



INVESTMENT QUORUM

UNIQUE, BOUTIQUE WEALTH MANAGEMENT

Investment Quorum
Guildhall House, 85 Gresham Street
London
EC2V 7NQ

Tel: 0207 337 1390

Web: www.investmentquorum.com

Adult social care charging reform

What will the government's proposals mean for the social care system?

The government has set out its vision for the future of adult social care. New plans were announced on 7 September 2021 for adult social care reform in England. This included a lifetime cap on the amount anyone in England will need to spend on their personal care, alongside a more generous means test for local authority financial support.

From October 2023, the government will introduce a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime. In addition, the upper capital limit (UCL), the point at which people become eligible to receive some financial support from their local authority, will rise to £100,000 from the current £23,250.

MEANS-TESTED SUPPORT

As a result, people with less than £100,000 of chargeable assets will not be required to contribute more than 20% of these assets per year. The UCL of £100,000 will apply universally, irrespective of the circumstances or setting in which an individual receives care. The lower capital limit (LCL), the threshold below which people will not have to pay anything for their care from their assets, will increase to £20,000 from £14,250.

To allow people receiving means-tested support to keep more of their own income, the government will unfreeze 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 April this year they will both rise in line with inflation.

PEOPLE IN CARE HOMES

The cap will not cover the daily living costs (DLCs) for people in care homes, and people will remain responsible for their daily living costs throughout their care journey, including after they reach the cap. For simplicity, these costs will be set at a national, notional amount of £200 per week.

DLCs are a notional amount to reflect that a proportion of residential care fees are not directly linked to personal care, for example, rent, food and utility bills, and would have had to be paid wherever someone lives.

KEEPING INCOME AND ASSETS

This is in line with the Commission on Funding of Care and Support's 2011 recommendation. The £200 level is £30 less than a proposal set out in 2015, ensuring people get to keep more of their income and assets.

At this stage, it is too early to say what the end result may be for the proposed adult social care reform in England. As the bill now moves forward to public consultation this year, we'll be watching closely and will be providing further updates to ensure you are kept fully up to date. ■

GET FINANCIAL ADVICE ON HOW TO FUND YOUR LONG-TERM CARE

We all want the best possible long-term care for ourselves or our loved ones. Planning for the long term can help ensure you have sufficient income to pay for any care you, or an elderly relative, might need in later life. Speak to us to find out how we can help you.

