

Press release  
Thursday 14<sup>th</sup> November  
Office of Liz Kendall MP

### **Cameron's elderly care costs con**

Pensioners face paying £150,000 for their residential care before they hit the so-called 'cap' on care costs, new analysis published by Labour, shows today.

The average figure to be funded by pensioners is more than double the £72,000 which ministers have claimed.

Labour's analysis also reveals that six out of seven elderly people will have died before they reach the 'cap'

The government's proposals were branded a 'con' by Labour's Shadow Minister for Care and Older People, Liz Kendall. "Families deserve to be told the facts," she added.

The 'cap' will be based on the standard rate local authorities pay for a bed in a care home in their area, not the actual amount self-funders are charged - which is much higher than the council rate.

In 2016/17 - when the 'cap' is due to start - the average council rate for residential care is estimated to be £522 a week, but the average price of a care home bed will be £610 a week, and hundreds of pounds more in many areas. The difference between the council rate and what pensioners actually pay won't count towards the 'cap'.

Pensioners in care homes will also have to pay £230 a week for their 'hotel and accommodation' costs, which are counted separately from care costs, and which won't count towards the 'cap'.

When both these factors are taken into account, it will take almost 5 years for elderly people to hit the so-called cap - during which time they will have clocked up more than £150,000 for their actual residential care home bill.

### **Liz Kendall MP, Labour's Shadow Minister for Care and Older People, said:**

"David Cameron has repeatedly claimed that no-one will have to pay more than £72,000 to pay for their care, but this simply isn't the case.

"On average, pensioners will have to pay more than twice this amount, and the vast majority will have died before they hit the so-called 'cap'.

"David Cameron should be straight with elderly people about what they will really have to pay for their care. Families deserve to be told the facts, rather than being conned, so they can properly plan for the future, and not have the Government attempt to pull the wool over their eyes."

**Ends**

## Editor's notes:

1. According to Chartered Institute of Public Finance and Accountancy (CIPFA), Social Care Actuals in 2011/12 the average rate a local authority paid for a bed in a residential care home in England was £477, though rates vary widely across the country (see attached spreadsheet).

The House of Commons Library analysed local authority rates from the previous 5 years and estimated that they have been increasing at the rate of 1.8% each year. At this pace, the average local authority rate in 2016/17 (when the cap comes into force) will be £522.

2. According to Laing & Buisson Elderly Care Market Report in 2012/13 an average residential care bed in England cost £532. The House of Commons Library analysed Laing and Buisson reports from the previous 5 years and estimated that prices have been increasing at the rate of 3.5% each year. At this pace, the average price of bed in 2016/17 will be £610.

Please note this is an underestimate, as Laing & Buisson reports looks at average prices *across both council-funded and self-funded beds*. Prices self-funders actually pay will in reality be even higher the ones quoted here and used for calculations, but such figures are not collected separately.

Please see the attached spreadsheet for detailed regional calculations.

3. Elderly people in residential care will have to make a 'cost of living contribution' of £230 a week (£12,000 a year) to cover their accommodation, food and heating, which also won't count towards the cap.

4. With a standard council rate of £522 a week, and subtracting £230 a week for 'general living' costs, only £292 a week will count towards the 'cap' on care costs. It would take an elderly person 4 years and 9 months to reach the cap on this basis. During this time they would have spent more than £150,000 on their residential care, based on an average actual price of £610 a week. In reality, many care homes already charge far more than this.

5. The Government is increasing the upper means test threshold (under which pensioners may be eligible for some council support to help pay for their care) from £23,250 now to £118,000 in 2016. However, due to the way the means test works, pensioners on average incomes won't qualify for any council support and will still have to meet all of their care costs from their own pockets unless they spend down their income, savings and assets (property) to the lower means test threshold, which will be around £17,000 in 2016.

6. Only around 14% of English care home residents live in residential care for 57 months – the length of time it will take to reach the 'cap'. The average length of stay in a care home is 2 years and 5 months ([Length of Stay in Care Homes](#), J Forder and J L Fernandez Personal Social Services Research Unit, LSE). This means 6 out of 7 pensioners will have died before they reach the cap.