed charging reforms are "a clear improvement on the current system" and "will save the family homes of many and help tackle unmet need." It added, however, that the system "still falls short of putting social care on the same basis as other care provided by the NHS – free to all at the point of need."[96]

November 2021 change to Care Act framework

As set out in section 3.2 above, in November 2021, the Government announced that it would amend the Care Act 2014 so that only the amount that an individual contributes towards their eligible care costs (at the local authority rate) will count towards the cap on care costs. [97]

The Government said it was introducing the change in order to ensure that the new reforms "are clear and reduce complexity." It added that the change will mean that "people do not reach the cap at an artificially faster rate than what they contribute" and that "the much more generous means test is the main means of helping people with lower levels of assets."[98]

The Government has also said that the savings from the change (estimated to be around £900 million by 2027/28) has allowed it to make the proposed

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93 Health Foundation, Social care cap a bold step forward but funding won't 'fix' social care or tackle the NHS backlog, 7 September 2021.

94 Health Foundation, At what level should social care costs be capped?, 16 July 2021.

95 Age UK, Age UK & CSA response to PM's Social Care reform announcement, 7 September 2021.

96 IPPR, Social care plan 'a clear improvement' on current system but leaves key problems unresolved, says IPPR, 7 September 2021.

97 HCWS399, 17 November 2021; HM Government, Adult social care charging reform: further details, 17 November 2021.

98 HM Government, Adult social care charging reform: further details, 17 November 2021; HCWS399, 17 November 2021.

reforms more generous in other areas compared to the proposals consulted on in 2015. This includes:

- To make the notional daily living charge lower (£200 a week compared to £258 in today's prices under the 2015 proposals). The Government estimates that this costs an additional £500 million a year.
- To set a higher upper capital limit for those in domiciliary care (£100,000 compared to £32,000 in 2023 prices under the 2015 proposals. The Government estimates that will cost an additional £200 million a year.

It adds that the Government is also "making significant investment in the current system which was not included as part of the 2015 proposals, including investment in the workforce, housing and a new assurance framework."[99]

However, the change has proved controversial among stakeholders. The King's Fund, for example, said that the change was "disappointing" and means that "people who need the most protection from catastrophically high care costs – those with low to moderate levels of wealth – will get less protection than wealthier people."[100] Noting that the cap was already more beneficial to those in the south of England, Torsten Bell, Chief Executive of the Resolution Foundation, added that the change was a "big problem for those in the north/midlands".[101]

The Health Foundation said that the change would mean that "those with wealth of less than £106k would be exposed to maximum care costs of almost twice the amount as under the Care Act." It added that the Dilnot Commission had rejected this approach as unfair in 2011 and that the change seemed "motivated by a desire to save money – but to do so by taking protection away from poorer homeowners."[102]

In evidence to the Treasury Committee on 18 November (the day after the announcement) Sir Andrew Dilnot said that he was "very disappointed" by the change and that it means "for those who have long care journeys or significant care needs, the less well-off will not gain any benefit from the cap.". He said: "

> The people who are most harshly affected by this change will be those with assets of exactly £106,000—that is the £86,000 of cap plus £20,000 that is protected by the means-tested system. Everybody with assets of less than £186,000 would do less well under what the Government are proposing than the proposals that we made structurally and those that are legislated for. That is a big change that was announced yesterday,

99 DHSC, Adult social care charging reform: analysis, 19 November 2021.

100 King's Fund, The King's Fund responds to social care cap change, 19 November 2021.

101 Torsten Bell, Twitter, 18 November 2021, available from: https://twitter.com/TorstenBell/status/1461336910547329030; Torsten Bell, Twitter, 18 November, available from: https://twitter.com/TorstenBell/status/1461037495328686083.

102 Health Foundation, Last minute changes to social care reforms are a step in the wrong direction, 18 November 2021.

> and it is disappointing. It finds savings exclusively from the less well-off group.[103]

In this context, Sir Andrew noted that "about 60% of older people who end up needing social care have assets of less than £186,000." He added that the change "will tend to hit people in regions of the country with lower house prices harder than it does those in regions with higher house prices, so there is a north-south axis to this."[104]

Following the evidence session, the Treasury Committee wrote to the Chancellor to request a regional and distributional analysis of the change.[105] In its response, the Government outlined the reasoning behind the change. It also said that it was "unable to provide information at a regional or individual level, as the funding at local authority level has not yet been agreed." The response added that "the full Impact Assessment for our proposals will be published early in the new year."[106]

Transferring money from the NHS to social care

Although the majority of revenue raised from the Health and Care Levy will go to the NHS over the next three years, the plan seems to be for the money raised to be increasingly channelled into social care over the longer term.[107] However, some have raised the potential difficulty of transferring money from the NHS to social care in three years' time.[108] The IFS, for example, has stated:

> …the experience of the past 40 years shows that NHS spending plans are almost always topped up. If history repeats itself, the 'temporary' increases in NHS funding announced this week could end up permanently swallowing up the money raised by the tax rise.[109]

The Nuffield Trust, similarly, said that "the ability to make real improvements to care services will now depend on whether these funds can be excavated from the health service further down the line. Taking money away from the NHS is a task that has not been done before."[110]

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103 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q310.

104 Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q323.

105 Treasury Committee, Committee requests impact assessment on social care changes, 19 November 2021.

106 Treasury Committee, Treasury Committee publishes Government response on social care changes, 23 November 2021.

107 Resolution Foundation, Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities, 8 September 2021, p2; IFS, An ever-growing NHS budget could swallow up all of this week's tax rise, leaving little for social care, 8 September 2021.

108 For example, https://twitter.com/DavidGauke/status/1435276127392739337

109 IFS, An ever-growing NHS budget could swallow up all of this week's tax rise, leaving little for social care, 8 September 2021.

110 Nuffield Trust, Care providers, care users and workers will feel short-changed by proposed health and social care levy and reform, 7 September 2021.

Impact on care providers

As set out above, the Government announced plans to enable self-funders to “find better value care” by asking their local authority to arrange their care for them.

It has been argued that it is the fact that care providers currently often charge more to self-funders that allows them to remain viable. As LangBuisson explains “it is the combination of fees from different funding sources [self-pay fees (typically high), council-paid fees (typically low) and NHS-paid fees (intermediate), plus third-party top-ups] which makes the sector as a whole viable.” The report adds “the sector as a whole is currently operating at average fees which are close to operating costs plus a reasonable return on secondary assets, pulled down by low state-paid fees and pulled up by high self-pay fees.”[111]

Thus, changes to the fees paid by self-funders could potentially impact on care providers’ financial models and this has been raised as a concern by some representatives of care providers. The Health Secretary has stated that the aim is instead to provide funding to enable local authorities to raise the rate they can afford. Some have questioned whether the funding will be sufficient to do this, however.[112]

An article in Community Care provided the following summary:

> This is likely to have a significant impact on providers, many of whom rely on using higher self-funder fees to cross-subsidise the costs of state-funded residents. However, the government said the £5.4bn package included money for councils to move towards paying a “fair rate for care”, suggesting it expects local authorities to increase the fees they pay care homes.[113]

In evidence to the Treasury Committee on 18 November 2021, Sally Warren, Director of Policy at the King’s Fund, said:

> …section 18(3) of the Care Act allows self-funders to ask the local authority to access care at the local authority rate. It is an attempt to remove the cross-subsidy, which has been growing over the last decade. If you get that wrong in removing the cross-subsidy by not setting the Government rate high enough, that could see very high levels of instability for providers, and you could see providers removing themselves from the market. In that case, the only option you may be left with would be for

111 LangBuisson, Care Homes for Older People: UK Market Report, December 2019, p105.

112 Guardian, UK care homes say funding shake-up threatens their viability, 8 September 2021.

113 Community Care, Government resurrects cap on care costs plan four years after ditching it, 7 September 2021.

> local authorities to step in, definitely in the short term and possibly in the long term, to provide care.[114]

[114] Treasury Committee, Oral evidence, Autumn Budget and Spending Review 2021, HC 825, 18 November 2021, Q343.

4 Wider system reform and funding

4.1 Wider system reform

As set out above, of the £5.4 billion to be provided to adult social care in England over the next three years through the Health and Social Care Levy, £1.7 billion will be used to support wider system reform.[115]

At least £500 million of the £1.7 billion will be used to provide support in professionalising and developing the workforce; fund mental health wellbeing resources; and improve recruitment and support.[116] Further information on what the funding will be used for was provided in a blog by Deborah Sturdy, Chief Nurse for Adult Social Care in England. [117]

Further details of the proposals for wider system reform are expected to be set out in a White Paper to be published later in 2021. The Build Back Better policy paper said that the reforms will include:

- Proposals to "make care work a more rewarding vocation", including "a plan to support professional development and the long-term wellbeing of the workforce."
- Steps to ensure that unpaid carers "have the support, advice and respite they need."
- Exploring "innovative housing solutions to support more people to live at home independently."
- Improve information to help people navigate the system.
- Introduce "a new assurance framework and support improvement in the system, to ensure Local Authorities are delivering on their obligations for users." Further information on plans for the Care Quality Commission to assess local authorities' delivery of their adult social care functions is provided in section 6.2 of the Library briefing on the Health and Care Bill. [118]
- A "comprehensive national plan for supporting and enabling integration between health and social care. [119]

115 HM Treasury, Autumn Budget and Spending Review 2021, HC 822, October 2021, para 4.8.

116 HM Treasury, Autumn Budget and Spending Review 2021, HC 822, October 2021, para 4.8; HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, para 49.

117 Department of Health and Social Care, Social care reform and what it means for our workforce, 8 September 2021. See also PQ53851, 23 September 2021.

118 CBP 9232, The Health and Care Bill [Bill 140 of 2021-22], 12 July 2021.

119 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, paras 47-56.

4.2 Core funding for adult social care

Regarding broader core funding for adult social care, the Build Back Better policy paper stated:

> The Government will ensure Local Authorities have access to sustainable funding for core budgets at the Spending Review. We expect demographic and unit cost pressures will be met through Council Tax, social care precept, and long-term efficiencies; the overall level of Local Government funding, including Council Tax and social care precept, will be determined in the round at the Spending Review in the normal way.[120]

Commentary

Much of the initial commentary on the proposed reforms announced in September 2021 focused on the wider funding of adult social care and, in particular, if this is sufficient to address the wider issues in the sector. A number of stakeholders noted that a lot would depend on the then forthcoming Spending Review.

While noting that the precise path of social care spending depends on the wider local government funding environment, the IFS said that it is clear that the extra £5.4 billion of funding through the Levy will not be sufficient to address the issue of unmet care needs:

> At an average of £1.8 billion per year, this funding boost is equivalent to around 9% of what councils spent on adult social care services in 2019–20. However, the early-to-mid 2010s saw big cuts in spending, despite an ageing population and rising numbers of people with learning disabilities. And as a result, adult social care spending per person was 7.5% lower in real-terms in 2019–20, the latest year for which we have data, than in 2009–10.
>
> How funding for social care will evolve in the next few years will also depend on the wider local government funding environment. In recent years, councils have been able to increase council tax by an extra 2 to 3 percentage points if the revenues are allocated to social care: will that continue? And even if the new funding is formally ring-fenced for social care, will councils shift some of their existing funding to other services if their wider funding situation is still difficult?
>
> While the precise path for spending – and hence for the availability and quality of care – is unclear, it is clear that the extra funding will not be sufficient to reverse the cuts in the numbers receiving care seen during the 2010s. Thus, while more people will become entitled to financial

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120 HM Government, Build Back Better: Our plan for health and social care, CP 506, September 2021, paras 47-56.

> support as a result of the reforms planned, many people with care needs not considered severe enough will continue to miss out.”[121]

The Resolution Foundation also noted that “despite the pre-announcement focus on social care, much of the increase in spending is focused…mainly[on] the NHS.” As a result, the Foundation concluded, priority appears to have been given to protecting the assets of those needing long periods of care rather than addressing “what is arguably a bigger problem in the current system: the huge amount of need for care that is currently going unmet.”[122]

The Nuffield Trust similarly said that “the reality is the money left for social care (£5.4bn over three years) will only go some of the way to stabilise a dire situation and leaves little for meaningful change”, and the King’s Fund argued that the funding will be “inadequate…to bring about meaningful change in areas such as workforce, access and quality.”[123]

The Health Foundation argued that the announced funding “falls well short of what is needed to stabilise the current system and deliver the comprehensive reform that is so desperately needed.” It added:

> And a cap alone will not be enough to deliver the prime minister’s promise to “fix social care once and for all”. Today’s announcement does little to help the third of care users aged under 65 who rely on the quality of the publicly funded system. The government has parked decisions on wider funding and reform – much now rests on the forthcoming autumn spending review. In addition to the cost of the cap, further funding increases, rising to an extra £9.3bn in 2024/25, will be needed to support the growing number of people going without the care they need, raise care quality, stabilise the provider market and improve the pay and conditions of those working in the sector. Without this, social care will continue to fail people who need it.[124]

The Local Government Association (LGA) similarly noted that “there are a range of additional crucial issues which need to be addressed if we are to deliver a care and support system that is fit for the future.” It welcomed the promised adult social care white paper but emphasised that it “will need to be backed by adequate investment.” The LGA also called for the Spending Review to set out how short-term funding pressures will be addressed:

> The Spending Review must also set out how immediate and short-term pressures will be addressed, along with funding to improve the quality, quantity and accessibility of care and support, without relying on

121 Institute for Fiscal Studies, An initial response to the Prime Minister’s announcement on health, social care and National Insurance, 7 September 2021.

122 Resolution Foundation, Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities, 8 September 2021, pp9-10.

123 Nuffield Trust, Care providers, care users and workers will feel short-changed by proposed health and social care levy and reform, 7 September 2021; King’s Fund, The King's Fund responds to the announcement of a health and social care levy, 7 September 2021.

124 Health Foundation, Social care cap a bold step forward but funding won't ‘fix’ social care or tackle the NHS backlog, 7 September 2021.

measures such as the adult social care council tax precept, which raises varying amounts in different parts of the country and is not related to need.[125]

4.3 Autumn Budget and Spending Review 2021

At the Autumn Budget and Spending Review 2021, the Government confirmed the £5.4 billion of funding for adult social care through the Health and Social Care Levy and set out how the money would be spent (see sections above).

It additionally set out that local authorities would be provided with £1.6 billion of new grant funding in each of the next three years, on top of the funding to implement social care reform. The Government said that this funding, which will not be ring-fenced for adult social care, will ensure "the government can reform social care, increase investment in supporting vulnerable children and enable local authorities to continue to provide the other local services that people rely on." It added that the settlement for local authorities comprised an estimated real-terms increase of 3% a year in core spending power, the largest sustained rise in more than a decade.[126]

Reaction

A number of stakeholders questioned whether the additional funding announced at the Spending Review will be sufficient to address wider issues in the adult social care sector. The King's Fund, for example, said that the sector is "at breaking point now" and that "on the face of it the uplift to local government funding…is not enough to keep pace with demand and meet current pressures, including being able to adequately reward the workforce."[127] The Local Government Association also suggested that "it is likely councils will continue to struggle to meet their statutory [adult social care duties]."[128]

While welcoming the "increases of 3% across all local government services", the Nuffield Trust said that "they are not enough to address the disastrous situation in social care."[129] The Association of Directors of Adult Social Services expressed disappointment that "the Chancellor failed to recognise the crisis in social care that is already upon us and will now only deepen this winter". It added that the additional £1.6 billion in grant funding "will do little

[125] Local Government Association, LGA responds to social care funding announcement, 7 September 2021.

[126] HM Treasury, Autumn Budget and Spending Review 2021, HC 822, October 2021, paras 2.30-2.31.

[127] King's Fund, The King's Fund responds to the Comprehensive Spending Review, 27 October 2021.

[128] LGA, Spending Review 2021: LGA responds to announcement on adult social care funding, 27 October 2021.

[129] Nuffield Trust, Spending Review leaves social care the poor relation and facing uncertainty, 27 October 2021.

more than meet the costs of the rise in the national living wage for care workers from next April."[130]

The Health Foundation also questioned whether the funding for local government was enough to address wider issues in the social care sector:

> Yet again, adult social care looks to be one the biggest losers in today's Spending Review. For a decade, social care funding has barely risen in real terms. While the recent levy will provide £5.4bn over three years to fund the new cap on care costs, this won't address the challenges in the existing system. Today's settlement for local government may be just enough to meet demographic pressures but will do nothing to tackle the high levels of unmet need, persistent workforce shortages and recruitment difficulties, and the precarious position facing many providers.[131]

[130] ADASS, ADASS Responds to the Spending Review 2021, 27 October 2021.
[131] Health Foundation, Health Foundation response to Spending Review 2021, 27 October 2021.