



Doffing the care cost cap

The proposal for a care cost cap in England has been put on hold.

Back in 2011, the Dilnot Commission proposed a cap of £35,000 on lifetime personal liability for care costs. The Commission's report was the latest in a long line of government enquiries into the thorny issue of funding long term care in England and at one point looked destined to join its predecessors in the long grass. However, while the then government did not accept Dilnot's £35,000 figure, it did eventually propose a £72,000 ceiling on personal costs from April 2016. The necessary framework was legislated for in the Care Act 2014, along with a number of other important changes, notably a large increase in the upper capital limit for means testing to £118,000.

Less than ten months before these new rules were due to take effect, the Department of Health made a Friday announcement that they would be put on hold until April 2020. In a letter to the Chair of the Local Government Association, the Minister of State for Community and Social Care said "A time of consolidation is not the right moment to be implementing expensive new commitments such as this". The comment is all the stranger when you remember that in March 2013 the Chancellor extended a freeze on the inheritance tax nil rate band for three years as "part of the package to fund a cap on reasonable care costs". In the Summer Budget that freeze was extended for another three years to April 2021.

The Conservative's election manifesto had said "we will cap charges for residential social care from April 2016", so this was a serious U-turn. Some commentators suspect that the deferral was the first stage in a process of killing off the care cap completely. Ironically another government measure announced in the Summer Budget, the introduction of the Minimum Living Wage, is expected to push up social care costs significantly, adding to the long run cost of implementing the cap.

One of the lessons that can be drawn from this story is that your long term care is not something you can leave to the government: it needs to be integrated into your retirement planning so please get in touch with us – we can help.