

Health and Care Bill – Commons Consideration of Lords' Amendments on the Cap on Care Costs – April 2022

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1. Key Messages

- The Government's proposals for the cap on care costs remove vital safeguards from the Care Act which were designed to protect the less well-off from catastrophic care costs. **Alzheimer's Society urges MPs to support Lords Amendments 80, 80P and 80Q to the Health and Care Bill, which ensure that means-tested local authority funding counts towards a person's £86k cap on care costs.**
- Members of the House of Lords have now twice voted to remove the Government's clause on the cap (Clause 140) from the Bill, and have now laid Lords Amendment 80P to replace it. **This ensures the cap provides better protection to people affected by dementia.**
- **This is likely to be MPs' last chance to amend the cap so that it is fairer for people living with dementia.** Were the Government to once again reintroduce its proposed changes to the cap on care costs in the Commons, **just 21% of people living with dementia would reach the cap, which would benefit the wealthiest people and the wealthiest regions the most.**

2. Background

There are currently an estimated 900,000 people living with dementia in the UK; this is set to rise to 1.6m by 2040.¹ It's estimated that at least 70% of care home residents and 60% of home care recipients are people with dementia.²

At present there are no significant pharmacological interventions to treat dementia, meaning **people living with the condition are more likely to draw their support through social care rather than the NHS.** This means it's especially important that the Government's proposals for a cap on care costs are fair and equitable for people living with dementia.

3. Amendments to the Health and Care Bill relating to the cap on care costs

When the Government initially announced the Health and Social Care Levy in September 2021, Alzheimer's Society welcomed the Government's decision to begin the process of social care reform after decades of inaction by successive governments.

On 7 March 2022, through Lords Amendment 80, Peers voted by clear majority to remove Clause 140 from the Health and Care Bill (on the cap on care costs for charging purposes), which would have amended the Care Act 2014 so that means-tested payments by local authorities would not count towards an individual's £86,000 cap on care costs as had been originally intended. The Commons then disagreed with this amendment, proposing amendments 80A to 80N in lieu, which

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.

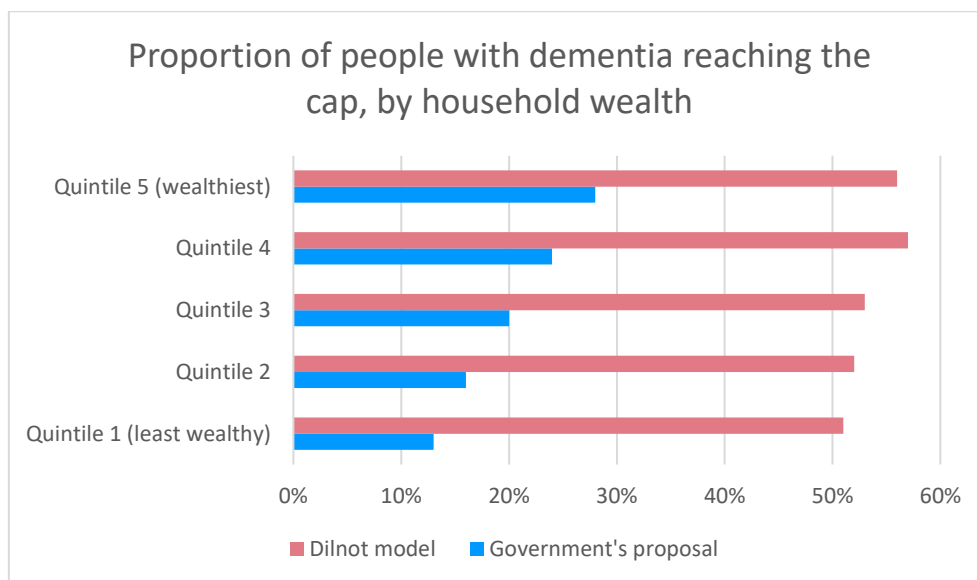
have in turn been disagreed by Peers, who voted to insist upon Amendment 80 and to propose Amendments 80P and 80Q in lieu.

Alzheimer's Society supports the Lords' efforts to push through amendments 80, 80P and 80Q, and encourages MPs to back these amendments. The Government's proposed changes to the cap (which mean only an individual's own contributions towards their care costs count towards the £86k cap) significantly water down its initial proposals for reform and would result in a cap that is disproportionately detrimental to people with dementia with fewer assets.

In allowing only contributions that individuals have made themselves towards personal care to count towards the £86,000 cap, **the Government would remove vital safeguards from the Care Act which were specifically introduced to protect the less well-off from catastrophic care costs.** These changes would mean that those with assets between £20,000 and £186,000 would do less well under the Government's cap proposals than under those proposed by the Dilnot Commission and included in the Care Act 2014.³ Such changes could also mean **it could take people drawing on care double the amount of time to reach the cap compared to Dilnot's original proposals.**

Just 21% of people with dementia who begin to draw on social care from 2023 would reach the £86k cap if means-tested local authority funding was not counted towards this cap, which would also see those with the highest levels of wealth benefitting the most.

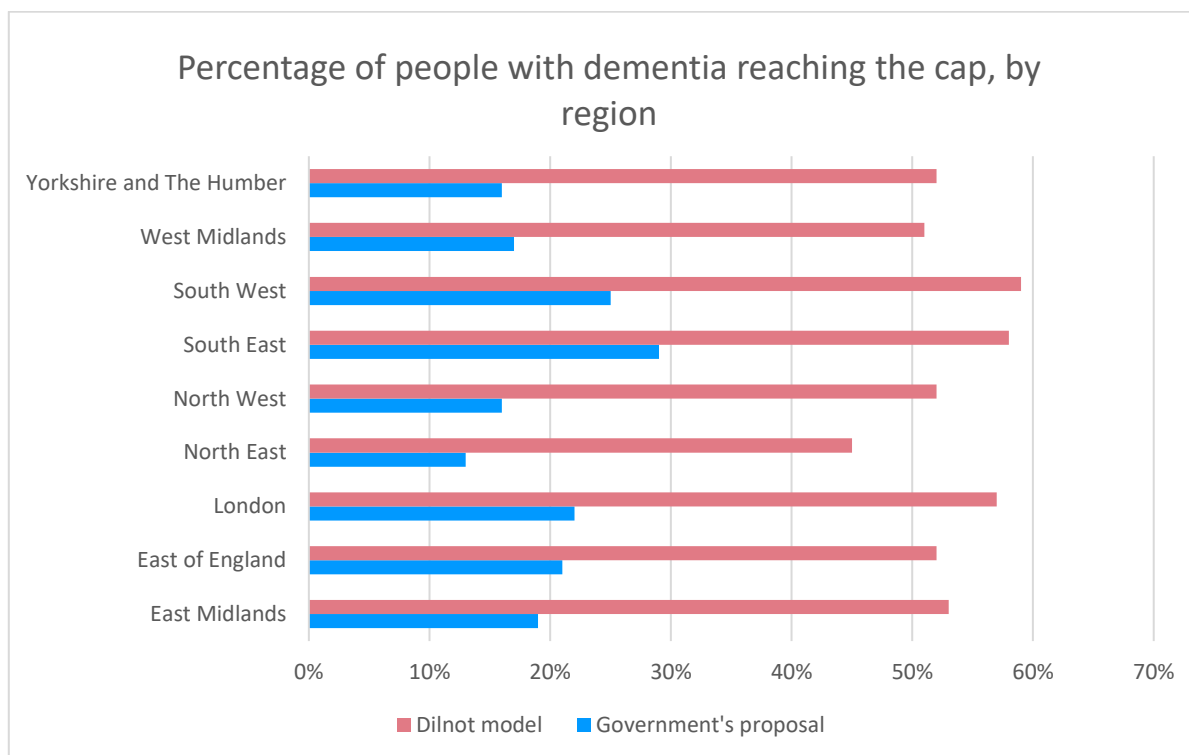
Whereas those with high levels of wealth would contribute a smaller proportion of their wealth towards the cap, those with low levels of wealth would contribute a significantly higher proportion of their overall wealth while also progressing more slowly towards the cap. Were the Government to reintroduce changes to the cap that have been voted out in the Lords, there would be a fundamental unfairness and inequity to the cap policy, as per the graphs below.



	Quintile 1 (least wealthy)	Quintile 2	Quintile 3	Quintile 4	Quintile 5 (wealthiest)
Government's proposal	13%	16%	20%	24%	28%
Dilnot model	51%	52%	53%	57%	56%

³ Sir Andrew Dilnot CBE; oral evidence to the Treasury Select Committee, 18th November 2021. <https://committees.parliament.uk/oralevidence/3038/pdf>.

Any efforts to reintroduce previous Government changes to the cap would also have a **significant regional impact**, benefitting wealthier regions the most. For example, **just 16% of people with dementia in the North West and 19% of people with dementia in the East Midlands would hit the cap, compared to 29% of people with dementia hitting the cap in the South East.**



	East Midlands	East of England	London	North East	North West	South East	South West	West Midlands	Yorkshire and The Humber
Government's proposal	19%	21%	22%	13%	16%	29%	25%	17%	16%
Dilnot model	53%	52%	57%	45%	52%	58%	59%	51%	52%

Lords amendments 80, 80P and 80Q together ensure that the Dilnot safeguards currently legislated for in Care Act remain in place, **providing better protection from catastrophic care costs for people affected by dementia. As such we call upon MPs to back these amendments.** This would have particular benefit to those who hold assets between £20,000 and £86,000.

It's vital that means-tested support for people with fewer assets is allowed to count towards an individual's £86k cap, as this would make the system fairer and more beneficial overall. **Alzheimer's Society asks that MPs also reject any attempt by the Government to reintroduce its proposals on the cap (as per Clause 140).** To do so would be a regressive step for people affected by dementia.