Debate Ammunition: Who should pay for social care?

Published: August 3, 2026, 6:04 am

THE RICHARD J MURPHY YOUTUBE CHANNEL

DEBATE AMMUNITION

Who Should Fund Social Care?

Funding the Future | July 2026

Topic

Andy Burnham says no one should have to sell their home to pay for social care. That sounds compassionate. But it is actually a policy that protects inherited wealth, increases intergenerational inequality, and shifts the cost of care onto younger and lower-income taxpayers. The real debate is about tax justice, and Burnham is avoiding it.

The video that this Debate Ammunition supports [is available here.](#)

The Core Argument

Andy Burnham's pledge to protect family homes from social care costs is not a neutral act of compassion. It is a deliberate choice to exempt one of the largest stores of wealth in British society from contributing to the cost of care, and to make up the shortfall required to recoup the expenditure from claims on general taxation paid disproportionately by younger people.

Social care must be funded. If homeowners do not contribute, the burden falls on the general tax base, and that tax base is weighted against the young. Younger workers already pay VAT on almost all they spend, national insurance on their wages when pensioners pay very little or none at all, income tax and student loan repayments. Older homeowners face lower burdens. Burnham's proposal asks the financially squeezed to subsidise many who are already asset-wealthy.

There is a fairer way: an investment income surcharge on rents, dividends, interest, and capital gains above £5,000 a year. This would raise around £18 billion annually, which is more than enough to recoup the additional required costs of social care, by asking those whose income flows from wealth, rather than work, to pay a rate equivalent to that already applied to earned income. That is tax justice. Burnham's proposal is not.

Key Statistics

Statistic	Figure	Source
Estimated annual yield of an investment income surcharge on unearned income above £5,000	~£18 billion	Richard Murphy, stated in video
Inheritance tax threshold where a family home is involved (combined nil-rate bands)	Up to £1 million	HMRC current rules
Capital gains tax rate on main residence disposal	0% (exempt)	HMRC current rules

National insurance rate on pension income for over-65s

0%

HMRC current rules

The Argument Structure

Step 1 — Burnham's proposal protects wealth, not people:

Saying no one should sell their home to fund social care is not a welfare measure; it is an asset protection measure. The home in question is not being lived in; the person is in a care home. The policy protects the inheritance of the children, not the wellbeing of the person receiving care.

Step 2 — The money has to come from somewhere:

Social care costs are real and must be funded. If capital is shielded, the cost shifts to the government, which will in turn make demands for general taxation to recoup the cost. That tax base is paid disproportionately in relation to income by younger people through VAT on consumption, national insurance on wages, and student loan repayments. Older wealth-holders do not have student loans, and do not pay national insurance on pensions or investment income.

Step 3 — The existing tax treatment of housing already distorts the economy:

Main residences are exempt from capital gains tax both during life and at death and enjoy generous inheritance tax thresholds. Economists across the political spectrum agree this has inflated house prices, locked younger generations out of ownership, and concentrated wealth among those already old enough to own property.

Step 4 — An investment income surcharge is the fair solution:

Unearned income from rents, dividends, interest, and capital gains is taxed at lower rates than earned income. A surcharge levied on investment income above £5,000 a year would level the playing field, raise around £18 billion annually, and recover the cost of spending on social care without increasing inequality. It targets those whose wealth means they benefit most from the public services social care supplements.

Their Argument → Your Rebuttal

They Say

Your Response

It is deeply unfair to force elderly people to sell the family home they have worked their whole lives for.

The person receiving care is no longer living in the house. It is not being used as a home; it is functioning as an asset. The real concern is preserving that asset for the children to inherit.

Britain already exempts houses from capital gains tax throughout life and on death and provides up to £1 million in inheritance tax relief when a property is involved. Homeowners have been exceptionally well treated by the tax system.

The question is not whether an elderly person should lose their home while alive, because nobody proposes that, but whether a largely untaxed asset should be fully shielded from contributing to the cost of care the state is providing.

Social care should be funded collectively, like the NHS. That is what a civilised society does.

Collective funding is exactly what this argument supports. But collective funding must come from a fair source.

Current arrangements ask younger workers who pay high rates of VAT, national insurance, and student loan repayments, to cross-subsidise older asset-holders whose homes and investment income face little or no equivalent charge.

An investment income surcharge would fund social care collectively and fairly, by asking those whose income comes from wealth to pay a rate comparable to what those whose income comes from work already pay.

A wealth tax or investment income surcharge would drive capital out of the country.

Rents, interest on UK savings, and dividends from UK companies cannot be relocated overseas. The income may sit in an offshore account but the underlying assets remain here.

The surcharge proposed is not a tax on the asset itself but on the income it generates above £5,000 a year. Very few people have more than £5,000 of investment income once pensions are excluded. This is a tax on the genuinely wealthy, not on ordinary savers.

Burnham's proposal is popular: the public does not want family homes taken for care costs.

Popularity is not the same as fairness, and politicians have a responsibility to lead this debate rather than flatter the prejudices of existing homeowners.

The same Daily Mail and Daily Telegraph readers who oppose selling homes for care costs include many younger people who cannot get on the housing ladder precisely because untaxed capital gains and inheritance tax exemptions have inflated prices beyond their reach.

A policy designed to appeal to older property owners at the expense of younger workers is not compassionate. It is a demographic calculation dressed up as principle.

The One-Liners

“Protecting an empty house for children to inherit is not social care policy; it is inheritance policy.”

“The tax system already treats homeowners exceptionally well; Burnham wants to make that privilege permanent.”

“Ask who pays if homeowners don't, and the answer is younger people who cannot afford to buy a home in the first place.”

“An investment income surcharge raises £18 billion a year and asks wealth to pay its fair share; that is the policy Burnham should be proposing.”

“Unearned income is already taxed at lower rates than earned income; social care is the perfect reason to close that gap.”

Questions to Ask

If the family home is sitting empty because the owner is in a care home, in what sense is protecting it from contributing to care costs a welfare measure rather than an inheritance measure?

Young people already pay some VAT, national insurance, and student loan repayments that older asset-holders do not. How is adding the cost of social care to their tax burden fair?

If an investment income surcharge on unearned income above £5,000 could raise £18 billion a year, why is that not the starting point for this debate?

House prices have been inflated by decades of capital gains tax exemption on main residences. How does extending that exemption to cover social care costs make the housing crisis better rather than worse?

Further Reading

Post	Date	What it covers
Andy Burnham's economics will not work	19 May 2026	Sets out why Burnham's overall economic prospectus fails to address the structural inequalities his proposals would entrench.
Can Andy Burnham deliver?	29 Jul 2026	The most recent assessment of Burnham's programme and whether its internal logic holds together on tax and spending.

[Fifty-two questions for Andy Burnham]

21 Jun 2026

A forensic set of questions on housing, social care, and tax that Burnham's prospectus leaves unanswered.

[The right way to tax wealth in 2026]

21 Dec 2025

Explains why an investment income surcharge is more effective and fairer than a conventional wealth tax for addressing the under-taxation of capital.

[Do we need a wealth tax?]

9 Jun 2025

Weighs the case for and against a formal wealth tax, concluding that taxing income from wealth achieves the same goal more efficiently.

[Capital gains tax on houses – again]

23 Apr 2024

The detailed case for charging capital gains tax on the final disposal of a main residence, with revenue estimates and the inheritance tax trade-off.