

Commission on Funding of Care and Support

The Rt Hon George Osbourne MP
Chancellor of the Exchequer

The Rt Hon Andrew Lansley MP CBE
Secretary of State for Health

4th July 2010

Dear Chancellor and Secretary of State

Final report of the Commission on Funding of Care and Support

I am pleased to enclose the final report of the Commission, and the supporting documents.

In the report, we outline our recommendations for reforming the adult social care system in England. We propose a new partnership between the individual and the state – one where individuals need to take reasonable and appropriate responsibility, but the state provides protection for those with the greatest needs.

We believe that the proposals we set out in our report meet the Terms of Reference we were set, and perform well against the criteria agreed with Government at the start of our work. We are recommending a way forward which we believe is fair, sustainable, and resilient – one which can be the basis of a long-term settlement. People would have choice over how to make their contribution, and our proposals are consistent with the drive for greater personalisation. There would be a much clearer offer from the state, allowing people to plan and prepare.

The combination of introducing a cap on an individual's care costs and raising the upper threshold in the residential care means-test would mean that instead of potentially losing almost everything, in future, no one would lose more than 30% of their assets. We expect new financial services products would emerge to offer people further protection of their assets.

In terms of value for money, our reforms will require extra state resources – just as any other form of shared responsibility model would. Any move from a means tested system (supporting only those with low means) to one which also focuses resources on those with the highest needs, will require increased public spending.

In our report, we set out the figures for the cost of our proposed long-term structural reforms. You will see that for a £35,000 cap (with a fixed general living cost contribution of £10,000) it would cost £1.7bn (based on 2010/11 prices). We are clear that extra state resources will be required in this area if we are to unlock greater private resources. Without the state taking on some of the risk, individuals will be unable to use their assets effectively and the involvement of the financial services

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sector will remain limited. By spending this extra money, we believe that a new space is created for the financial services sector, and people will be encouraged to properly fund their care and invest resources earlier in their care journey. Individuals, families and carers will all have greater peace of mind and improved well-being.

The Commission has been clear from the outset (as set out in our input into last year's spending review) that the current system is in urgent need of greater resource. We welcome the commitment the Government demonstrated to social care in the spending review, but remain concerned that not all the additional resources seem to have found their way to social care budgets. In our report, we do not put a figure on the level of extra funding required for the current system today, although we do present evidence of a growing gap between demand and expenditure. We are of the view that the funding of the current system is a decision for the Government to take, year-on-year. However, without a properly resourced means-tested system the Commission is concerned that unmet need will continue to rise and further pressure could be put on other services, such as the NHS, and carers.

Over the course of our work we have engaged with many people and organisations, and have consulted extensively with third sector organisations and the financial services sector. I am confident that our proposals will receive broad, and widespread support.

It is now for the Government to consider our report, and the next steps. I would encourage you to move forward with pace. The system is in urgent need of reform. There have been many years of debate on how to take this forward; now is the time for action. I would be happy to continue to be involved in the process, should that be helpful.

I, and my fellow Commissioners, were delighted to be asked to advise on this important social policy issue. We are confident that our report sets out a way forward that is fair, effective and sustainable; and firmly believe that there is now a real chance of creating a system of which we can be proud.

I am copying this letter to my fellow Commissioners, Dame Jo Williams and Lord Norman Warner. I am also sending a copy of this letter and my report to the Prime Minister, Deputy Prime Minister, the Secretaries of State for Work and Pensions, Communities and Local Government, and Business, Innovation and Skills, the Chief Secretary, and Minister for Care Services.

Your sincerely
Andrew Dilnot

Andrew Dilnot
Chair of the Commission on Funding of Care and Support