Saving social care

The floating of the government's latest ideas for solving the social care funding conundrum suggests the Green Paper could be long on gimmicks and short on solutions

There is a lot riding on the government's delayed social care Green Paper, which is now due to see the light of day later this autumn after nearly a year in the long grass. However, any confidence that the report will offer a worthwhile solution to the UK's current social care funding crisis flatlined when a key proposal was floated in the press last month. It revealed that the government will again place the burden of solving a complex societal issue on the general public, with the launch of another ISA.

Following in the footsteps of the government's Help to Buy ISA, the Lifetime ISA, and the Innovative Finance ISA, the Care ISA is designed to incentivise the public to chip in towards their later life care by being exempt from inheritance tax (IHT), meaning any unused funds would be returned to the account holder's family in full upon their death. However, the threshold for IHT is set at £325,000, a sum that very few people in the UK will ever come close to saving. And that's where the incentive of a Care ISA starts to fade. According to the Office for Budget Responsibility, only 22,600 estates were liable to IHT in 2017-18, making a tax break such as this irrelevant to those who are in desperate need of a financial contribution towards their social care, either now or later in life.

In a tweet, senior Conservative MP and chair of the Commons Health and Social Care Committee Sarah Wollaston warned: "This won't solve the care crisis at all. There is no pooling of risk. It only solves it for a small majority of wealthy people who can afford to invest and whose families benefit from paying lower tax on their inheritance if not used for care."

Steve Webb, director of policy at life insurance and pensions company Royal London, had similar reservations. "It's very difficult to see how a Care ISA would make a meaningful contribution to tackling the social care funding crisis," he said.

If government officials are already slating the proposal, then what will the healthcare sector, whose problems stretch far beyond the issue of funding, make of it? In a recent report from specialist business property advisor Christie & Co, elderly and specialty care operators are grappling with severe staff shortages, including a 13% drop in total nurse registrations in 2017, and rising costs of agency staff. So, when then-health secretary Jeremy Hunt announced in a speech in June that the Green Paper was to be delayed again, Age UK, the UK Homecare Association and other social care institutions brandished their swords, and delivered a clear message to government: if the sector was forced to wait even longer for a solution to the social care funding crisis, the proposals had better be substantial and had better be matched by a strong financial plan.

Until the paper is officially released, the industry will have to make do with speculation. But the country will be bitterly disappointed if an overused, uninspired policy propped up by the public's savings is the Green Paper's pièce de résistance, especially after being made to wait almost a year for it. The public will now be wondering how the government can ask them to fund their own social care when they are doing such a poor job of funding it themselves. If policymakers remain unwilling to face up to the real issue, the social care crisis in this country will only continue. ■