

Briefing on Remaining Stages of Health and Care Bill – New Clause 49 (technical changes to the cap on care costs for charging purposes) – 22 November 2021

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1. Key Messages

- When the Health and Social Care Levy was initially announced in September 2021, Alzheimer's Society broadly welcomed the Government's decision to begin the process of social care reform after decades of inaction, despite having some concerns about the cap on care costs being set too high. **Announcements on the cap made on 17 November, however, which would be implemented through NC49, water down the initial proposals and disproportionately affect those with fewer assets.**
- On average, a person with dementia spends just under £100,000 on their care over their lifetime, but **analysis commissioned by Alzheimer's Society indicate that just one in five people with dementia (19%) would meet the £86,000 cap as only 'personal care' costs would be eligible.** If the cap were instead set at £43,000 (the Dilnot cap with inflation accounted for), nearly two in five people with dementia (37%) would reach it.
- **In light of the changes proposed through NC49, it could plausibly take double the amount of time for people to reach the cap than under Dilnot's original proposals, which is significant regression on what could have been a progressive cap and floor policy.** This will have an especially profound impact on people with dementia (who are especially likely to face catastrophic care costs), and particularly those with less wealth who are living in the North of England, the Midlands and London.

2. Background

There are an estimated 850,000 people living with dementia in the UK, with this number set to rise to nearly 1.6 million by 2040.¹ Dementia is a progressive, long-term health condition with huge care costs attached. It has been estimated that 70% of care home residents and over 60% of home care recipients are people with dementia.²

The 1.25% NIC Levy announced by the Government in September (which will come into force from April 2022) is due to raise £36bn over the next three years, of which £5.4bn is due to go to social care. **For too long, people with dementia, their carers, and their families have struggled without affordable, accessible, and high-quality personalised care, so this funding is a welcome first step in a wider reform process.**

3. Impact of a cap on care costs on people affected by dementia

Updates to the Government's 'Build Back Better: Our Plan for Health and Social Care' document on 17 November revealed that **the Government intends to introduce an amendment to the Care Act 2014 which would change the way that people within the means test progress towards the cap on care costs.** It stated that this would 'ensure that only the amount that the individual contributes towards these costs will count towards the cap on costs.' In broad terms, this change will mean that means-tested support for an individual's care will not count towards the cap. **Those with assets between below £186k – circa 60% of**

¹ Wittenberg, Raphael et al. Projections of older people with dementia and costs of dementia care in the United Kingdom, 2019-2040. 2019. Care Policy and Evaluation Centre, London School of Economics and Political Science. https://www.alzheimers.org.uk/sites/default/files/2019-11/cpec_report_november_2019.pdf.

² Alzheimer's Society. Dementia UK: Update. 2014. https://www.alzheimers.org.uk/sites/default/files/migrate/downloads/dementia_uk_update.pdf; https://www.ukhca.co.uk/pdfs/UKHCA_DementiaStrategy201202final.pdf.

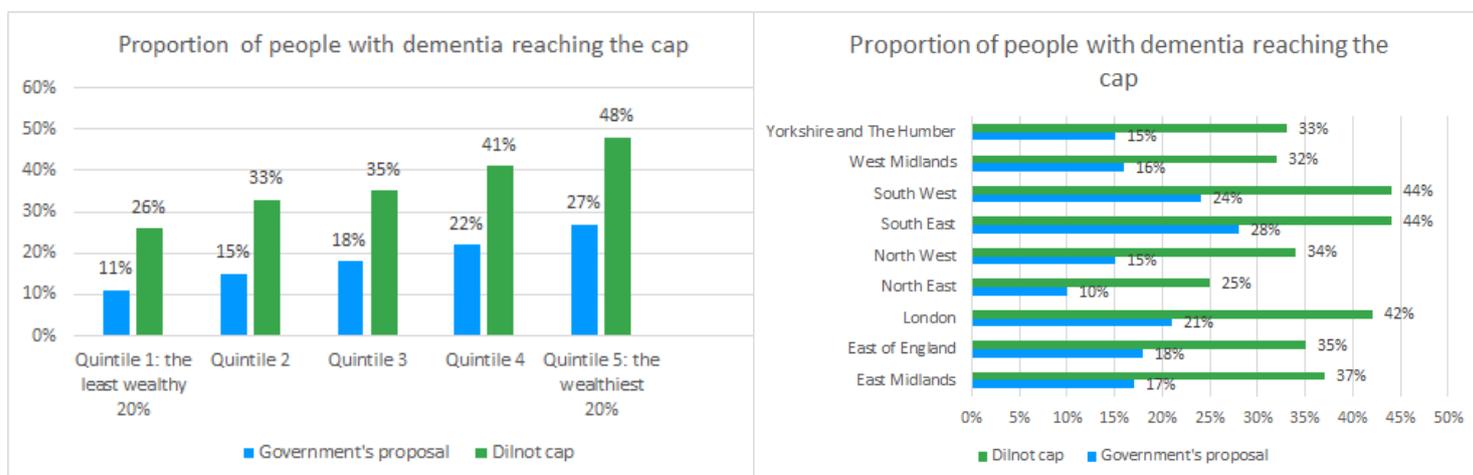
social care users - would lose out under the Government’s amendment, with those with around £106k in assets hit the most.³

The Government intends to enact this policy change through New Clause 49 to the Health and Care Bill, which will be subject to a vote in the week commencing 22 November. **It is vital that the Government’s proposals for a cap and floor are fair. These changes to the cap on care costs for charging purposes are far more regressive than initially expected and are disproportionately detrimental for those with fewer assets.**

As local authority payments for care won’t count towards the newly introduced £86,000 cap, an individual who receives means tested support will take much longer to reach it, meaning they would have to make contributions from their assets for a much longer period of time. In turn, this means a higher proportion of their overall assets would be eroded compared to the proportion under the Government’s previous proposals in the Care Act. As such, the Government’s technical changes are specifically having a negative impact on those eligible for local authority-funded support.

Analysis conducted by the New Economics Foundation (NEF) on behalf of Alzheimer’s Society on the impact of the cap on care costs on people affected by dementia found that **one in five people with dementia (19%) would reach the cap, compared to nearly two in five people with dementia (37%) reaching the cap were it set at Dilnot cap level.** Equally, **27% of the wealthiest quintile of people with dementia would reach the cap (with their spending reduced by 18%), compared to 11% of the least wealthy fifth (whose spending would be reduced by 13%).**

The Government’s proposed policy also tends to benefit wealthier regions more, with 28% of people with dementia in the South East reaching the cap, compared to 10% in the North East. People with dementia in the South East would have their spending reduced by 22% (to £93,242) under the Government’s initially proposed policy. In comparison, those in the North East would have their spending reduced by only 13% (to £63,515).



³ Sir Andrew Dilnot CBE, Treasury Select Committee, 18 November 2021