



## Department of Health

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Thank you for your letter of 24 March to Jeremy Hunt about care costs.

I would like to reassure you that the decision to delay the introduction of the cap on care costs is not one that was taken lightly. The reforms would have cost £6billion over the course of this Parliament. The Local Government Association wrote to ministers setting out the difficult challenges that the adult social care system currently faces. It argued that given the growing challenge in the baseline funding, now was not the right time to introduce costly reforms. We therefore listened to its advice and that of others such as the National Audit Office, as well as considering the wider fiscal position, in order to reach this tough decision.

We have already taken significant steps to improve the system of care and support. As you will be aware, the first phase of the reforms enshrined in the Care Act came into force in April 2015. These are the biggest changes to care and support since 1948 and, for the first time ever, create a single, modern legal framework that puts the person and their health and wellbeing at its heart. The Act introduces national eligibility criteria for care across England and entitles carers to receive their own assessment. In addition, deferred payment agreements are now available across England, ensuring that people should not be forced to sell their home in their lifetime to meet the cost of care.

We recognise that there is still more to do and have set out a clear commitment to introduce reforms to how care is paid for from April 2020 that will see the introduction of a cap on care costs that will protect people from the risk of very high care costs. This will mean that where people have eligible care needs, the cost to meet those needs will count towards the cap. Once the cap is reached, the local

authority will take over responsibility for meeting the cost of the person's eligible needs.

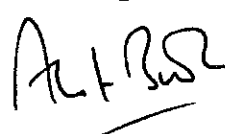
From 2020, to support the implementation of the cap, we are committed to increasing the level of assets a person can hold before accessing financial help with the costs of care from their local authority. At the moment if a person has more than £23,250 in capital they will need to meet the full cost of their care themselves. Our commitment is to increase this with reference to the recommendations from the Commission on Funding of Care and Support. However, only eligible care costs will count towards the cap and everyone will remain responsible for their living costs such as food and accommodation, just as they would in their own home.

It is important that we take the time to get the introduction of the cap on care costs right. We will therefore review the full detail of the system ahead of implementation and ensure that everyone is supported to get ready so that the new system works from day one.

Social care is a priority for this Government, which is why, in the context of tough public sector finances, we have taken steps to protect adult care services. As part of the Spending Review announcement, from April 2017, we will make additional funds available for social care, rising to £1.5billion by 2019/20. This will be included in the Better Care Fund and will be provided by local authorities, not the NHS. These additional funds will allow local authorities to increase social care spending in real terms by the end of the Parliament.

Additionally, from 2016/17 local authorities will be able to introduce a new social care precept, allowing them to increase council tax by two per cent above the existing threshold. If they decide to exercise this right, local authorities must spend the extra money raised on adult social care services. We estimate this could raise nearly £2billion per year for adult social care services by 2019/20. The precept puts fundraising powers into the hands of local authorities.

I hope this reply is helpful.

*Yours sincerely*  


**ALISTAIR BURT**