



Department of Health

*Rt Hon Alistair Burt MP
Minister of State for Community and Social Care*

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1 7 JUL 2015

Dear Cllr Izzi Seccombe,

Thank you for your letter of 1 July 2015 regarding the next steps for Phase 2 of the Care Act reforms. I very much appreciate you taking the time to set out so clearly the views of the Local Government Association.

I fully agree that the Care Act 2014 is a historic piece of legislation and an incredibly important moment for adult social care. We now have a single modern statute that puts the person and their wellbeing at the heart of their care and a number of important reforms came into force in April this year. The translation of the aims of the Act into practice will not be achieved without the active support and hard work of the sector and I want to take the opportunity to acknowledge and thank all those who have been involved in getting us this far.

But you are also right in that our work does not stop here. Phase 2 of the Care Act still needs to be implemented and we must do so not in isolation, but in looking at the wider picture for adult social care and what is needed to create a sustainable future for the health and care system as a whole.

Like you, this Government continues to be firmly committed to implementing the cap on care costs system to protect people from the risk of catastrophic care costs as recommended by the Commission on Funding for Care and Support. But like you, we also know that Government is about taking the hard choices and not proceeding to simply meet a deadline, but listening to the experts in the system and responding to the challenges they set out whilst also tackling the hard task of balancing the books.

And this is what we have done. The proposals to cap care costs and create a supporting private insurance market were expected to add £6 billion to public sector spending over the next 5 years. A time of consolidation is not the right moment to be implementing expensive new commitments such as this, especially when there are no indications the private insurance market will develop as expected. I can

therefore confirm that following your letter we have taken the difficult decision to delay the introduction of the cap on care costs system and that this will now be introduced from April 2020. I want to assure you that this is not a decision that has been taken lightly, but one that has followed from consideration of the genuine concerns you have outlined. We will continue with other efforts to support social care, in particular through the Better Care Fund, which will drive the integration of social care and NHS going forward.

Alongside this I can also confirm that we will delay the full introduction of the duty on local authorities under Section 18(3) of the Care Act to meet the eligible needs of self-funders in care homes until April 2020 as well. The consultation earlier this year highlighted significant concerns about this provision and the extra time will enable us to better understand the potential impact on the care market and the interaction with the cap on care costs system. We will also now defer the introduction of the proposed appeals system for care and support to enable it to be considered as part of the wider Spending Review that will launch shortly.

The introduction of the cap on care costs system will be the biggest reform to how care is paid for since 1948 and we must ensure that the new system works from day one. We have listened to the concerns you and others, including the National Audit Office, have highlighted in particular around the timetable for delivery and we will not be complacent: we will work hard to use this additional time to ensure that everyone is ready to introduce the new system. It will also provide an opportunity for us to continue to work together to consider what else we might do to support people to prepare for later life, including the risk of needing care and support. For example, the new pension flexibilities that were introduced in April create a real opportunity for us to work with the financial sector to look at what new products may be developed, thereby creating even more choice, and this is something I am keen to explore. To this end I will be holding an urgent meeting with representatives from the insurance industry along with HMT and other Government Ministers to work through what this announcement means for them and how Government can help them to bring forward new products. These discussions will continue over the summer.

Reforming the care and support system is no easy task and I want to take this opportunity to thank you for all the help and support that the LGA have provided on this journey and I very much hope that you will continue to do so as we move forward together.

A handwritten signature in black ink, appearing to read 'Alistair Burt', with a horizontal line underneath the name.

ALISTAIR BURT