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Proposed reforms to adult social care announced in September 2021



Summary

- 1 Introduction
- 2 Proposed reforms to adult social care
- 3 Reaction and comment

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Contents

Summary	4
1 Introduction	6
1.1 What is adult social care?	6
1.2 How is adult social care paid for?	7
1.3 The treatment of income	8
1.4 What are the issues with social care funding?	8
1.5 What reforms have previously been proposed?	9
The Dilnot Commission	10
Developments since July 2019	11
2 Proposed reforms to adult social care	12
2.1 The Health and Social Care Levy	12
2.2 Reforms to how people pay for adult social care	12
Cap on care costs	13
Changes to the capital limits	14
Other changes	15
2.3 Wider system reform	16
3 Reaction and comment	18
3.1 Proposed charging reforms	18
3.2 Overall funding and wider reform	20
Transferring money from the NHS to social care	22
3.3 Impact on care providers	22

Summary

On 7 September 2021, the Prime Minister [announced](#) plans to reform how people pay for adult social care in England, which will be funded through a new Health and Social Care Levy. The proposed reforms will be supported by an investment of £5.4 billion over the next three years.

This briefing provides information on the proposals for adult social care, the details of which are set out in the Government policy paper: [Build Back Better: Our plan for health and social care](#).

Adult social care funding pressures

Adult social care funding has been under pressure for several years and it is argued that this has contributed to a wide range of issues, including:

- Increasing numbers of **people not having their care needs met**.
- People not eligible for local authority support facing potentially **“catastrophic” care costs** of over £100,000, which they may have to sell their home to pay.
- The **financial sustainability of care providers**.
- **Impact on health services**, including delayed hospital discharges and unnecessary attendances at A&E.
- **Workforce issues**, with over 100,000 vacancies, and poor pay and employment conditions.

Past reform proposals

Reforming adult social care funding, including how people pay for care, has been an issue for successive governments and a number of proposals for reform have been made. This includes the [2011 Dilnot Commission](#), which, among other things, recommended 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 charges. 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 Government originally said that the plan would be published in 2020, but this was put back to 2021 in light of the Covid-19 pandemic.

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.

It is expected that the cap will be based on the framework provided for by the Care Act 2014. Under this framework, **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) do not count towards the cap.

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 [policy paper](#) also 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 adult social care later in 2021, focusing on wider system reform.

The Government will also invest at least £500 million in measures over three years to provide support in professionalising and developing the social care workforce; fund mental health wellbeing resources; and improve recruitment and support.

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 stakeholder commentary has focused on the broader funding of adult social care and, in particular, on whether the additional funding will be sufficient to address wider issues in the sector. They’ve highlighted challenges associated with transferring revenue raised by the new levy from the NHS to social care in future years, pointing out that there is no precedent for this.

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

Around two-thirds of adults receiving care through their local authority are aged 65 and over. However, the total cost to the public purse for the social care needs of adults under 65 years, is around the same as for those aged 65 and over.³

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 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; National Audit Office, [Adult social care in England: overview](#), HC 1102, 13 March 2014, para 1.12.

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 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.

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 £250⁵ 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

While these 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 has been continuously occupied by the person’s partner since before they went into a care 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.

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](#).⁷

1.4 What are the issues with social care funding?

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.⁸

Many organisations have estimated the size of the social care ‘funding gap’ between the resources available and the 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.⁹

In February 2021, the Health Foundation estimated that £1.9 billion in additional funding would be required by 2023/24 just to meet future demand.¹⁰

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

⁷ CBP01911, [Paying for adult social care in England](#), 27 August 2021.

⁸ LGiU, [LGiU M.J State of Local Government Finance Survey 2020](#), 5 February 2020.

⁹ Health and Social Care Committee, [Social care: funding and workforce, HC 206 2019-21](#), pp13-15.

¹⁰ 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.

- 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, representing one in seven of the population aged 65 and over, were not getting the support they needed.¹¹ 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 are currently awaiting social care assessments, care and support or reviews.¹²
- 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.¹³ The Government has estimated that around one in seven adults aged 65 face such lifetime costs.¹⁴
- The **financial sustainability of care providers**. For example, the ADASS [Autumn Survey 2020](#) suggested that 80% of directors were “concerned about the financial sustainability of some residential and nursing providers since the Covid-19 outbreak.”¹⁵
- **Impact on health services**, including delayed hospital discharges and unnecessary attendances at A&E.¹⁶
- **Workforce issues**, with over 100,000 vacancies, and poor pay and employment conditions.¹⁷

Further information on adult social care funding, including funding pressures and impacts, is available in the Library briefing: [Adult Social Care Funding \(England\)](#).¹⁸

1.5

What reforms have previously been proposed?

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

¹¹ Age UK, [The number of older people with some unmet need for care now stands at 1.5 million](#), 9 November 2019.

¹² ADASS, [ADASS REPORT: NEW RAPID SURVEY FINDINGS 2021](#), 8 September 2021.

¹³ [‘Alarming’ rise in level of unmet care and support needs](#), Community Care, 16 February 2017.

¹⁴ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, para 78.

¹⁵ ADASS, [ADASS Autumn Survey 2020](#), November 2020, p6. Further information on the care provider market is available in the NAO report, [The adult social care market in England](#), March 2021.

¹⁶ 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](#).

¹⁷ Health and Social Care Committee, [Social care: funding and workforce](#), HC 206 2019-21, chapter 2. Health Foundation, [Mind the gaps: adult social care workforce policy during the pandemic](#), 17 June 2021.

¹⁸ CBP7903, [Adult Social Care Funding \(England\)](#), 11 December 2020.

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”.¹⁹

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:

- 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).²⁰
- 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.²¹

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.²² However, implementation was delayed until April 2020 and then effectively indefinitely postponed.²³

¹⁹ Commission on Funding of Care and Support, [Fairer Care Funding](#), July 2011, pp5–6, 21, 28, 35 and 76.

²⁰ 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.

²¹ 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.

²² Care Act 2014, section 15.

²³ [HLWS135 17 July 2015: HC Deb 7 December 2017 c1235](#).

In 2017, the then Government said it would set out its proposals for adult social care funding in a green paper.²⁴ 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 \(England\)](#).²⁵

Developments since July 2019

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.”²⁶

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.”²⁷

In January 2020, the Prime Minister said the Government would bring forward a plan “this year” and would “get it done within this Parliament.”²⁸ However, the Government subsequently said it would not be possible to meet this timetable because of the Covid-19 pandemic.²⁹

At the Spending Review 2020, published on 25 November 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].³⁰ This position was reiterated at the Queen’s Speech in May 2021.³¹

Further information is available in the Library briefing: [Reform of adult social care funding: developments since July 2019 \(England\)](#).³²

²⁴ [HL Deb 21 June 2017 c6](#).

²⁵ CBP8000, [Social care: Government reviews and policy proposals for paying for care since 1997 \(England\)](#), 23 October 2017.

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

²⁷ Conservative and Unionist Party, [Get Brexit Done – Unleash Britain’s Potential](#), November 2019, p12.

²⁸ BBC, [The Big Interviews: Boris Johnson on BBC Breakfast](#), (at 16 minutes 25 seconds), 14 January 2020.

²⁹ [PQ 64976](#), 2 July 2020; [PQ 59766](#), 22 June 2020.

³⁰ HM Treasury, [Spending Review 2020](#), November 2020, para 4.10.

³¹ Prime Minister’s Office, [Queen's Speech 2021: background briefing notes](#), 11 May 2021.

³² CBP8001, [Reform of adult social care funding: developments since July 2019 \(England\)](#), 12 May 2021.

2 Proposed reforms to adult social care

2.1 The Health and Social Care Levy

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

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, to help to fund these plans.

It is 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.³³

Further information on the Levy is available in the Library briefing: [Health and Social Care Levy Bill 2021-22](#).³⁴

2.2 Reforms to how people pay for adult social care

The funds from the levy will be ringfenced for investment in health and social care as set out in the policy paper, [Build Back Better: Our plan for health and social care](#).

The proposed reforms to social care in England will be supported by investment of £5.4 billion over the next three years. The following sections provide further details on the proposed reforms. A consultation paper on the proposals is expected to be published in October 2021.³⁵

³³ Prime Minister's Office, [PM statement to the House of Commons on health and social care: 7 September 2021](#), 7 September 2021.

³⁴ CBP9310, [Health and Social Care Levy Bill 2021-22](#), 10 September 2021.

³⁵ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, para 78.

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.³⁶

In his statement, 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.³⁷

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.

The policy document states that the cap will be implemented “using legislation already in place under the 2014 Care Act.”³⁸

What costs count towards the cap?

An important feature of the framework set out in the Care Act 2014 is that the amount counted towards the cap will not necessarily be the amount that a person spends on their social care. 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 needs.**
- If a local authority is meeting a person's social care needs, the cost to the local authority of doing so will count towards the cap.³⁹

This will likely 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 calculate how much it would be spending if it were paying for the person's care. 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.”⁴⁰

In addition, 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.⁴¹ Similarly, a care

³⁶ Prime Minister's Office, [PM statement to the House of Commons on health and social care: 7 September 2021](#), 7 September 2021.

³⁷ [HC Deb 7 September 2021, c154-5](#).

³⁸ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, para 38.

³⁹ Care Act 2014, section 15(2).

⁴⁰ Community Care, [Government resurrects cap on care costs plan four years after ditching it](#), 7 September 2021.

⁴¹ 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.

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). There are no official estimates of “hotel costs” in care homes in England. However some media reports have cited a figure of between £10,000 and £12,000 a year.⁴²

The amount attributable to a person’s daily living costs would be set in accordance with regulations made under the Act. The first version of these regulations would be subject to the [affirmative procedure](#).⁴³

Other features of the framework set out in the Care Act include:

- Only costs accrued in meeting an adult’s “eligible” care needs count towards the cap (ie only those needs that meet national eligibility criteria set by regulations⁴⁴).
- Only costs accrued after the relevant provisions of the Care Act are brought into force will count towards the cap.⁴⁵

The Act provides that the level of the cap will be set in regulations. The first version of the regulations will be subject to the [affirmative procedure](#).⁴⁶ It additionally provides that the level of the cap (and a person’s accrued costs towards the cap) must be adjusted annually in line with average earnings.⁴⁷

Changes to the capital limits

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 from October 2023.
- 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 the local authority may fund some of their care, but an individual may have to contribute up to 20% of their “chargeable assets” per year (in addition to any income that is not disregarded).⁴⁸ An article in Community Care stated that this “implies the government will retain the current system under which people are charged £1 in so-called tariff income per week for

⁴² For example, i News, [Social care: the major holes in Boris Johnson’s plan to fix the system](#), 8 September 2021.

⁴³ Care Act 2014, sections 15(8) & 125(4)(c).

⁴⁴ [The Care and Support \(Eligibility Criteria\) Regulations 2015](#) (SI 2015/313).

⁴⁵ Care Act 2014, section 15(5).

⁴⁶ Care Act 2014, sections 15(4) & 125(4)(b).

⁴⁷ Care Act 2014, section 16(1).

⁴⁸ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, paras 41-44.

every £250 in capital they have between the lower and upper thresholds.”⁴⁹

Other changes

The policy paper also sets out other changes to how people pay for adult social care. 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.⁵⁰ 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 2016/17.⁵¹
- 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.⁵²

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.”⁵³ An article in Community Care provided the following explanation:

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.

⁴⁹ Community Care, [Government resurrects cap on care costs plan four years after ditching it](#), 7 September 2021.

⁵⁰ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, para 45.

⁵¹ CBP8005, [Adult Social Care: Means-test parameters since 1997](#), 11 June 2021.

⁵² For further information, see CBP1911, [Paying for adult social care in England](#), 27 August 2021.

⁵³ 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.

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.⁵⁴

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.”⁵⁵

2.3 Wider system reform

The policy paper also says the Government will publish a white paper on adult social care later in 2021, focusing on wider system reform. This 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](#).⁵⁶
- A “comprehensive national plan for supporting and enabling integration between health and social care.”⁵⁷

The policy paper adds that the Government will invest at least **£500 million** in measures over three years to provide support in professionalising and developing the workforce; fund mental health wellbeing resources; and

⁵⁴ Community Care, [Government resurrects cap on care costs plan four years after ditching it](#), 7 September 2021.

⁵⁵ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, para 46.

⁵⁶ CBP 9232, [The Health and Care Bill \[Bill 140 of 2021-22\]](#), 12 July 2021.

⁵⁷ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, paras 47-56.

improve recruitment and support. 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.⁵⁸

Regarding wider funding for adult social care, the policy paper states:

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.⁵⁹

⁵⁸ Department of Health and Social Care, [Social care reform and what it means for our workforce](#), 8 September 2021.

⁵⁹ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, paras 47-56.

3 Reaction and comment

The Government’s policy paper says 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.”⁶⁰

However, in his response to the Prime Minister’s Statement, the Leader of the Labour Party, Sir Keir Starmer, said that people would still face substantial costs and he questioned whether the changes would actually prevent people from having to sell their home to pay for care. He also suggested that the Government’s proposals did not address the wider issues in adult social care.⁶¹

This section sets out some of the commentary from stakeholders on the Government’s proposed reforms.

3.1 Proposed charging reforms

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.”⁶² 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.”⁶³

⁶⁰ HM Government, [Build Back Better: Our plan for health and social care](#), CP 506, September 2021, paras 38 & 44.

⁶¹ [HC Deb 7 September 2021, c156](#).

⁶² 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.

⁶³ 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.

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.⁶⁴

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.⁶⁵

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”.⁶⁶

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 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.⁶⁷

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.⁶⁸

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

⁶⁴ Resolution Foundation, [Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities](#), 8 September 2021, pp9-11.

⁶⁵ Resolution Foundation, [Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities](#), 8 September 2021, pp9-11.

⁶⁶ King’s Fund, [The King's Fund responds to the announcement of a health and social care levy](#), 7 September 2021.

⁶⁷ Health Foundation, [Social care cap a bold step forward but funding won't 'fix' social care or tackle the NHS backlog](#), 7 September 2021.

⁶⁸ Health Foundation, [At what level should social care costs be capped?](#), 16 July 2021.

of devil in the detail which we need to understand before reaching a final judgement.”⁶⁹

3.2 Overall funding and wider reform

Much of the commentary on the proposed reforms has focused on the wider funding of adult social care and, in particular, if this is sufficient to address the wider issues in the sector.

As set out in section 2 above, under the Government’s proposals, adult social care will receive £5.4 billion in additional funding between 2022/23 and 2024/25, which, the Institute for Fiscal Studies explains, will be used “to support the social care workforce (with improved training and mental healthcare, for example), improve services and signposting for informal carers and care recipients, and begin the roll-out of the longer-term reforms.”⁷⁰

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 funding 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 support as a result of the reforms planned, many people

⁶⁹ Age UK, [Age UK & CSA response to PM's Social Care reform announcement](#), 7 September 2021.

⁷⁰ Institute for Fiscal Studies, [An initial response to the Prime Minister's announcement on health, social care and National Insurance](#), 7 September 2021.

with care needs not considered severe enough will continue to miss out.⁷¹

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.”⁷²

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.”⁷³

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.⁷⁴

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:

More immediately, greater information is needed on what proportion of the new levy will come to social care, including when and how the

⁷¹ Institute for Fiscal Studies, [An initial response to the Prime Minister’s announcement on health, social care and National Insurance](#), 7 September 2021.

⁷² Resolution Foundation, [Nationally Insured? New taxes and new spending to address key Department for Health and Social Care priorities](#), 8 September 2021, pp9-10.

⁷³ 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.

⁷⁴ Health Foundation, [Social care cap a bold step forward but funding won’t ‘fix’ social care or tackle the NHS backlog](#), 7 September 2021.

funding will be distributed. 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 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.⁷⁵

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.⁷⁶ However, some have raised the potential difficulty of transferring money from the NHS to social care in three years' time.⁷⁷ 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.⁷⁸

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."⁷⁹

3.3 Impact on care providers

As set out in section two 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

⁷⁵ Local Government Association, [LGA responds to social care funding announcement](#), 7 September 2021.

⁷⁶ 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.

⁷⁷ For example, <https://twitter.com/DavidGauke/status/1435276127392739337>

⁷⁸ IFS, [An ever-growing NHS budget could swallow up all of this week's tax rise, leaving little for social care](#), 8 September 2021.

⁷⁹ Nuffield Trust, [Care providers, care users and workers will feel short-changed by proposed health and social care levy and reform](#), 7 September 2021.

reasonable return on secondary assets, pulled down by low state-paid fees and pulled up by high self-pay fees.”⁸⁰

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.⁸¹

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.⁸²

⁸⁰ LangBuisson, Care Homes for Older People: UK Market Report, December 2019, p105.

⁸¹ Guardian, [UK care homes say funding shake-up threatens their viability](#), 8 September 2021.

⁸² Community Care, [Government resurrects cap on care costs plan four years after ditching it](#), 7 September 2021.

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