



Fairer care funding

Reforming the funding
of adult social care

Social care helps people live independently and safely. It supports people of all ages who find themselves in vulnerable circumstances because of their age, a disability or a mental health condition.

The Government created an independent Commission on Funding of Care and Support in July 2010 to review the social care funding system and the future demands on it.

Our report, published in July 2011, recommends major changes to the adult social care system. This leaflet summarises the main changes.



What is the issue?

- **People are living longer than ever.**
We should be celebrating. But because social care, unlike the NHS, is not free when people need it, many are anxious about how they will pay for care should they need it.
- **The current system is not working.**
That's what people who need social care and their carers tell us. People are not always getting the care they need, they can't plan for the future, and some worry about having to sell their home to pay for their care.

Care costs can be high and unpredictable

Half of people aged 65 today can expect to spend over £20,000 on care in their lifetime. A quarter can expect costs over £50,000. And one in ten can expect costs over £100,000. Lifetime costs can be even higher for people who are born with a disability or who develop a care need earlier in life.

There is currently no way for people to protect themselves against these costs. In the case of health, the state protects everyone through the NHS. In the case of risks to their home, people can choose to buy insurance themselves. But there is

no way for people to protect themselves against potentially enormous social care bills. Private insurers won't cover people because of the uncertainty over the final bill; and the state only steps in once people have exhausted their savings and assets, which can include their house.

This is a broken system which will get worse unless it is fixed. We need to take urgent action.

Finding a fairer way to pay for social care

The Government asked us to review the social care funding system and future demands on it and come up with new ideas. We are recommending major changes to the adult social care system.

England needs to spend more on care. Mending our system and making it fit for the future requires more money, both from the state and from people themselves.

We have come up with an idea for a fairer way forward.

People and the state need to share responsibility for the cost of social care

Our recommendation is for people to pay for their care up to a certain point or cap, after which the state takes over. We think the cap should be between £25,000 and £50,000. We think £35,000 is an appropriate and fair figure. But only a minority of people will ever spend this amount. After that, everyone's care costs are covered – for however long they need care. Those who have very little money will continue to receive care free, as happens now.



How the recommended plan will work for older people

- **We are suggesting that people will be expected to contribute towards the first £35,000 of their care bill.** We want people to choose how to pay their share. Some might raise cash from the value of their home. Some might use savings or take out a new financial product. Everyone will be free to decide what suits them best. This is not a tax. People only pay if they need care.
- **For people whose care costs rise above £35,000, the state will step in.** We think around a quarter of people who are currently aged 65 will face costs of over this amount during their lifetime.
- **Those who have very little money will pay nothing for care, as they do now.** We also want to make the current means test fairer. At the moment, anyone in a care home with assessed wealth of more than £23,250 (including their house) receives no state support at all. We think this threshold should increase to £100,000, so that more people will receive some help from the state.

How people will meet other bills

- **Disability benefits will continue as they are now** – so everyone currently receiving Attendance Allowance or Disability Living Allowance would continue to do so under our proposals.
- If people live at home, they have to pay for food, heating and accommodation. If they move into a residential or nursing care home, we think it is reasonable for people to continue to contribute to these costs. So, under our plans everyone who can, will pay a flat and fixed contribution towards their basic living costs.



Case study – Henry

Henry had a stroke when he was 85. He entered a care home for the last four years of his life. Prior to this, he was living alone in his own home, which was worth £140,000 and which he owned outright.

Under the current system, Henry needed to contribute all his pension income down to £22.60 a week and his daughter had to arrange for his house to be sold in order to be able to use the money to pay for his care. He paid for his care in full until he died, spending £110,000 in total.

Under our reforms, Henry would initially have had to contribute in full to his care costs. After two years, he would have contributed £35,000 in care costs and would start to receive his care for free. He could still have used his housing assets to pay this £35,000, but would retain £105,000. He would have continued to pay general living costs until he died, but would have been able to do this all through his pension income.

How the plan will work for younger adults

People who need care before they are 18 years old or who start needing care early in adult life (we suggest under 40 years of age) will get all their care for free. This is because they may not have had the same opportunity to build up wealth.

Some people who develop a care and support need and have built up some wealth may need to make a contribution to their care costs, but this will be based on their age and how much money they have.



Case study – Emma

Emma was born with a learning disability. From age 18 until she died aged 52, she lived independently in supported housing. When she was 35 years old, she inherited her parents' house worth £160,000.

Under the current means-tested system, Emma had to start paying for all of her care when she inherited the money from her parents. It ran out by the time she was in her mid-40s, leaving her to fall back on the state with no additional resources left.

Under our system, as she turned 18 years of age with an eligible care need, she would be entitled to free care for the whole of her life. She would pay her living costs partly herself and partly through her disability benefits, still leaving her with half of her assets to use how she wanted to improve her overall well-being throughout the rest of her life.

Under our changes, everyone who is receiving state support for their care today will continue to do so. Everyone else will benefit from the new cap on how much of their own money they have to spend on care.

Removing fear and uncertainty about social care bills

Under our recommendations, everyone will know how much they must pay if, in the future, they need care. This means people can plan ahead and take responsibility for meeting the costs of their future care bills. It means no one needs to worry about one day having a care bill for hundreds of thousands of pounds.

Our proposed funding system

Individuals are initially responsible for meeting their own care costs, up to the level of the cap

Extended means-tested support helps those who cannot afford the full cost of care

Once someone has accumulated care costs up to the cap, the state meets all remaining care costs

Universal benefits help people pay for care and meet other disability-related costs

Improving the wider system

More support for carers

A better care funding system will help carers. We want to make sure the valuable contribution carers make every day is properly recognised and supported. We think there should be improvements to the way carer assessments are carried out, so that the needs of carers are better taken into account. We want carers to be able to access better, more reliable, information and advice when they need it.

Making social care assessments more consistent across England

We think **eligibility for state help should be determined nationally**, not locally. This will be fairer. And it will mean that if people want to move to a new area, they can take their social care assessment with them.

In the future, we also think the Government should introduce **a new, more objective, assessment system for social care**, one that people can understand.

Joining up care and support

Care and support is about more than adult social care. It also covers things such as health, housing support, benefits and public health. **All these services need to work together around people** – individuals, families, carers and communities.

We also think that the wider system needs to be further improved. Assessments for all the different types of support should be simpler. Health, social care and housing services should be more joined up. There should be better information and advice available to everyone.

What will the new plan cost?

The cost of making the changes recommended in the report with a cap of £35,000 will be around £1.7 billion a year in extra government spending. This is around one four-hundredth of total public spending.

What will happen next?

Now that our report has been published, the Government will need to decide whether to accept our recommendations and how quickly to make changes to the care and support system.

To find out more about how this will work and to read the whole report, visit: www.dilnotcommission.dh.gov.uk

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Commission on Funding of Care and Support *Fairer care funding: Reforming the funding of adult social care.*

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