

Health and Care Bill – Lords Committee Stage briefing on cap on care costs – 26 January 2022

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This briefing includes:

1. Suggested interventions
2. Social care funding reform and the cap on care costs
3. Clause 140
4. Alternative model – proportionate cap

1. Suggested Interventions

- *My Lords, the Government's proposed changes to the cap on care costs are disproportionately detrimental to people with dementia living in the North of England, the Midlands, and some areas of London. What action is the Minister taking to address this regional inequality?*
- *My Lords, if the Government's proposed changes to the cap on care costs go through, only around one in five people with dementia will hit the cap. Does the Minister think this is fair?*
- *My Lords, Alzheimer's Society believe that a proportionate cap on care costs fixed at 43% of an individual's wealth would be a fairer and more equitable option for reform, which would enable 50% of people with dementia to reach the cap, compared to 21% of people with dementia reaching the cap under the Government's current proposals. Can the Minister confirm whether the Government has considered this option, and if not, will he advocate for it with Ministerial colleagues?*

2. Social care funding reform and the cap on care costs

As there are no significant pharmacological interventions to treat dementia, the 900,000 people living with the condition in the UK are especially likely to require support through social care.¹ In order to ensure they're able to access high-quality, personalised care, and are protected from catastrophic care costs, it's vital that the Government's proposals for a cap on care costs are fair and equitable.

Technical changes to the cap on care costs that are due to be implemented through the Health and Care Bill, which mean that means-tested local authority support for an individual's care will not count towards their cap, significantly water down initial proposals for reform and are disproportionately detrimental to people with dementia with fewer assets.

3. Clause 140

Alzheimer's Society strongly urges Peers to reject clause 140 in the Health and Care Bill. This clause would amend the Care Act 2014 so that means-tested payments by local authorities are not counted towards the £86,000 cap of an individual, meaning only contributions they have made themselves count. These safeguards were originally introduced following the Dilnot Commission to protect the less well off from disproportionate and catastrophic care costs.

The proposed changes will mean that those with less than £186,000 of assets will do less well than under the Government's proposal compared to what was proposed in the Dilnot Commission and included in the Care Act 2014.²

¹ Alzheimer's Society. How many people have dementia in the UK? 2021. <https://www.alzheimers.org.uk/blog/how-many-people-have-dementia-uk>.

² Sir Andrew Dilnot CBE, oral evidence to the Treasury Select Committee, 18th November 2021.

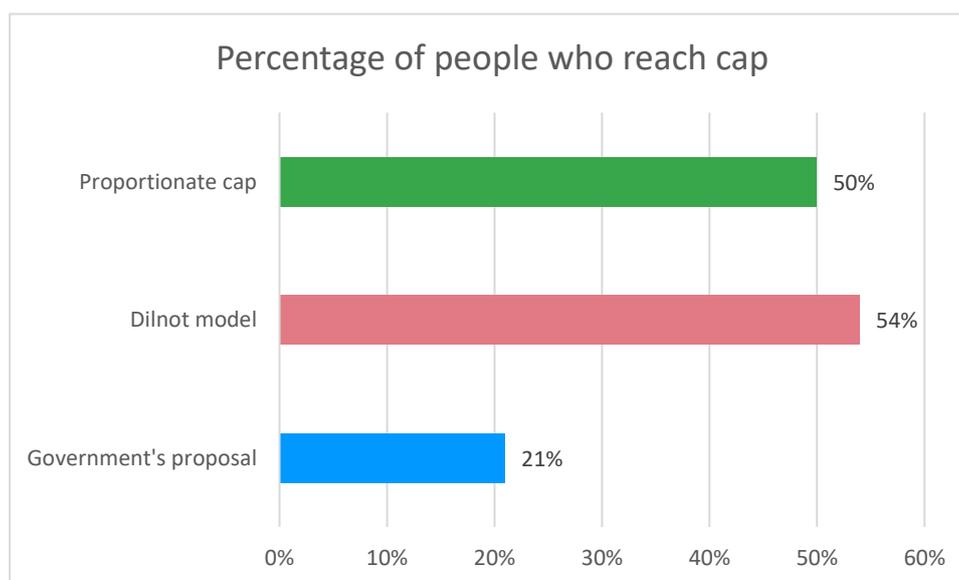
4. Alternative model – proportionate cap

Alzheimer's Society believe that a cap that varies on the basis of individual wealth would be fairer and more equitable than a flat-rate cap. A proportionate cap of 43% (equivalent to £86,000 of the median wealth) would prevent catastrophic care costs while enabling people to plan for their care needs. While a proportionate cap would add a greater level of administration than a cash cap, we believe the significant benefits would outweigh any such administrative burden, particularly given that local authorities already assess qualifying wealth and income for individuals. As well as future-proofing the system, meaning there would be less need to change the level of the cap and floor in years to come, a proportionate cap would be cheaper to implement than the Dilnot model (a cap set at £43,000 uprated with inflation).³

There are a number of benefits to a proportionate cap, which are listed below and supported by the following graphs:

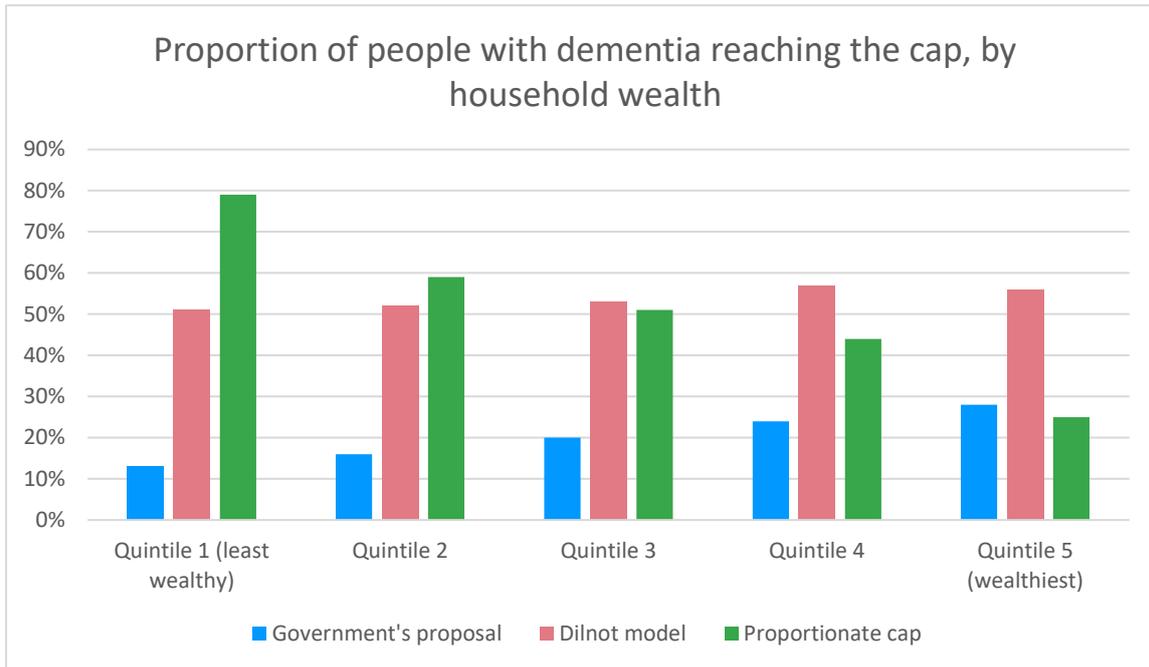
- ✓ **21% of people with dementia starting care in 2023 would reach the cap under the Government's current proposals (£86k), 50% of people with dementia starting care in 2023 would reach a proportionate cap set at 43% (graph 1).**
- ✓ **Under the Government's proposals, those with the highest levels of wealth would benefit most, contributing a smaller proportion of their wealth, while those with the lowest levels of wealth would benefit least, contributing a higher proportion of their wealth. Under a proportionate cap of 43%, this effect would be reversed (graph 2).**
- ✓ **Under the Government's proposals (£86k cap), just 16% of people with dementia entering care in 2023 in Yorkshire and the Humber would reach the cap, compared to 29% in the South East. Under a proportionate cap, 55% of people with dementia entering care in 2023 in Yorkshire and the Humber would reach the cap, compared to 48% in the South East. (graph 3)**

1. Percentage of people with dementia and care starting in 2023 who would reach the cap under respective policy options:



³ Please note that all further references to the Dilnot model in this briefing refer to the £43,000 cap uprated with inflation, rather than the £35,000 cap initially recommended by the Dilnot Commission in 2011.

2. Percentage of individuals with dementia entering care in 2023 that would reach the cap specified under each proposal, by quintile of household wealth among over-65s:



3. Percentage of individuals with dementia entering care reaching the cap, by region:

