Care report

Tackling the care question

2021/22

Welcome

While getting older is something that most people accept and are willing to discuss, the need for care is a more emotive subject. It is something that happens to other people, or at least, it was until the pandemic shone a spotlight on care homes within the UK and the choices that people need to make.

For almost two-thirds of over-55s (64%), it made it clear in their minds they wanted to receive care at home – either in their current property or one they intend to move to in the future. This rose to 79% of those aged 76 to 80, and 100% of those over 81 years old.

However, having made this clear choice as to location of care, the realisation they are likely to need to fund some or all of the cost has started to hit home. Indeed, 60% of people say the pandemic has impacted on how they think about care in older age. The Government's plan to put the National Health Service on a sustainable footing and deal with the hot potato that is social care funding could not have come at a better time.

That said, we will need more details ahead of launch in 2023 – arguably sooner rather than later to allow for local authorities, industry and Clinical Commissioning Groups to plan. While it is hoped that these changes will help create a fairer system that does not see people run down their savings to pay for the care they need, the vast majority will still need to make a contribution.

And then there are those who do not have needs serious enough to receive funding but require occasional support to maintain their independence and enjoy later life. While the Conservative manifesto promised that 'nobody needing care should be forced to sell their home to pay for it', there is certainly an argument for over-55s choosing to use the £1.256 trillion[10] worth of value tied up in bricks and mortar to meet this need and find the right care option for their individual circumstances.

Using this equity to maintain the property; making it easier for its owner to enjoy a better quality of life, only seems to make sense. As, if as a society we are happy for people to provide family members with deposits, repay debts and boost income with housing equity, we need to be comfortable with people using it to make their late older age more comfortable.

The NHS – Adult Social Care Activity and Finance Report – 2019/20, which was published in December 2020, suggests that there were 1.9 million requests for care and support in England in the year ending March 2020 alone[5]. This is a 40% increase on the previous year and does not even include the height of the pandemic.

As a country, we need to face the care challenge and make smart sustainable choices that benefit all members of society.

WILL HALE
CEO of Key

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The covid care crunch

Almost one in four people in the UK is over-60[1] and while not everyone will need care in later life, the vast majority will need some form of informal or formal support.

While this is a huge societal issue and the Government plans for 2023 will go some way towards tackling this challenge, many questions remain unanswered and for older people considering what it means to them personally – especially against the back drop of a pandemic – it continues to be a concern.

The Key Care Report has tracked the views of over-55s on this issue since 2019 and we can reveal the following findings:

- 64% said they would prefer to receive care at home either in their current property or a property they purchase in the future; up from 61% (2020) and 60% (2019)
- 32% of over-55s are worried about how they will meet care costs if they need it, which is down slightly from 2020 (35%), but up on 2019 (21%)
- 26% would use the equity tied up in their home to pay for care, which is slightly down on 2020 (29%), but higher than in 2010 (19%)
- 17% say if they need care, their local council will need to pick up the cost as they will not be able to, which is marginally down on 2020 (18%), but up on 2019 (10%)
- 11% of people said they had no preference as to where they received care if they needed it, this has halved from 22% (2019) and also fallen from 14% (2020)

Given the impact of the pandemic on older and more vulnerable people, we also looked to understand what impact this may have on their planning and found that almost half (43%) of over-55s believing that Covid-19 will affect their financial planning around how they pay for care, and 35% worried about their options for care in later life due to Covid-19.

It would appear that not only has it halved the number of people who have no preference as to what sort of care they receive but boosted the proportion who would like to receive support in the familiar environment of their own home. One in four (26%) would also look to use the equity tied up in their own homes to support these desires.

Having a definite idea of what sort of support you want in older age is clearly important as is understanding how this will be funded – either by the State or the individual themselves. Therefore consideration must go into how we cover these costs.

The care cost challenge

You may be able to rely on family, friends, or your partner to support you in later life, which will help reduce overall costs. However, 44% of over-55s do not want to be a burden on their families (up from 35% in 2019), and for others, issues such as geography may mean it is not always a viable option.

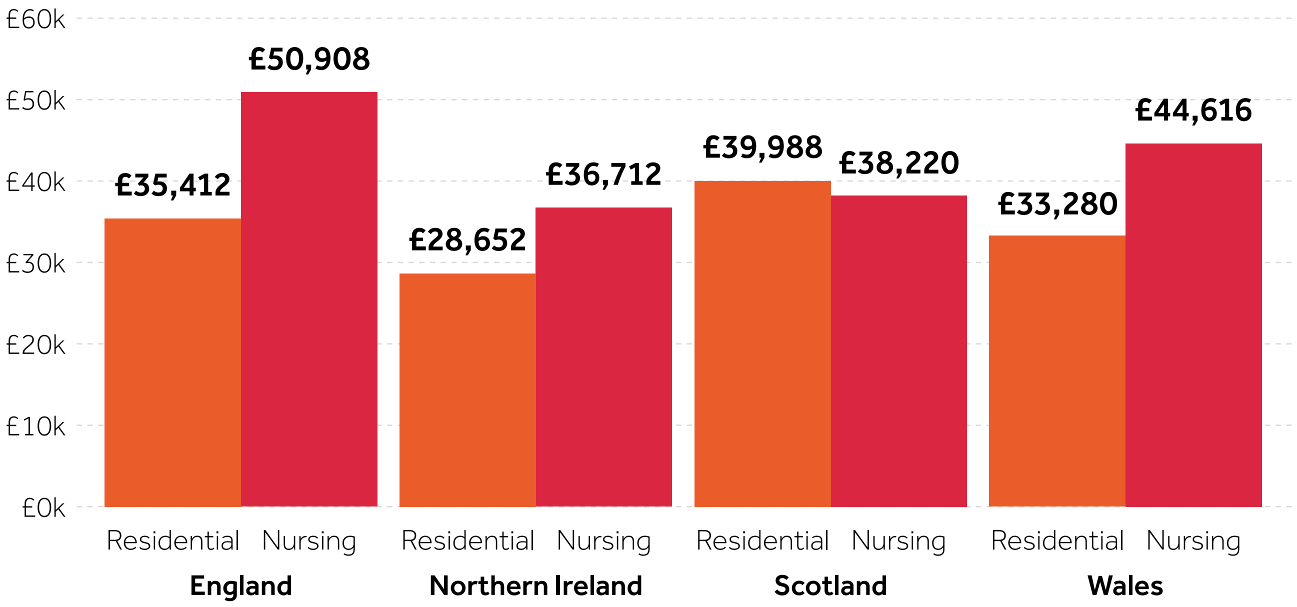
But if family and friends cannot help, or things become overwhelming, the costs can quickly mount up. Figures from LaingBuisson[2] suggest that the average cost of residential care starts from £28,652 in Northern Ireland, rising to £39,988 in Scotland. Nursing care is also cheaper in Northern Ireland (£36,712), but most costly in England (£50,908). Naturally these are averages and will vary depending on where you live, with costs likely to be higher in the South of England.

Paying for care-at-home, or domiciliary care, is less expensive but can still cost around £16,800 a year[3] for two hours of help a day, depending on where you live and the rates councils pay. For some, there is the need for 24-hour live-in care-at-home, but it can be as much as £56,760 a year, or an eye-watering £83,200 annually for people with very complex needs.

Which? has an online calculator giving an idea of how much you might have to pay for the different types of care in England .

Which? calculator

Average care home costs



Local authorities have a legal duty to carry out a care needs assessment to find out what help people need

Care funding support

The costs seem daunting, and there is help from the Government and local authorities available. However, there are strict rules and financial limits on who is eligible and how much money is available. It also continues to vary from region to region, and country to country.

Local authorities have a legal duty to carry out a care needs assessment to find out what help people need. This assessment will be used together with a review of your finances – referred to as a means test – to determine how much they will contribute. They might pay for all your care, some of it, or nothing at all.

As part of the care needs assessment, they will consider which of the 'activities of daily living' you can manage. These include the ability to feed yourself, dress yourself, maintain levels of personal hygiene and move around. Only clients who have critical or substantial needs typically receive support, with the rest receiving information and referrals to other support services.

If you are deemed to need support, the local authority will undertake a means test. In England and Northern Ireland, if you have assets and savings – including your home – worth more than £23,250, you will be expected to pay all care home fees. In Scotland, the figure is £28,500, and in Wales it is £30,000. That said, Scotland operates a slightly different system to the rest of the UK in that 'personal care' is free if you are over-65, irrespective of assets.

Applicants need to be assessed by the local council on whether they need care and if the type of care they need is not classed as 'personal care', such as if you need help changing beds. If so, you will have to pay for it yourself.

Nursing care from the NHS in Scotland in your own home is free and should be provided by the local GP service. However, in practice, most applicants in Scotland pay something towards their care.

Across the UK, the value of your home is not taken into account for these purposes in certain situations, such as if you live with your spouse or a dependent, child or adult. If you opt for care at home, the value of your house is not taken into account, but you do have to pass the care needs assessment.

That said, for those who may be keen to use their housing equity to pay for care, councils launched a Deferred Payment Agreements (DPAs) scheme, which allows homeowners to use the value of their home to fund residential care and repay the local authority when their home is sold, or they pass away. However, the rules governing their availability are strict, and in truth, few homeowners are able to access DPAs.

Build Back Better: Government's plan for health and social care

In September 2021, the Government unveiled its plan to put the National Health Service (NHS) on a sustainable footing and deal with the backlog it is currently facing, as well as set out the details of an approach for adult social care in England. This includes a cap on care costs and looks to define more clearly how financial assistance would work for those without substantial assets.

While the industry was quick to call for more details around the specific changes we can expect from October 2023, at the moment, the information remains very high level:

- Introduce a £86,000 cap on the amount that anyone might pay for personal care over their lifetime. This figure excludes 'accommodation' costs (i.e. the amount someone pays a care home specifically for room and board) and is likely to reflect a local 'average' (i.e. what the local authority pays a care home) rather than 'actual' cost for these calculations
- Local authority contributions will not count towards the cap, so for example, if someone pays £15,000 per annum and the State pays £10,000, only the £15,000 will count towards the cap – less accommodation costs
- Anyone with assets of less than £20,000 will not need to pay towards their care, while those with assets between £20,000 and £100,000 will receive some means-tested support. What level of care someone might need before becoming eligible is as yet unclear but is likely to be based on the current eligibility framework
- Introduce a new 1.25% Health and Social Care Levy based on National Insurance Contributions and increase dividend tax by 1.25% to fund the measures set out in the plan.

Care funding

Assessing the national challenge

While asking for a needs assessment in order to secure council support is often the first time people will have looked for this type of help, they are certainly not alone.

NHS Digital figures for the year to March 2020 show 1.9 million new requests for care and support were in England[4]. This is 40% up on the 1.36 million requests in the year to March 2019[5], and suggests that even before the pandemic truly hit, the system was struggling.

Since Key started this report three years ago, it has used Freedom of Information (FOI)[6] requests to better understand the size of the challenge facing councils across the UK. We asked councils not only how many people they provided full or partial funding for, but also what amendments they made to their services to take account of the pandemic and how they tracked self-funders as well as support requests.

In the year ending March 2020, 598,494 individuals received some financial support from local authorities; a 15% increase from 513,686 (2018/19) and more similar to the 568.686 recorded in 2017/18. Of the 598,494 people who received financial support, 249,064 were fully funded (170,851 – 2018/19) while 340,430 received partial funding (275,825 – 2018/19).

While these figures were delayed due to being collated during a pandemic, it is interesting to note that they do not in fact cover that period, so the 45% increase in fully funded places and 23% increase in partially funded places is likely to be driven by the aging population and more accurate reporting rather than the current crisis.

The majority of councils do not track self-funders, but those that did suggested there were 47,011 self-funders – marginally up from 46,404 the previous year.

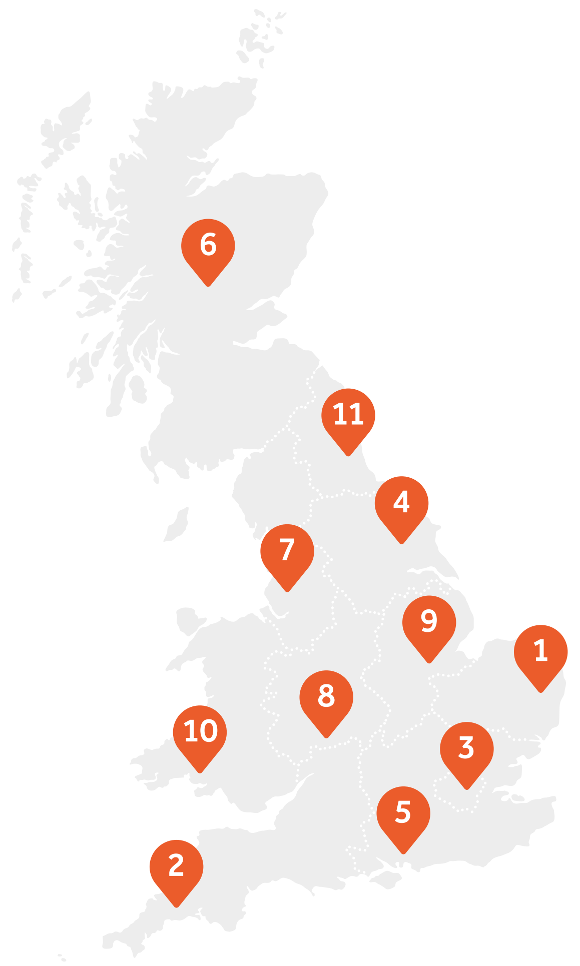
On a regional level, local authorities in the North East are the most likely to say they provide full funding, with 76% of applicants being fully funded on average (a 55% increase YOY), while in Yorkshire, just 19% are fully funded (a decrease of 9% YOY).

The following tables show how the numbers who are fully funded and partially funded vary across the country, and how the numbers have changed, according to Key's FOI.

Number fully funded				
	Region	2017/18	2018/2019	2019/2020
1	East of England	29,334	28,499	35,501
2	South West	27,509	30,074	25,549
3	London	22,937	32,448	33,383
4	Yorkshire	15,162	13,356	10,924
5	South East	37,350	17,906	26,788
6	Scotland*	11,609	4,444	10,789
7	North West	11,609	10,317	41,205
8	West Midlands	11,124	11,548	10,937
9	East Midlands	6,019	15,297	16,608
10	Wales*	3,124	4,709	6,992
11	North East	2,980	2,353	30,388
	Total	**175,256**	**170,951**	**249,064**

% Fully funded				
	Region	2017/18	2018/2019	2019/2020
1	East of England	68%	40%	64%
2	South West	45%	47%	45%
3	London	39%	52%	54%
4	Yorkshire	33%	28%	19%
5	South East	28%	24%	29%
6	Scotland*	23%	15%	36%
7	North West	23%	20%	40%
8	West Midlands	19%	31%	24%
9	East Midlands	17%	37%	31%
10	Wales*	16%	29%	28%
11	North East	13%	21%	76%
	Total	**31%**	**36%**	**40%**

Number partially funded				
	Region	2017/18	2018/2019	2019/2020
1	East of England	13,813	16,337	16,337
2	South West	29,920	29,252	29,252
3	London	27,596	24,686	24,686
4	Yorkshire	31,464	40,131	40,131
5	South East	74,671	59,394	59,394
6	Scotland*	20,023	18,785	18,785
7	North West	20,023	55,213	55,213
8	West Midlands	27,710	32,657	32,657
9	East Midlands	27,402	37,167	37,167
10	Wales*	14,826	17,302	17,302
11	North East	8,045	9,506	9,506
	Total	**300,287**	**275,825**	**340,430**



The figures on full and partial funding illustrate the pressures on council finances and the differences in funding around the country.

The FOI explored how many councils record the numbers of people inquiring about care, and the figures showed major differences in how authorities record the data, with many authorities not recording it at all. This is particularly concerning as, for example, if a council records a 10% increase in requests over a six-month period, they will then know that this may translate into a 5% increase in people who need funding within 18 months.

Of the 201 councils who responded to our FOI, only 16 collated the data which is a drop from 22 the previous year. Yorkshire (28%) were the most proactive but in the East Midlands, East of England and South East, no local authorities admitted to recording this data.

* Both Scotland and Wales operate slightly different care systems to England so this may influence how they record and classify the support they provide.

Local authorities pandemic measures								
	Region	Set up a new hotline / phone number	Increased the number of social / care workers	Increased funding received by care homes	Introduced regular check-ins for shielding adults	Increased the number of people assigned to support vulnerably adults	Provided local authority tax relief to care homes	Made no changes to adult care provision
1	East of England	66.67%	33.33%	**100.00%**	66.67%	50.00%	**16.67%**	16.67%
2	South West	56.25%	37.50%	62.50%	62.50%	56.25%	6.25%	6.25%
3	London	51.43%	54.29%	68.57%	74.29%	**40.00%**	5.71%	8.57%
4	Yorkshire	**78.57%**	**85.71%**	92.86%	85.71%	**78.57%**	**0.00%**	7.14%
5	South East	55.56%	**27.78%**	66.67%	66.67%	61.11%	5.56%	0.00%
6	Scotland	51.61%	38.71%	**48.39%**	58.06%	45.16%	3.23%	3.23%
7	North West	60.87%	39.13%	86.96%	**86.96%**	69.57%	**0.00%**	0.00%
8	West Midlands	71.43%	64.29%	64.29%	57.14%	57.14%	**0.00%**	14.29%
9	East Midlands	55.56%	66.67%	77.78%	77.78%	77.78%	11.11%	11.11%
10	Wales	**40.91%**	50.00%	77.27%	81.82%	54.55%	9.09%	9.09%
11	North East	53.85%	38.46%	61.54%	**53.85%**	46.15%	7.69%	0.00%
	Total	**56.22%**	**47.76%**	**70.15%**	**70.65%**	**55.22%**	**4.98%**	**5.97%**

While the data does not reflect the impact of Covid-19, it was collected over a period when councils were struggling to manage the impact of the pandemic, so the FOI also asked what changes had been implemented to help manage this challenge.

Just 6% made no changes to adult care provision over this period, instead:

- 71% increased their funding for care homes
- 71% increased the number of regular check-ins for shielding adults
- 56% set up a new hotline or phone number dedicated to Covid-19 queries
- 55% boosted the number of people assigned to support vulnerable adults
- 48% saw the number of social and care workers they employ increase
- However, just 5% provided local authority tax relief to care homes.

Digging further into these figures, you see that councils in the North East, North West and South East were the most proactive, having made at least some changes due to the pandemic.

Yorkshire was the most proactive, coming top in three of the six categories tracked (new hotline, additional care home funding and more people assigned to vulnerable adults). The least proactive councils in each of the categories varied widely, as illustrated by the table above.

4.98%
Average tax relief local authorities gave care homes

HIGHEST 16.67%
East of England

LOWEST 0%
Yorkshire, South East and West Midlands

The true cost of ageing

We are all living longer as the country grows older, figures from the Office for National Statistics[7] show. A 65-year-old man today in the UK can expect to live, on average, until 83.5, while a woman of the same age can expect to live to 86.

Unfortunately, that does not necessarily mean a healthy life expectancy. Many will be fit and active until the end, but the likelihood is that as we age, physical and mental health declines.

ONS figures[8] show that men and women at the age of 65 can expect to be healthy for half of their remaining life. The average 65-year-old male can expect to live 18.5 years, with 10.4 of those years being in good health. While the average 65-year-old woman can expect to live 21.1 years, with 11 of those years spent in good health.

For many, it will be possible to manage those years spent in 'ill health' with the help of their families and support with day-to-day tasks like cleaning. However, others will need more formal care arrangements – ones they are likely to need to finance themselves, at least in part.

Expectation

To better understand how over-55s intend to meet this challenge, we have tracked their chosen funding sources since the report was launched in 2019, and an interesting pattern has emerged.

As the discussions around care become more vocal and people better understand the costs they are likely to need to meet in order to have freedom of choice around their care options, they are becoming less convinced they will be able to meet this cost out of 'normal' income sources.

The pandemic has also played a role, with more than a quarter (27%) over 55s stating that the spread of Covid-19 in care homes has impacted on how they will finance care in later life, with the older age range (81+) most worried (41%).

11%

of over-55s feel that they won't be able to pay for care. Up from 5% in 2019

This trend was particularly acute in 2020 at the height of the pandemic, but as the world recovers, over-55s are starting to relax slightly. Although, historically low interest rates have meant people are still cautious about the returns they can expect from savings and investments.

In 2019, 44% of over-55s felt that their savings and investments would cover their care costs, but this fell to 34% in 2020 and to 33% in 2021. Confidence in pension income has also fallen from 40% in 2019 to 32% in 2021 – up slightly from a low in 2020 (30%).

Interestingly, a quarter (26%) of people would look to some of the £1.256 trillion worth of unmortgage property wealth held by the over-65s to pay for care, which is up from pre-pandemic levels in 2019 (19%). A proportion that is likely to be higher in reality as people understand the full cost of care in later life.

Care funding sources	2019	2020	2021
Savings and investments	44%	34%	33%
Pension income	40%	30%	32%
Property wealth	19%	29%	26%
Family Support	2%	5%	5%
Sell valuable items	5%	8%	7%
I won't be able to pay	5%	10%	11%

To gain a better understanding of Covid-19's impact, not just on funding sources, but also on how people plan for care, we dug into this topic in more detail.

More than two fifths (43%) of over 55s think that Covid-19 will impact their finances but are unsure how at this stage, with more women being worried about this than men.

One fifth of over 55s (22%) believe they will need to make short-term sacrifices to manage their finances, and 16% believe they may have to work longer than expected before retirement to pay for the type of care they would want in later life, due to the impact of the pandemic.

Interestingly, 14% believe they may have to look at existing investments to see if they can work harder/be placed in a more high-risk category to potentially get a larger return to fund future care, and a quarter (24%) do not think they will be able to gift their children the inheritance they would like due to paying for future care needs.

Both of these would have long-term effects on both the investment market and potentially the first-time buyers' market, as the Bank of Mum and Dad is a significant lender in helping many onto the property ladder. Again, we found that women are more likely to be worried about both of these options than men.

Covid-19's impact on care	All	Men	Women
Yes, I do think that it will but I am unsure how at this stage	43%	39%	46%
Yes, I may have to work longer than I expected before retiring to pay for the care I want	16%	16%	15%
Yes, I may have to make short-term sacrifices, such as not going on big holidays, so I can save more funds towards my future potential care	22%	22%	22%
Yes, I may have to look at my investments to see if they can work hard/be placed in a more high-risk category to potentially get a larger return to fund future care	14%	19%	11%
Yes, I may not be able to gift my children the inheritance I would like as I will need the funds to pay for my care	24%	19%	27%
I won't be able to pay	5%	10%	11%

Reality

With the annual cost of residential care starting at £28,652 and nursing care at £36,712, even without a pandemic it is likely that more than the 1 in 10 who admitted they would not be able to pay for care will struggle. Indeed, those who need to 'self-fund' or even just meet some of the costs of care are likely to notice the disparity between their assets and income versus the costs they are expected to meet.

Almost a third of people suggested their pension income would meet the costs of care, albeit there is a £12,168, or 73% shortfall between the starting cost of residential care and the gross annual pension income of a single pensioner[9]. On the surface, couples fare better as their income would see them able to meet this cost out of their gross pension income, but joint rooms tend to cost more. And if one spouse did not go into residential care, they would need to survive on just £3,896 per year.

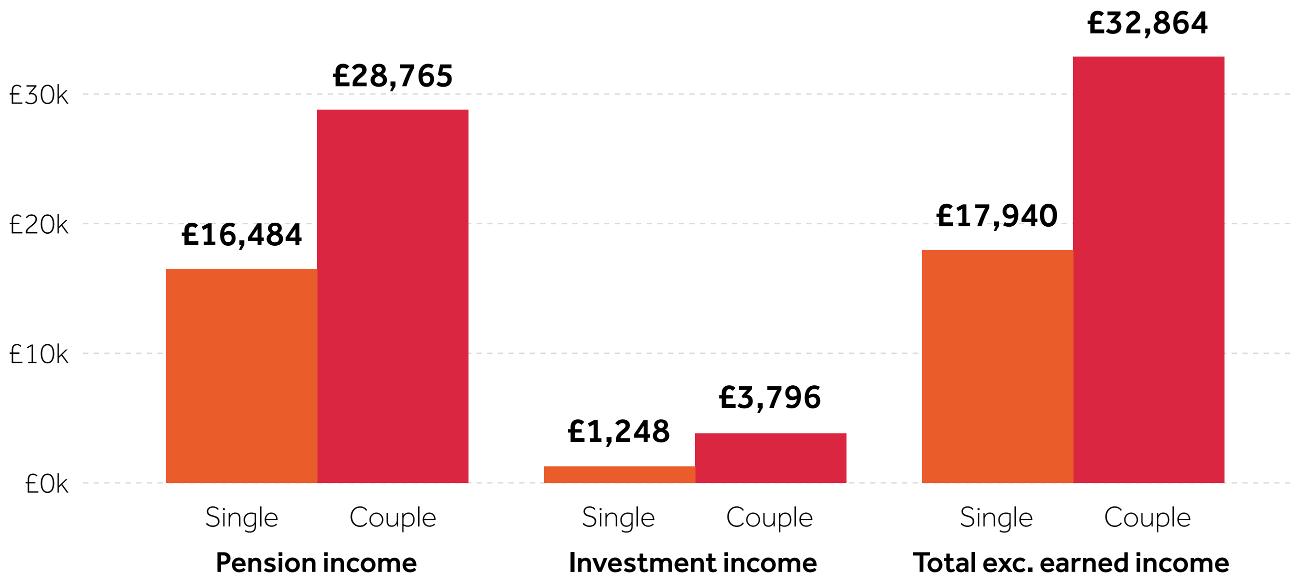
With almost two-thirds (64%) of people keen to receive care in their home and 26% happy to access the value of their home, housing equity potentially provides a more viable option for many.

Data analysis suggests that over-65s in the UK own homes worth £1.256 trillion[10], with those in the South East (£257.7 billion) having access to the most property wealth.

There are a range of later life lending options available which will allow people to access the value in their homes, from equity release to retirement interest-only mortgages and retirement mortgages.

Those who are keen to consider this as an option should speak to a specialist financial adviser who will be able to provide them with more information and help them choose the best option for their circumstances.

Average gross pensioner income



Over-65s unmortgaged housing equity

Region	Estimated property equity in homes owned outright by people aged 65+	Estimated % of total value of property equity belonging to people aged 65+	No. of households in the region owned outright by people aged 65+
South East	£257.681 billion	20.5%	727,343
South West	£184.770 billion	14.7%	666,614
East Anglia	£171.574 billion	13.65%	549,784
London	£128.516 billion	10.23%	259,801
North West	£100.455 billion	7.99%	542,504
East Midlands	£91.951 billion	7.32%	429,340
Yorks/Humbs	£83.407 billion	6.64%	462,544
West Midlands	£84.201 billion	6.7%	381,417
Wales	£69.705 billion	5.55%	370,852
Scotland	£67.816 billion	5.5%	382,784
North East	£33.856 billion	2.69%	233,601
Great Britain	**£1.256 trillion**	—	**5,006,584**

Home is where the care is

While making choices around care has always been challenging both emotionally and financially, the proportion of people who are clear they want to stay in their own home to receive this type of support has been gradually increasing; rising from 60% in 2019 to 64% in 2021.

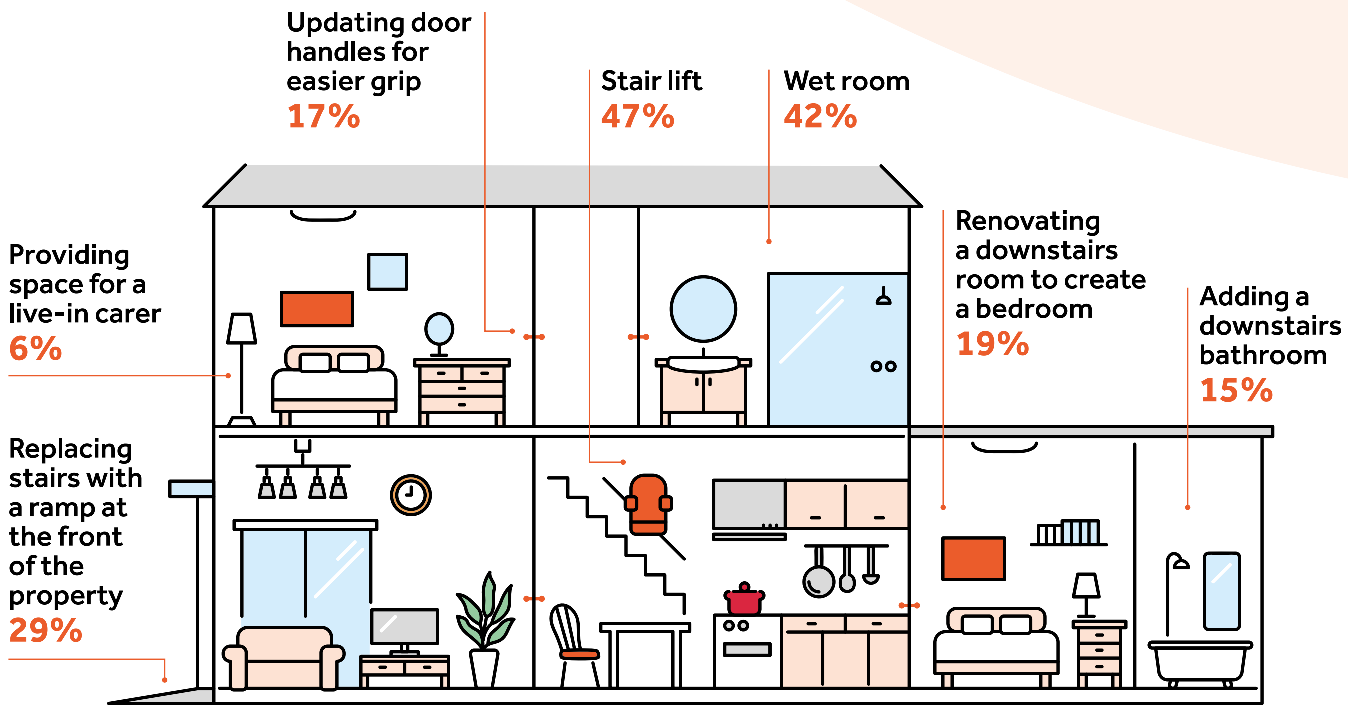
Care location preference							
	All	55-60	61-65	66-70	71-75	76-80	81+
Current property	48%	42%	45%	50%	50%	69%	94%
More suitable property	16%	22%	13%	14%	13%	10%	6%
At home	64%	66%	58%	64%	63%	79%	100%

While 16% would move into a more appropriate property to receive care at home, 48% are keen to receive care in their current home. Interestingly, the desire to receive care at home appears to be cyclical with the younger cohort (55-60 years old – 66%) who perhaps have not yet felt the impact of aging and are keen to retain their independence. The 'retired' generation is then more measured, before the oldest generation – who may have already moved and are the most likely to need care – are more vehement about remaining in their homes.

With almost half (48%) choosing to stay in their current property to receive care, we were keen to understand how suitable these properties were, should they need support. Over half (57%) said their current homes were suitable, but of these only 21% said they did not need to make any adjustments. Instead, 8% said the property needed minor adaptions, 8% said the adaptions needed would cost less than £1,000 and 20% said the adaptions they needed would cost more than £1,000.

When asked what these adaptions might be, the following were popular choices:

Stair lift
47%
Wet room – either upstairs or downstairs
42%
Replacing stairs with a ramp at the front of the property
29%
Renovating a downstairs room to create a bedroom
19%
Updating door handles for easier grip
17%
Adding a downstairs bathroom
15%
Providing space for a live-in carer
6%



Interestingly, having discussed what may need to be done, the potential costs hit home. And when asked how much it might cost, over-55s anticipated that they would need to spend an average of £7,365 on adaptions to make their home more 'age friendly'.

For those choosing to remain in their homes, they will also need to consider ongoing repairs with the most common likely to be:

Repairing or upgrading the heating system
40%
New windows/doors
28%
Repair or upgrade the electrics
27%
Internal walls repair/paint
25%
Garden upgraded/repaired
25%
Plumbing upgraded/repaired
20%
Replace or repair the roof
19%
Garden shed replaced/repaired
17%
Driveway will need to be resurfaced
13%

It is interesting to note that in Q3 2021, people used equity release to take out an average of £101,593 from their properties[11]. Over a third (37%) used some or all of the proceeds to renovate their homes, with the most popular choices being:

Update bathroom and make it more accessible
31%
Refurbish kitchen
31%
Decorate/make cosmetic updates
28%
Replace/update windows and doors
25%
Landscape garden to improve accessibility
23%

Sorting out central heating (10%), refinishing the driveway (9%) and rewiring (2%) were also popular uses for the proceeds of equity release.

It would appear that those who choose to stay in their homes are likely to access their housing equity to make this possible, both in the short term with adaptations, and in the longer term with repairs.

Planning for the future

Nobody looks forward to needing care in retirement, but the sad inevitability is that many of us will need it. Funding care might seem daunting; however, there are plenty of options to explore.

Whether you can stay in your home or not, or you can rely on family to help you, the best approach is to get specialist advice as while some care funding is straightforward, other options are more complex.

Speaking to the right type of adviser can really help as some focus on providing advice on care while others like Key can help you to access the equity tied up in your home to pay for domiciliary care.

Good advice is key to navigating the care conundrum and ensuring that you and your family can prepare for the future. Finding a financial solution that is right for you and your needs in later life is paramount.

Case study

Sarah has always been independent. First as a single widowed mum to two boys, then when she remarried and helped her new husband – David – grow his business. Even when they retired, she kept busy in the community, and when they weren't travelling, she could be found helping out at local charity events and visiting older people in the community.

Sadly, David died in his early 80s from cancer, and while Sarah was still active, she suffered a fall a couple of months later which really knocked her confidence. Sarah explains more:

"When I lost David it was really hard, but everyone in the community was so supportive and all the people I had helped in the past really rallied round.

"I was just starting to feel a bit more like myself when I slipped coming up the steps to my home. It was icy and I really didn't think anything of it until I felt my feet go from under me, and I remember waking up with my neighbour calling an ambulance.

"I was really lucky to be honest as I only had some nasty bruising and a bump to the back of my head, but it really shook me and got me thinking. One of my sons lives within a half hour drive, and I am pretty healthy for 79 years old. But it has been getting harder to get up the stairs and the housework just takes so much longer.

"I know I didn't want to go into sheltered accommodation or a home as I love where I live. My neighbours are wonderful and my home has so many good family memories, but the layout doesn't really work. My eldest son suggested I speak to someone about equity release – he has done well for himself and keeps telling me I need to worry more about myself than leaving an inheritance.

"My eldest son suggested I speak to someone about equity release"

"James from The Equity Release Experts came to see me and talked me through all my options including downsizing and considering a retirement interest-only mortgage. I do have a good pension income but it can vary and I don't want to worry about making repayments at my time of life. He explained that I could choose between a lump sum or a mortgage which allows me to drawdown sums as and when I need them, which sounded like the right option for me.

"I reserved £80,000 but only took out £15,000 initially as that was what I needed to install rails on my front walk way and install a wet room in my bathroom. I also have someone who pops in to do the cleaning and a carer who comes in once a week to help with some of the bigger jobs.

"Equity release has allowed me to stay in the home I love and be as independent as I want to be. It has also given my children peace of mind, as they know I will get the help and support I need."

* = This case study is fictional and while based on issues faced by people every day, bears no resemblance to a specific person or set of personal circumstances.

JACQUELINE BERRY *Founder and Director of My Care Consultant*

An experts view

2021 was a significant year when it comes to care. The negative impact of the pandemic on care homes accelerated an existing trend towards care at home, and after more than 20 years of social care being kicked into the long grass by successive administrations, the current government has finally attempted to grasp the nettle. On 7th September 2021, Boris Johnson presented the plan to fix social care in England, revealing the government's intention to introduce a new means test and a headline new £86,000 care 'cap' on the amount of money individuals will have to pay for 'personal care' in England from October 2023.

When it comes to the new charging reforms, unpicking the detail made available to date has undermined the claims of the government that no-one will have to sell their homes during their lifetime nor pay more than £86,000 towards their personal care. This is because the amount allocated towards the cap will not include a nominal amount for daily living costs including accommodation set at £200 per week nor will it be based on the actual payments made by the individual in receipt of care direct to their care provider, but the amount a local authority would pay for a similar level of care – a figure almost certainly likely to be less due to the cross subsidy that currently operates in the UK care market. A quick calculation based on average rates for care homes in England* suggests that someone might pay £168,392 before their 'care account' reached the cap and even then, they would still need to continue to pay for their daily living and accommodation costs.

When it comes to paying for care, in our experience for most people their biggest source of funding outside of any pension funds they have accumulated is likely to remain their home and at My Care Consultant we are continuing to see evidence of an important attitudinal shift by people increasingly willing to consider the use of their property to fund their needs in later life, including care. Key's research reflects this, suggesting almost two thirds of people are keen to receive care in their own homes – an increase of 100% of those over 81 years old – and over a quarter happy to access their housing equity. Earlier research by the Equity Release Council ('Beyond Bricks and Mortar' 2019) uncovered similar findings with nearly two fifths of those aged 65 or older seeing equity within their property as part of their plans to pay for any care needed.

Whilst any attempt to tackle the care crisis should be encouraged, including planned investment in digitisation and housing investment so more can live independently in their homes for longer, the stark reality is that we are all living longer and the proposed funding detailed in the government's plan is simply not enough to cover the costs of providing high quality care and support for our ageing population. For those who want peace of mind that they will receive the type of care that they want and deserve, planning for potential future care needs has arguably never been more important.

*Source Laing and Buisson Care Homes for Older People UK Market Report 31st Edition 2021

Sources and methodology

Key has drafted and produced the Care Report since 2018, and over this period 3,044 over-55s have provided their views on paying for care (April 2021, March 2020 and November 2019). Other sources used include:

1. Office of National Statistics (ONS) – Early Indications of Population Size and Age Structure – published April 2021
2. LaingBuisson for its Care of Older People UK market report, published January 2021
3. Homecare – Figures correct as at November 2021
4. NHS – Adult Social Care Activity and Finance Report – 2019/20
5. NHS – Adult Social Care Activity and Finance Report – 2018/19
6. Key data from a Freedom of Information request to local authorities across England, Scotland and Wales and analysis is based on data received from 201. Local authority reporting periods vary between financial year reporting and calendar year reporting
7. Office for National Statistics (ONS) – National Life Tables, UK 2018 to 2020 – September 2021
8. ONS – Health State Life Expectancies, UK: 2015 to 2017 – December 2019
9. ONS – Pensioner Income Series (2019/20) release March 2021
10. Key's Pensioner Property Equity Index tracks the amount of equity held in property by people over 65 years old in Great Britain. Figures are based on analysis of data from the ONS Family Spending Report (2020), the UK House Price Index, Registers of Scotland House Price Statistics and Opinion Matters (2020) and Key's UK Equity Release Market Monitor.
11. Key market data for Q3 2021 The Monitor uses Key's data to reflect the market. The data reflects both members and non-members of the Equity Release Council, and provides the most detailed analysis of the equity release sector.

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