

Factsheet: Adult Social Care Charging Reform – the care cap and new capital limits

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What is changing?

In September 2021, the Government set out its new plan for adult social care reform which has now become law in the Health and Care Act 2022. As part of the new laws there are changes to the way Adult Social Care is charged which are due to be implemented from October 2023.

However, the City of Wolverhampton Council is one of the local authority Trailblazer sites and we will be expected to implement the changes earlier, in April 2023, to help pave the way for the rest of the country.

As part of the charging reform a **Care Cap** is being introduced on the amount a person with eligible care and support needs, will spend on their care in their lifetime (see page 2 below).

Anyone who has been assessed as having eligible care and support needs will be financially assessed and will be notified of what they will be expected to contribute towards their care, this will be the amount that is counted in the “metering therefore”/accrual towards the care cap.

In Wolverhampton we call a care and support assessment a “**Conversation**” as this better describes the engagement we have with the person.

For people who are self-funders and who arrange and pay for their care themselves, the amount the Council would pay for meeting their eligible needs will be the amount that is counted in the “metering” towards the care cap.

The care cap has been set at £86,000; this may be increased in line with the level of average earnings.

Only costs paid for care from April 2023 onwards will count in the metering towards the cap on care costs.

New capital limits & Tariff Income

As part of the charging reform the capital limits that are currently used to assess what a person pays towards their care are changing.

The upper capital limit is currently £23,250; any person assessed as having capital above this amount pays the full cost of their care and support.

Under the Charging Reform, the upper capital limit will increase to **£100,000**. Any person with capital below this amount may be entitled to some funding towards the cost of their care and support.

Currently any person with capital between £14,250 and £23,250 will be paying a contribution towards their care which includes a “tariff income” – an amount added to the amount of assessable income at the rate of £1 for every £250 of capital between those two limits.

Under the Charging Reform the capital limits where a person contributes from their savings will change:

Capital below £20,000 – A person will pay a contribution to their care from their income but not pay any contribution from their capital.

Capital between £20,000 and £100,000 – A person will contribute £1 for every £250 between these two limits from their capital, in addition to the contribution from their income.

Capital above £100,000 – A person will pay the full cost of their care and support directly to the provider themselves (but see below).

Right to request that the Council Contracts:

If a person has capital above £100,000, they will usually contract with the provider directly to pay for their care. People receiving non-residential care have always been able to ask the Council to contract with the provider for them under the Care Act 2014 (for which there is an administrative charge payable). This has now been extended to new people starting to receive residential care under the Charging Reform.

What counts as capital?

The types of capital that will be included in the assessment are:

- Cash
- Savings
- Bank or Building Society accounts
- Premium Bonds
- Investments and Shares

- Any property owned that is not a person’s main residence (unless a disregard applies).

Any savings or capital held in joint names will normally be divided into equal shares for assessment purposes.

Personal possessions such as a car or jewellery are not usually counted.

What costs count towards the care cap?

Costs that count

- For each person with eligible needs, the Council must provide either a **Personal Budget (PB)**, where the Council is going to meet the person’s needs, or an **Independent Personal Budget (IPB)**, where the individual arranges their own care (see page 3 below).
- For a person with a PB whose needs are being met by the Council; the amount that the individual contributes towards their care and support counts towards the care cap.
- For a self-funding person with an IPB meeting their own eligible care and support needs; the cost to the Council if they were to meet the person’s eligible care and support needs counts towards the care cap.

Costs that do not count

- Any financial contribution from the Council towards a person’s care and support
- For people who receive residential care; **Daily Living Costs (DLCs)** set at £200 per week for 2021/22, estimated to be £212 per week for 2023/24 (still to be confirmed)
- For people whose needs are being met by the Council; any **top-up payments** the person or a third party chooses to make for a preferred choice of accommodation
- Costs of meeting non-eligible care and support needs, even where the Council has chosen to meet those needs
- Any payments for informal care provided by a relative or friend

- NHS-funded nursing care (FNC) for people in care homes and continuing health care (CHC)
- The cost of care and support services that are provided under other pieces of legislation (for example, aftercare provided under section 117 of the Mental Health Act)
- Interest or fees charged under any Deferred Payment Agreement.

Independent Personal Budget (IPB)

A person with eligible care needs that are not being met by the Council can request an IPB which will count towards the care cap.

A person's IPB sets the amount that will count towards the care cap. This will be based on the estimated cost to the Council of meeting the eligible care and support needs if it were required to do so.

When an IPB is arranged, the Council will open a care account so that the amount a person pays (that counts) begins to meter towards the care cap.

Daily Living Costs (DLCs)

For those receiving care in a care home, Daily Living Costs (DLCs) will be deducted from the cost of a person's PB or IPB to arrive at the amount that counts towards the care cap.

The DLCs which will be set at £200 per week for 2021/22 (estimated to be £212 per week for 2023/24, but still to be confirmed) will not meter/accrue towards the care cap.

A person will remain responsible for paying the DLCs once they reach the care cap and continue to receive care in a care home.

Care Account

A care account will be set up for every person that approaches the Council with eligible care needs.

The care account will enable the Council to monitor a person's progress towards the care

cap, and will also allow people to track their own progress towards the care cap, in order to plan their finances to meet their needs until such time as they reach the care cap.

Under the Charging Reform, every person with a care account will receive an annual statement with details of the care costs that have metered towards the care cap.

Reaching the Care Cap

The care account will keep people informed on when they are likely to reach the cap on care costs.

If a person is receiving care in the community when they reach the care cap, they will no longer have to contribute towards the cost of their eligible care needs.

If a person is in a care home when they reach the care cap, they will still be expected to pay towards the DLCs element of the cost of care.

What happens next

- From October 2022 we will be starting to gather information for "early assessments" for self-funding people in receipt of care and support and for people already supported by the Council who will benefit from the rule changes in readiness for the changes to be implemented from April 2023.
- "Early assessments" will include Financial Assessments to establish whether any financial support can be provided by the Council due to the change in rules, and...
- "Conversations" to establish eligible care needs that will be included a PB (for those people where the Council may start to arrange their care and support) or IPB (for those who will continue to arrange their own care and support) (see above)
- Every person with an eligible care need will be notified of any changes to their financial assessment to determine their contribution towards care and support and what will count towards the care cap.

If you require any further information, you can contact the Financial Assessments team on 01902 555323.