



Department
of Health &
Social Care

*From Gillian Keegan MP
Minister of State for Care and Mental Health*

*39 Victoria Street
London
SW1H 0EU*

PO-1412466

The Rt Hon Sir George Howarth MP
By email to: george.howarth.mp@parliament.uk

12 August 2022

Dear Sir George,

Thank you for your correspondence of 14 July on behalf of a number of your constituents, about social care reform. I apologise for the delay in replying.

As your constituents are aware, on 7 September the Government announced its commitment to invest £5.4 billion in the adult social care system over the next three years, and its plans include a new £86,000 cap on lifetime care costs. The Health and Care Act 2022 makes changes to the Care Act 2014 that are required to achieve our reform plans. The changes will mean that the cap will be based only on the amount that individuals pay towards the cost of their care. This means that local authority contributions made towards care costs will not count towards the cap.

Without this change, two people living in different parts of the country, contributing the same amount, would progress towards the cap at different rates based on the difference in the amounts their local authorities are paying. For example, a person living in the south of England, who contributes £250 a week towards their care, receives £750 from their local authority to make up the average cost of care at £1,000 per week. A person living in the north of England pays the exact same personal contribution towards care costs, of £250 a week, but only receives £350 from their local authority, as the cost of care per week averages at £600. In this case, the person in the south would hit the £86,000 cap before the person living in the north, despite having made the exact same personal contribution. In order to level up, we need to make sure that people in different parts of the country benefit to the same extent.

The decision to make the cap a universal one was deliberate. There have been previous iterations of the policy that included different caps for different ages. However, such a system would be both unaffordable and unfair. Under such a system, if a person started to draw on care the day before their 40th birthday, they would never pay anything towards the cost of their care and would benefit from free personal care for their lifetime. In comparison, a person who starts to draw on care the day after their 40th birthday would have to pay up to £86,000. Cliff-edges like this cannot be allowed.

I would also like to highlight that we are expanding the means test by raising the upper capital limit from £23,250 to £100,000. This means that unless a person has more than £20,000 of savings or investments their assets will be entirely protected, and they will only pay towards their care from any benefit income.

We know that income is an important factor for working-age people. To allow people receiving means-tested support to keep more of their own income, the Government has

unfrozen the Minimum Income Guarantee (MIG) for those receiving care in their own homes and Personal Expenses Allowance (PEA) for care home residents so that, from 6 April 2022, they both now rise in line with inflation. Local authorities can set higher rates for the PEA and MIG if they wish; the new regulations will simply set the statutory minimum. We are aware that some local authorities do make use of this discretion.

Younger adults will benefit from the steps we have taken to make the provision of social care fairer and more sustainable. This includes a more generous means test and uprating the social care allowances in line with inflation, alongside other steps such as the expansion of the housing fund and new models of care.

While we paid close attention to the recommendations made by Sir Andrew Dilnot's Commission on Funding of Care and Support, inevitably the priorities and challenges regarding the funding of social care are not the same as they were a decade ago. Aspects of our reform package are more generous than those proposed by Sir Andrew, including changes to means testing for people who receive care at home. It is also important to point out that increases in housing assets have significantly outstripped inflation.

Crucially, our reforms are not just about how care is paid for; they include an investment of at least £500million in the workforce to support the delivery of person-centred care, and a new £300 million investment in housing, so that people can live in a place that supports them to live independently for longer. We have also committed to funding a new service to make repairs and changes in people's homes. This is alongside extending the Disabilities Facilities Grant, which will enable more people with disabilities to live independently. More information about our reforms can be found in *People at the Heart of Care: adult social care reform* white paper, which can be found at www.gov.uk by searching for the title. It forms a central component of our vision of ensuring that disabled people have the opportunity to live full and happy lives.

I hope this reply is helpful.



GILLIAN KEEGAN