



Department
of Health

*From the Rt Hon Jeremy Hunt MP
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Dr Sarah Wollaston MP
Chair
Health Committee
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Dear Sarah,

Thank you for your letter of 23rd July regarding the announcement of the Government's decision to delay the implementation of the cap on care costs on Friday 17th July.

It was important to announce the decision to Parliament as soon as possible after it was taken, and to communicate urgently to local authorities, care and support providers and others who have all been continuing to work to deliver the reforms to the original timetable. By making a statement in the House of Lords, we ensured that Parliament was informed first of the decision, and repeated the statement in the House of Commons at the earliest opportunity.

This was not a decision that was taken lightly, but in response to a number of concerns. The consultation earlier this year raised concerns about the timing of the reforms, which were reiterated by the Local Government Association in their letter to me on the 1st July. We have listened to these concerns and want to give local authorities the best chance of implementing the care and support reforms effectively. By delaying the implementation of the cap on care costs we will allow local authorities time to focus on delivering the important reforms introduced on 1st April this year and to effectively plan and prepare to implement the funding reforms in April 2020.

You asked for clarification regarding the changes to the capital limits which determine when a person may qualify for means-tested support to pay for their care based on the level of assets they hold.

These changes formed part of the package of reforms associated with the cap on care costs and are therefore also delayed until 2020. For the time being the capital

limits will remain at their current levels of £23,250 for the upper limit and £14,250 for the lower limit. We will continue to keep this under review.

We will also need to keep under review the parameters of the proposed reforms ahead of their introduction in 2020. A decision on these will be taken nearer the time.

As we made clear in announcing the delay, we intend to use the additional time afforded by the delay wisely to ensure that everyone is ready to introduce the new system in 2020 and to work with the financial sector to explore what more can be done to support people with their care costs. This includes supporting local authorities to fully embed the changes introduced as part of the first phase of care and support reform under the Care Act 2014, which came into force in April this year. This includes duties to promote their overall local market of providers to ensure it remains sustainable and able to deliver high-quality services for all local people.

Prices and fee rates paid by commissioners to provider organisations must reflect these new duties. However, that does not mean that there are not good reasons why councils can often pay less than self-funders for care: they often buy in bulk and have responsibilities to drive the best deal possible to ensure value for tax payers' money.

We recently published statutory guidance setting out how local authorities should meet their new duties when commissioning, including the consideration of the actual costs of care and support when negotiating fee levels. We will be taking action in partnership with local authorities and providers to ensure this guidance is put into practice, including working to improve local commissioning and to build skills in market shaping, to support delivery of the cap in due course.

The impact of the new National Living Wage on local authority finances will be considered during the Spending Review as part of an overall assessment of spending pressures on local authorities. In making this assessment we are engaging with the Local Government Association, the Association of Directors of Adult Social Services and with representatives from care providers in order to take account of their views and evidence.

I hope you find this response helpful and look forward to discussing further with the Committee in September.



JEREMY HUNT