BRIEFING CARE

Failing us all: England’s social care charging system is broken

England's social care charging system is unfair, expensive to use and does little to protect the economically insecure. New analysis shows why.

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Executive summary

The cost of social care in England poorly accounts for differences in income and wealth, relies heavily on arbitrary circumstances, and even those with the lowest means receiving the most state support still pay £9,000 a year on average towards care home fees. This must change.

Social care in England is under the spotlight. The new Prime Minister has rightly and publicly made reform to social care a political priority. This briefing sets out why charging reform is necessary and explains how the current system delivers a bad deal for the state and social-care users alike.

Key takeaways

- Older people who receive high levels of state support towards their costs still face high residential care costs of £9,000 on average through 'user charges'.
- The system treats savings and housing wealth differently, which exposes similar households to different care costs and penalises single homeowners who may be asset-rich but cash poor.
- The most recent proposed reforms would have disproportionately benefited people who are better-off, and would not have reduced costs for those with low to average means.

Disclaimer: This report has been informed by external research, including work commissioned by the Joseph Rowntree Foundation from the Care Policy and

Evaluation Centre. However, the data analysis within this report (and any errors arising), the opinions and conclusions, and any recommendations are solely attributed to the JRF.

1. Introduction

The adult social care system in England is broken — both the level of unmet need and the costs are catastrophic. Of the 12 million older people in England, 33% have a social care need (NHS England Digital, 2026), but just 25% of those with needs used formal carers (Bokhari and Jitendra, 2024).

Older people with care needs largely rely on unpaid carers or simply go without. Even once older people attempt to access the formal care system, variation between local authorities in the provision of social care means that 2 applicants with the same social care needs may be given state support in 1 local authority and denied support in another. For a significant minority of older people, the broken charging system can lead to crippling costs — 1 in 7 older people using social care face lifetime costs of over £100,000 (DHSC, 2021).

These are the characteristics of a broken system.

The 2024 Labour Government recognised the shortfalls in the current system, and in 2025 invited Baroness Casey of Blackstock to chair the Independent Commission on Adult Social Care and recommend reforms (DHSC, 2025). The new Prime Minister, Andy Burnham, has made a public commitment to reforming social care and the Casey Commission will now report its recommendations a year earlier than previously planned (DHSC, 2026).

In this context, JRF has worked with the Care Policy Evaluation Centre (CPEC) at the London School of Economics (LSE) to determine the cost of the current social-care charging system for the state and the older-age population. While the social-care system is also important to working-age adults, this phase of JRF's work focuses only on older people.

For the first time, CPEC analysis shows how your wealth, in addition to your income, affects how much you pay in care costs. Crucially, we show how even for older people who qualify for otherwise difficult to access state support, many still face user charges of £9,000 a year on average.

Calls for charging reform are not new. The most recent proposals on the statute books, championed by the 2019 Conservative Government, were for a lifetime cap and increased capital thresholds. CPEC analysis shows that whilst that proposal may have reduced catastrophic cost, it would have largely benefited older people with high incomes and high savings.

Any social care charging reform that does not reduce the costs of social care for people with low to average means is not a system that the public can recognise as fair.

It is critical that the Government focuses its spending in a progressive way to ensure those with low to average means are still able to access state-funded care to live the fullest lives possible.

2. How the current social care charging system fails older people

Arbitrary dynamics

As new JRF analysis of modelled data outlines, the current charging system fails many groups of the older-age (65+) population. When you need social care, whether you own your home or are in a couple plays too significant a role in determining what state support you might qualify for. This is particularly the case in residential or nursing home settings, and in the case of the residential care costs for single (including widowed) homeowners, your income and savings matter less than these arbitrary factors in determining the level of payment you are liable for.

Costs fall differently on people with the same level of care needs depending on their household composition or homeownership status (Hancock et al., 2026) regardless of their means. There is a fundamental principle built into the system, that a partner remaining in their own home should not have any risk of losing that home to pay for their partner's residential care costs.

While this principle may seem reasonable, it means that couples can face different costs depending on whether high care needs arise after the partner has died, or while the partner is still alive and living at home.

High costs

For residential care, the average amount someone is liable to pay starts at £1,000 a week[1] and could be as high as £1,400.[2] Some of this differential in average fee is explained by the cross subsidy taken from self-funders to cover Local Authority (LA) funded users.

But JRF analysis demonstrates that the actual amount an individual is liable to pay for residential care, minus state contributions, is significant regardless of your income and wealth. The group that receives the most state contributions — low-income, couple, non-homeowners with low savings, will still contribute about £9,000 a year[3] on average in 'user charges' and these can rise as high as £15,000 a year,[4] depending on savings levels. 'User charges' are payments towards care that are required by the local authority and drawn from a person's pension and benefits income, up to the Personal Expenses Allowance, which protects income up to £31.80 a week.

Figure 1: Social care is not free. Even older people with low means and qualify for state support may pay £9,000 a year - almost 20% of their care cost.

Source: JRF analysis of Hancock et. al. (2026)

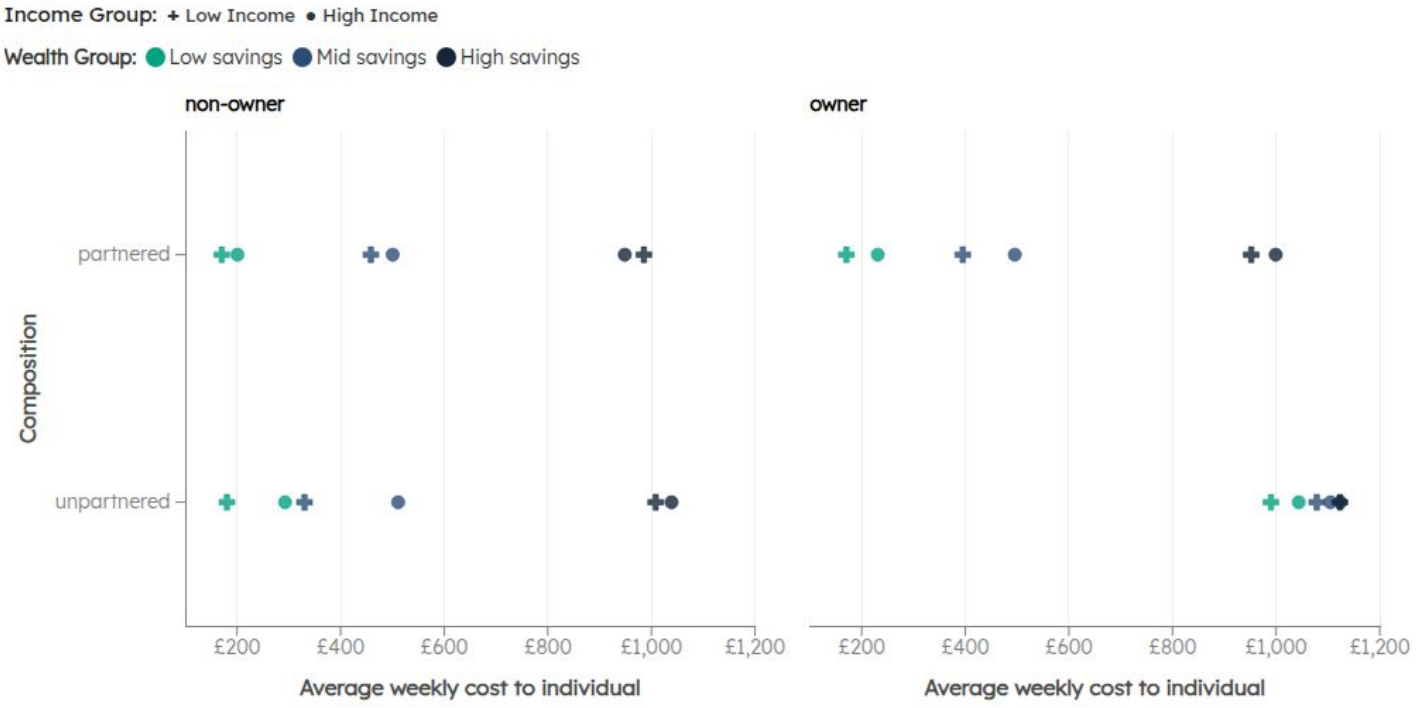
There is no free care in the current system[5] — individuals funded by local authorities to reside in care settings are charged for their care. This is contrary to the public's perception of social care (Bokhari and Jitendra, 2025). And whilst the state bears significant costs for people with low means, these charges remain substantial and represent almost 20% of the total cost of care for people receiving LA support.

Magnitude of care costs are determined by savings, not incomes

Income is almost irrelevant in determining residential care costs. JRF analysis makes clear that differences in income are not recognised in the current system, which sees

low-income and high-income individuals pay almost the same amount on average at each savings level.

Figure 2: Savings play a greater role in determining your care costs than income. But a single homeowner faces highest costs regardless of income and wealth



Source: JRF analysis of Hancock et. al. (2026)

Figure 2 shows that a low-income individual pays almost the same as a high-income individual at every savings level. Low-income individuals pay just £30–£200 less than the equivalent high-income counterpart, with the variations between amounts

accounted for by partner or homeownership status.

In contrast, an older person with low savings may pay around £700–800 less than the same person with high savings at either income level. This discrepancy highlights how the system fails to consider that in retirement, savings can be drawn down and therefore considered a form of income (Pensions UK, 2026) and should be equally as important as wealth in determining care costs.

And while both income and savings do nominally affect entitlements to help with care costs, the 'cliff-edges' at the lower and upper capital limits in the means test mean that savings are much more critical than income in determining the division of costs between the individual and the state.

Uneven treatment of housing wealth

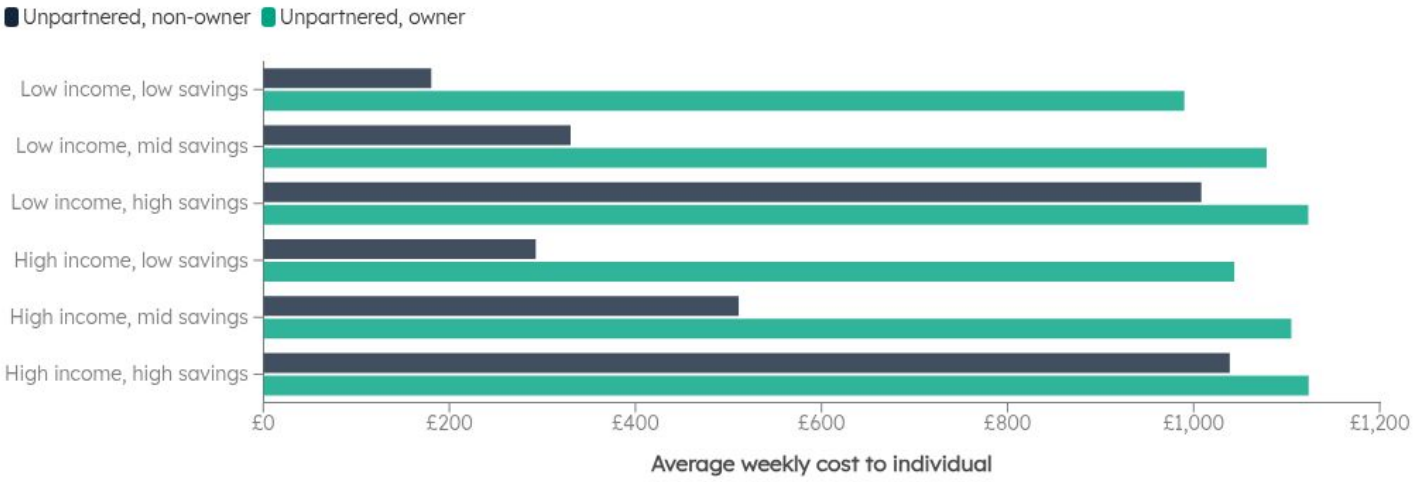
77% of older people in England are homeowners (Hancock et al., 2026). As is notable in Figure 1 and 2, unpartnered homeowners pay the same proportion and similar amounts for their care costs regardless of their income or savings levels — between £1,000–£1,100 on average per week. This is because for these individuals, housing wealth is included in the means test for residential care, resulting in unpartnered homeowners facing the highest costs for residential care.

There are some justifications for this treatment. If you require residential care, you no longer require a primary residence, and therefore that housing wealth can be drawn to fund your care needs. In couples where 1 person requires residential care, the other

still requires a home, so that housing wealth cannot be drawn down. But the uneven treatment of housing wealth creates a suboptimal situation for single homeowners, through perverse effects on care costs, as well as the state, with different state contributions depending on homeownership status.

Single homeowners with mid or high savings would benefit from lower average weekly care costs if they didn't own their home[6]. A single, low-income homeowner with mid savings faces higher average care costs (£1,080 per week) than the same person but who does not own their home, and has high savings (£1,000 per week). The state's contribution to these individuals care costs is 22% and 26% respectively.

Figure 3: Unpartnered homeowners face higher care costs no matter their means compared to unpartnered non-owners. This is because of their housing wealth.



Source: JRF analysis of Hancock et. al. (2026)

What's more, a system which targets the housing wealth of a part of the older population in single homeowners that is older still,[7] mostly women,[8] and likely widowed (ONS, 2023), but is selective on accessing that wealth for other groups can be classed as uneven at best, and cruel at worst. Any future means test must consider eliminating housing wealth entirely or capturing it more effectively. This is an important decision, not least because in the UK, many consider housing to be the primary retirement asset for financial security in old age. For the state, the benefits of including and accessing housing wealth may allow for more sustainable longer-term funding. These choices and trade-offs for the state are topics we will explore in our next report.

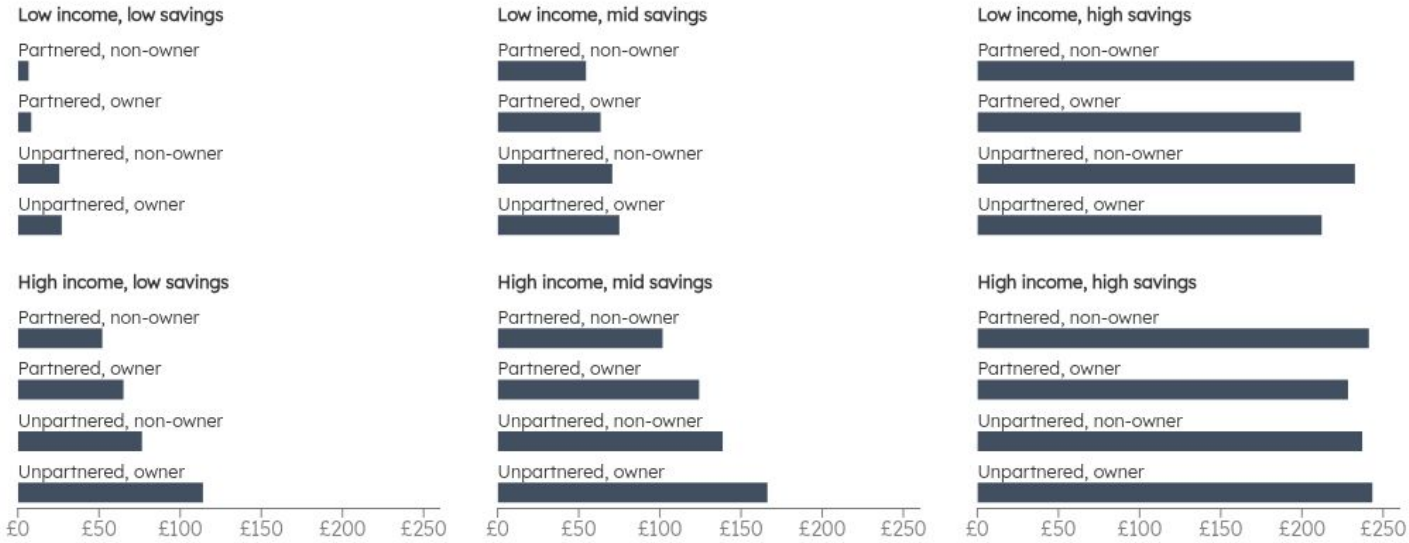
Community care — a more progressive model

Community care demonstrates a more progressive charging model as homeownership does not play such an outsized factor in determining care costs. The cost of care in community settings is also much better at responding to lower income across savings bands; someone with savings below the upper capital limit (UCL) and low income pays less than someone with savings below the UCL but with high income.

That said, your family composition remains a significant factor. A single low-income non-owner, with low savings will still pay almost 4 times as much as a partnered person requiring the same level of care (£27 and £7 a week respectively). The former will still pay £1,350 a year towards their care — almost 10% of annual income for some individuals, based purely on household composition. This may be explained by different characteristics of partnered and unpartnered individuals leading to higher care needs and support, but this effect does not play out at the highest savings levels, where your partnership status has no strong relationship to the amount you pay.

Figure 4: Community care is more responsive to both income and wealth, compared to residential care.

Average weekly cost to individual



Source: JRF analysis of Hancock et. al. (2026)

3. Caps on care costs do not deliver gains for many

In 2011, the Commission on Funding Care and Support Lifetime, chaired by Sir Andrew Dilnot, recommended a lifetime cap on care costs and an increasing of the capital limits in the system. These proposals were taken on and updated by the 2019 Conservative Government (DHSC, 2021).

CPEC analysis shows that these most recent proposals, compared to the current system, would have seen gains to heavy users of community care (who face high costs) and single low-income homeowners in care home settings (a reduction on weekly costs of £220 on average) (Hancock et al., 2026).

However, the extra £6.3 billion (Hancock et al., 2026) in state funding by 2043 required for the proposals would not have delivered gains across the income and wealth distribution. Making the means test less stringent by increasing the upper capital limit would have benefited the better-off facing the highest self-funder costs and done little for those facing high user charges.

Amongst heavy users of community care, the gains concentrate among richer, older people. (Hancock et al., 2026) A heavy user of community care who is a low-income non-owner with low savings would see average gains of £6--£30 a week, irrespective of family composition, but the equivalent individual with high savings sees gains of

£260--£275 a week.

Outside of unpartnered homeowners, care home residents with low savings would see gains of under £40 a week on average, and as low as £2 a week for a low-income couple non-owner with low savings. In the current system this is the group that faces user charges of £9,000.

The substantial gains for unpartnered homeowners in care homes (more than £200 a week on average) are ultimately only as high as this because they face higher costs due to their housing wealth being included in the means test. These reforms would not have fundamentally addressed the issue of housing wealth treatment in the system.

Notably too, care costs remain high, in large part because of daily living costs falling outside the lifetime cap, which make up a significant part of the cost of care.

Figure 5: The financial gains from the 2019-2024 Conservative Government reforms would have benefited older people with higher means.

The additional expenditure associated with these reforms could be targeted at making care costs more affordable for those with lower means.

Source: JRF analysis of Hancock et. al. (2026)

Tweaking the current system might shift the dial for the 1 in 7 social care users spending over £100,000, and go some way to solve catastrophic costs for this group. However, it would leave unaddressed the problems of unaffordable care for people on low to median means.

4. Conclusion

JRF's new analysis makes clear that England has a social care charging system where the whims of circumstance matter too much, income and savings are treated unevenly, and housing wealth treatment creates problems for individuals and the state alike.

Furthermore, the most recent proposed reforms would have seen higher state spending, but would have mainly benefited individuals with income and wealth above the respective medians.

Through the 'Big Conversation', the Casey Commission will seek a new social contract for care (Casey Commission, 2025). It is imperative that the truths of the current system are laid before the public, so that this conversation can scope out the acceptable parameters around a future charging system.

A reformed system, where people can have their significant care needs met, will require more money. But it is only right that if the state is to contribute more, the issues raised here of relationship circumstance and treatment of means are dealt with. A means test that is able to recognise where someone is in the income and wealth distribution will be a vital part of ensuring state funding is targeted to the economically insecure.

In the next phase of our work, we will assess alternative models for social care charging. These will span the spectrum of accessibility and contribution. We will work with CPEC to test these alternative models for the gains they deliver to older people across the income and wealth distribution.

A critical test for any alternative system will be whether it significantly reduces care costs for people with low to average means. At present, this group faces substantial user charges that do not reflect their ability to pay, even if these charges in effect cover daily living costs. It is important to debate the fairness of these costs. It will be important too that any alternative is connected to the realities of state funding, the care market and care workforce as they exist today. Various other factors, such as impact on unmet need, effect on unpaid carer rates as well as success mitigating catastrophic costs will also determine the favourability of any future system.

When the Casey Commission comes to make recommendations next year, it will be vital that these arguments are explored fully. At the very least, we know the status quo fails us all.

Method

Analysis in this report is based on modelling provided by CPEC. Any errors in the analysis are the author's own.

The modelling provides average care costs, based on 2023 prices, across a number of groups across income (low, high), savings (low, mid, high) homeownership (owner, non-owner), household composition (partnered / couple, unpartnered / single) and type of care (residential / community based-care).

Individual and state contribution classifications are JRF groupings based on CPEC's data and are provided to simplify the funding mix.

A fuller note on how the modelled data is generated is available in the publication by Hancock et al., 2026.

Table 1: Quartile points across the income and wealth distribution for older people (65+) in England

	25th percentile	Median	75th percentile
Weekly Income (After Housing Costs)	£230	£300	£400
Housing wealth	£153,400	£221,500	£331,900

	25th percentile	Median	75th percentile
Savings (as defined as non-housing wealth above £500)	£5,850	£26,950	£117,840

Source: CPEC

Notes

1. £52,000 a year, for a low income, single, non-owner with less than £23,250 savings.
2. £73,000 a year, for a high income, single, homeowner with £100,000+ savings.
3. £171 a week for a low-income, couple, non-owner with £23,250 savings.
4. £282 a week for a high income, single non-owner with less than £23,250 savings.
5. In practice, those fully funded by NHS continuing healthcare do receive free care but the eligible population for this scheme includes working-age people and totals approximately 50,000 – less than 1% of the older-age population (Hutchings et al., 2024). In community-based care, people with low incomes and low savings will receive free care, depending on their level of need.
6. In practice, selling your home to deliberately avoid care costs is considered deprivation of capital
7. JRF analysis of Family Resources Survey.
8. JRF analysis of Family Resources Survey.

Glossary of terms

Low income: Defined as quintile 1 and 2 in the income distribution, equates to less than £15,000 a year and £230 a week.

High income: Defined as quintile 3, 4 and 5 in the income distribution.

Low savings: Savings below the upper capital limit.

Mid savings: Savings between the upper capital limit and £103,000.

High savings: Savings above £103,000.

LCL: Lower capital limit, in the current system set at £14,250.

UCL: Upper capital limit, in the current system set at £23,250.

Older people: Individuals aged 65 and over.

Daily living costs: Everyday expenses of accommodation such as food, and energy that individuals must pay themselves. Sometimes referred to as hotel costs.

Means: Income, savings and housing wealth.

MIG: The Minimum Income Guarantee — a form of income protection for individuals using community care. Set at £184.30 per week and £241.45 per week for couples and single people respectively in the financial year 2026/27.

PEA: Personal Expenses Allowance, a form of income protection for individuals in residential care. Set at £31.80 a week in 2026/27.

State contribution: Contribution the state makes to care costs, which includes local authority payments, disability benefits and any NHS funded care.

Individual contribution: Contribution individual makes to care costs, which includes local authority user charges as well as self-funder fees.

Wealth: Savings and housing wealth, sometimes referred to as capital.

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