

## **What is wrong with the ‘cap and floor’ system for funding of adult social care.**

I am writing this piece as there still seems to be illusions from many politicians that the ‘cap and floor’ system would in some way be ‘fairer’ and help to solve the current crisis in funding of social care. I argue that such a system is purely a gift of funds to the wealthy at the cost to the tax payer. While for very little extra cost a much fairer system of free personal care would benefit everyone. I am mainly writing about residential care, but much of the following may in the future apply to home care as seen by the Tory Government ‘s intention before the last election where they wanted to include people’s houses in the financial assessment for domiciliary care.

Various reports that have been undertaken have highlighted that the public think that there is free social care available which is far from the reality. Everyone has to contribute towards their costs of residential care. The current system for funding of adult social care in England is means tested with anyone who has savings and capital totalling more than £23,250 being expected to pay for all their care themselves, termed self-funders. For those people who have less than £23,250 in savings and capital, after an assessment for their care needs, the local authority will set an amount for care depending upon the eligibility criteria. For residential care, all the person’s income, apart from a few exceptions (DLA, PIP, personal injuries payments), will be subtracted from the amount the local authority will agree to pay towards care. A person is allowed to keep only a personal expenses allowance of £24.90 per week, and in some cases an additional £5.75 Pension Credit disregard, and capital of £14,250. This personal allowance is meant to fund the additional costs of chiropody, dental care, toiletries, newspapers, sweets, taxis, clothes. By leaving people with only ‘pocket money’ any remaining independence that people may wish to have is removed. Also, in many cases the amount that a local authority will fund towards care is less than a care home charges and family and friends have to agree to pay this “top-up”. The person needing care is not allowed to use any income or capital (i.e. the £14,250) disregarded in the financial assessment, or their personal allowance, to pay the “top-up”.

There has been outcry in the press for years about people having to sell their house and having to use all their savings to pay for care when they get old. Successive governments have attempted to come forward with a ‘fairer’ system and to solve the ever-increasing costs. The Dillnot Commission reported in 2011<sup>1</sup> and proposed a ‘cap’ to the lifetime contribution that an individual would be expected to pay towards adult social care costs in addition to raising the threshold (the ‘floor’) to £100,000 at which individuals would means tested towards the cost of care. The cap on the amount people would pay for care, would only be the personal care element of residential care costs. Individuals would still have to pay an amount for the rent and food. It is likely that the long-awaited Green Paper promised by the current Conservative Government will continue the proposal for a ‘cap and floor’ system for funding social care.

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<sup>1</sup> [Farer Care Funding, The Report of the Commission on Funding of Care and Support, July 2011](#)

I would argue that the 'cap and floor' system pleases no-one other than the very rich, would be a direct transfer of tax payer's money to the rich, and would take away the freedom of more people to have a choice about how their remaining capital and income is used.

For those that have no capital and are reliant on state funds, there will be no financial benefit from the introduction of a cap or the raising of the floor and it doesn't help in any way to resolve the problem that most care homes charge more than the amount that local authorities will agree to fund, forcing families to contribute towards their care, or be forced into care homes that are often of poor quality. For those who have a small amount of capital, mainly in the form of a house they own, they will still be forced to sell their house to fund their care as few people have a house worth less than £100,000. Whilst they may be eligible to get support from local authorities if their capital falls below £100,000, all their income would be counted towards the cost of the care home and they would still need to find relatives to pay a top up. Their ability to keep some capital to pass on in inheritance is at the cost of having no funds to spend on themselves, thus putting them at greater risk of financial abuse from relatives. Only when they have paid the amount of the cap, would they be able to keep some of their income and any capital remaining. Only those with substantial capital would benefit as they would only pay a fixed amount out in care fees over their lifetime. So, in essence it is a cash donation to the rich of possible £75,000 (the amount suggested as a cap by Health Foundation/Kings Fund<sup>2</sup>).

According to the Health Foundation/Kings Fund report<sup>2</sup> the estimated additional cost of introducing the 'cap and floor' system is £5 billion by 2020/21, whilst the introduction of a free personal care system would only be a further £2 billion to £7 billion, and by 2030/31 the additional cost of 'cap and floor' system would be £12 billion compared to £14 billion for a free personal care system.

A free personal care system would benefit everyone. It would enable people to keep control of their finances, not have to sell their house unless they want to, have more money to spend on themselves, have much more choice in the type of care they would like as well as a personal cash saving.

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25<sup>th</sup> February 2019

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<sup>2</sup> [A fork in the road: Next steps for social care funding reform, The costs of social care funding options, public attitudes to them – and the implications for policy reform, Simon Bottery, Michael Varrow, Ruth Thorlby, Dan Wellings \(Health Foundation and Kings Fund\)](#)