

# Long term care insurance

## CF8: 2022–23 edition

### Web update 2: 12 December 2022

Please note the following updates to your copy of the **CF8** study text:

#### Chapter 1, section A, page 1/3

In the Autumn Statement in November 2022, the Government announced that the implementation of changes to social care funding would be deferred for a further two years. The earlier Mini-Budget in September reversed the 1.25% surcharge on dividends and National Insurance contributions that were to be used to fund the more generous changes to social care funding.

This represents the latest postponement to the reforms to social care that were recommended by the Dilnot Commission in 2011.

Although implementation has been postponed for two years, the government hasn't given any assurances about what degree of support it will ultimately provide. Indeed, the changes will be the responsibility of whichever political party wins the next General Election. It is possible that it may be further deferred or amended. For those people who may hope to qualify for State-funded care, the future position remains uncertain.

#### Chapter 7, section A4, page 7/7

This section should now read as follows:

This benefit is primarily designed to help **people with disability and illness** under State Pension age to get back to work. As a result, this benefit may be appropriate to younger people who need help to fund their care requirements.

Key elements:

- Eligibility:
  - Claimants must have worked (either self-employed or employed) and must have adequate National Insurance contributions (or credits), usually for two to three years before making a claim.
  - People claiming Jobseeker's Allowance or Statutory Sick Pay cannot claim 'new style' ESA.
  - Those on low incomes can claim Universal Credit and 'new style' ESA at the same time but Universal Credit payments are reduced by the amount of 'new style' ESA payments.
  - People can work while claiming 'new style' ESA if they work less than 16 hours per week and do not earn above £152 per week.
  - People receiving 'new style' ESA may still receive this even if they receive Attendance Allowance and Personal Independence Payment/DLA. They will not receive ESA if they receive the State pension, Income Support and some other benefits not covered by this text.
  - New style ESA is not means-tested. This means that whether a person receives it and how much they receive, is not affected by the individual's income, savings, or investments (but it may be affected by certain pension payments).

- The allowance is structured as follows:
  - A **waiting period** – for the first seven days.
  - A **basic rate** (up to £77 for a single person over age 25) for the first 13 weeks of a claim – known as the **assessment period**.
  - The assessment period will usually include a **work capability assessment** which consists of a questionnaire and medical assessment to determine what work, if any, the individual is capable of.
  - The amounts paid depend on a number of elements such as age (in the assessment phase) and whether the individual is able to get back to work.
  - If the individual qualifies, an amount is paid for the '**main phase**' from week 14. This is a basic allowance of £77 per week. This applies to people in the **work-related activity group** who are able to undertake some form of work-related activity (or may be able to in the future). Payments are restricted to **one year** in the work-related group.
  - Someone unable to enter this group through illness or disability will enter the **support group**. An additional amount of £40 per week is payable, making a total weekly payment of £117.60. This form of ESA is **potentially payable up until State Pension age**.

**Table 7.2: Summary of new style ESA**

Feature	Applicable	Notes
Taxable	✓	• Yes.
NI dependent	✓	• Yes.
Means-tested	✗	• No.
Other main restrictions	✓	<ul style="list-style-type: none"> <li>• Benefits paid depending on need to provide basic living expenses (including disability).</li> <li>• Must qualify and be assessed using the work capability assessment.</li> <li>• Payments made to those in the work-related activity group are restricted to one year.</li> <li>• Payments made to those in the support group may be paid up to State Pension age.</li> </ul>

**Chapter 7, section 7E, page 7/16**

This section relating to 'New style' ESA should now read as follows:

**Table 7.9: Main benefits**

<b>Employment and Support Allowance (ESA)</b>	✓	✓	✗	<ul style="list-style-type: none"> <li>• Benefits paid depending on need to provide basic living expenses (including disability).</li> <li>• Must qualify and be assessed using the work capability assessment.</li> <li>• Payments made to those in the work-related activity group are restricted to one year.</li> <li>• Payments made to those in the support group may be paid up to State Pension age.</li> </ul>
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