



### Complexity of care reforms underline importance of financial advice, says Just Group

*New details about the government's proposed reforms to funding adult social care are set to be positive for financial advisers able to help people plan for and navigate the complex care system.*

Yesterday the government released more details of the reforms planned for October 2023<sup>1</sup>. It revealed that people in residential care will be expected to pay a maximum of £200 a week for daily living costs (DLCs) to cover food, accommodation and utility bills.

It also said that only spending by the individual and not any taxpayer support will count towards the proposed £86,000 cap on the amount an individual will have to pay before local authorities will start to pay for the full costs of personal care.

"What is emerging is a very complex system that many people will need help to plan for and to navigate successfully," said **Stephen Lowe, group communications director at retirement specialist Just Group**. "Advice on care planning is going to be hugely important in the future."

He said that everybody except the least wealthy will be expected to contribute many thousands of pounds to their own care and those needing the most care will be spending six-figure sums.

"The average self-funder in a care home that costs £776 a week will have to pay the whole amount for more than four years before they get any help from the State. If they need care for six years, they will pay more than £200,000." (see table below)

Just Group said it will be crucial for the government to communicate the changes so people understand their responsibility to pay for care fees and to equip them to plan in advance and to signpost them to sources of help and advice.

"There are a huge number of questions people need to think about. Earmarking funds to pay for care if needed is just the start and we think that property will be an important factor to those who are 'property rich, income poor'.

"After that, people will need help navigating the system to find out if they qualify for NHS Continuing Healthcare Funding which could pay the care or for any other benefits, or how to navigate the new means-test system and whether their home will be included.

"There will be people whom councils judge do not have eligible needs but those individuals may choose to purchase extra help and, of course, many people who will want more than the very basic standard and quality of care provided by local authorities.

"For those with long-term conditions such as dementia, meeting care costs could be a significant spend over a long period. For these people and their families, professional advice will be invaluable to help them safeguard assets for loved ones while still being confident they will get the type of care they want for as long as they need.

"The reforms will make it easier for people to plan, but the fact is that they will need knowledgeable and expert help if they are to navigate the system successfully in future.

“The government has promised a consultation in January and we will be looking forward to seeing more of the finer details in order to fully understand the settlement on offer.”

*The below table indicates the accumulated spending based on average self-funder fees in a residential home of £776 a week and the average local authority rate of £596 a week of which £200 is for daily living costs (DLCs).*

*Initially the self-funder pays all the costs and £396 a week (£596 minus the £200 DLCs) of that spending is assessed as counting towards the £86,000 cap on personal care costs. The resident's total spending on personal care reaches the cap after 217 weeks at which point the local authority starts to pay the £396 personal care cost.*

*The resident remains responsible for paying the remaining £380 a week cost (which includes the £200 DLCs).*

Years of care needed	Accumulative spending by self-funder	Accumulative spending by local authority	Total cost
1	£40,352	-	£40,352
2	£80,704	-	£80,704
3	£121,056	-	£121,056
4	£161,408	-	£161,408
5	£184,800	£16,960	£201,760
6	£204,560	£37,552	£242,112
7	£224,320	£58,144	£282,464
8	£244,080	£78,736	£322,816
9	£263,840	£99,328	£363,168
10	£283,600	£119,920	£403,520

*Calculated using average cost for self-funder in a residential care home of £776 a week and average local authority rate of £596 a week in 2020 (Source: Laing & Buisson).*

## Enquiries

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### Notes to Editors:

#### About the research

1. Build Back Better: Our Plan for Health and Social Care:  
<https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care#history>

## About Just

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