

“Should the planned cap on liability to meet care costs be uniform across England?” asks the Care and State Pension Reform research team

The Care and State Pension Reform (CASPeR) research team is today publishing *‘Long-term care financing: should the planned cap on liability to meet care costs be uniform across England or vary across the country?’*. This briefing note presents data on regional variations in a range of relevant variables to inform discussion about whether there is a case for the planned cap on liability to meet care costs to vary in value between regions or areas of England. The research was funded by the Nuffield Foundation.

There are different dimensions of equity that can be considered relevant to the discussion around regional variation in the care cap. The choice between a uniform cap across the country or a cap which varies by region or local area depends on which dimension is considered more important. These dimensions include:

- Each person should be assured that however high their life-time care costs they will be left with a minimum level of savings;
- Each person should be assured that whatever their resources they will be required to spend no more on their care than a specified amount that is equal for all;
- Each person should be assured that whatever their resources and however high their annual care costs they will not be required to fund their own care for more than a specified number of years which is equal for all.

The report finds that the case for and against a variable cap includes:

- The differences in disability-free life expectancy suggesting residents of more deprived areas can expect longer periods of care toward the end of life;
- Higher care home fees in more affluent areas affect the rate people may reach the cap;
- Differences in income and savings mean that people from more deprived areas will spend-down a higher proportion of their savings before reaching the cap;
- A varying cap would be complex to administer when service users move area;
- Uniformity of expenditure across the country may be regarded as more important than other aspects of equity.

Raphael Wittenberg, Associate Professorial Research Fellow from the Personal Social Services Research Unit at the London School of Economics, lead author of the briefing note and part of the CASPeR research team said

“There is scope for debate about whether the cap on liability to meet care costs should be uniform across the country or vary by region or area. This issue merits policy consideration, which should be informed by the data and discussion in our briefing note about regional variation in relevant variables such as average care home fees.”

Ruth Hancock, Professor in the Economics of Health and Welfare at University of East Anglia, also part of the CASPeR research team said

“The fact that care home fees are higher in some parts of the country than others does not necessarily mean that the planned cap should vary for this reason. What might be a more constructive debate is what the aim is of the cap; for example, to place a ceiling on the amount people have to spend on their care, or protect a proportion of their savings or leave them with a minimum level of savings after meeting their care costs, and whether the cap should be uniform across the country or vary because of this.”

ENDS

An Executive Summary of the Briefing Note follows on the next page.

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The Briefing Note can be downloaded from: <http://www.pensionspolicyinstitute.org.uk/casper>

Notes for editors

1. The CASPeR research team comprises members from the Pensions Policy Institute, the Personal Social Services Research Unit at the London School of Economics and Political Science (LSE) and the Health Economics Group at the University of East Anglia.



2. The report has been funded by the Nuffield Foundation. The Nuffield Foundation is an endowed charitable trust that aims to improve social well-being in the widest sense. It funds research and innovation in education and social policy and also works to build capacity in education, science and social science research. The Nuffield Foundation has funded this project, but the views expressed are those of the authors and not necessarily those of the Foundation. More information is available at www.nuffieldfoundation.org.

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Sponsorship has been given to help fund the research and does not imply agreement with, or support for, the analysis or findings from the project.

Should the planned cap on liability to meet care costs be uniform across England?

Executive Summary

This report presents data on regional variations in a range of relevant variables to inform discussion about whether there is a case for the planned cap on liability to meet care costs to vary in value between regions or areas of England.

Care home fees are generally higher in more affluent areas, reflecting higher wages and higher property prices. This means that a higher proportion of service users will reach the cap, and will reach it more rapidly, in London and much of southern England than in northern England.

The proportion of older households comprising an older home owner living alone - the group most likely to need to fund their own residential care - varies between regions, being highest in London and lowest in the East of England and East Midlands. This means that, other factors equal, Londoners are more likely to need to self-fund their residential care and hence more likely to benefit from the cap on liability for care costs. Moreover home owners in London and the South East have higher average housing wealth than home owners in the rest of the country.

Average net weekly income before housing costs for single pensioners - and most care home residents are single, mostly widowed - vary between regions, being highest in London. Other factors equal, service users funding their own care in regions with higher incomes can make a larger contribution to its costs from their income and use less of their savings than those in regions with lower incomes.

There are different dimensions of equity that could be considered relevant to the choice between a uniform cap across the country or a cap which varies by region or local area. Much depends on which dimension of equity is considered more important.