



Department of Health & Social Care

From the Secretary of State for Health and Social Care

*39 Victoria Street
London
SW1H 0EU*

Rt Hon Mel Stride MP
Chair
HM Treasury Select Committee
House of Commons Committee Office
London
SW1A 0AA

22 November 2021

Dear Mel,

On 18 November you wrote to the Chancellor following testimony from Sir Andrew Dilnot and Sally Warren to your committee following their comments on the Government's social care charging proposals. Given that social care charging reform is the responsibility of my department, he has asked me to reply.

On 17 November we announced more detail of our plan for adult social care reform in England. The existing social care system exposes too many people to unlimited costs. One in seven adults over 65 currently faces care costs of more than £100,000 during their lifetime. Our plans put an end to unpredictable costs by putting an £86,000 cap on the amount people have to pay for their own care, and introducing a more generous means test and daily cost of living limit than what was proposed in 2015. More people will be supported with their social care costs, have greater certainty over what they need to pay and, thanks to wider reforms to the social care system, will receive higher quality care.

Our proposals are a credible, deliverable and affordable set of reforms to social care charging. In developing our social care charging reform proposals we wanted to ensure that Daily Living Costs in residential care were affordable to people on average incomes (unlike the 2015 plans) and we wanted to set the point at which people become eligible for means testing at the same level wherever you receive support (also more generous than the 2015 plans). These improvements mean that many people get a better deal right from the start of their care journey. But all these things are a balance, and we have had to make tough choices elsewhere when considering the longer term cost of reform and what proportion of the future health and social care levy revenues we want to earmark for this purpose, for other investment in social care reform as outlined below and for other priorities across the health and social care system.

Setting Daily Living Costs at £200 per week, rather than the £258 (what was proposed in 2015 in today's prices) costs around £600 million in comparison to the 2015 proposals. Setting the UCL at the same level for all types of care, costs around £200 million more in comparison to the 2015 proposals. These figures are in cash terms in 2027-28 including illustrative Barnett consequentials. On top of these



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improvements to the proposed charging system, the Government is also making significant investment in the current system which was not included as part of the 2015 proposals, including investment in the fair cost of care, workforce, housing and a new assurance framework.

On Thursday, you asked Sir Andrew how much it would cost to keep all elements of the reform that are more generous than the 2015 plans, but not proceed with our proposed amendment. He suggested that it would be in the region of £500 million. Our calculations show the difference is closer to £900 million in steady state (2027-28). This is a lot of taxpayers' money.

I also want to be clear that Sir Andrew's evidence focused on what the maximum level of asset depletion that somebody could theoretically face if they received care for an infinitely long period of time. On 19 November I published analysis which compares the Government proposals with the 2015 proposals. It can be found on gov.uk. It looks at what the situation would be for somebody experiencing an average length residential care journey and one experiencing a very long, ten-year one. It shows it is highly unlikely that anybody within the means test would deplete their assets to anywhere near that maximum level.

The full Impact Assessment for our proposals will be published early in the new year. The Impact Assessment for the 2015 plans can be found on [Parliament's website](#) and I expect copies will be available in the House library.

We are unable to provide information at a regional or individual level, as the funding at local authority level has not yet been agreed. It is important to reiterate, however, that nobody will be worse off under the system we are proposing than the one currently in operation. Our plans are just as good as what was proposed in 2015 for care recipients with less than £100,000 of assets with average length care journeys, and better for people in domiciliary care or whose partners still live in their home.

I am copying this letter to the Prime Minister and the Chancellor of the Exchequer.

Yours ever,

RT HON SAJID JAVID MP