

Social care: A system in crisis

Briefing from the **UK Women's Budget Group** on the crisis in social care

Key points

- *Social care is widely recognised to be in crisis. Prior to the announcement in the Spring Budget 2017 of an additional £2bn over three years, the **social care funding gap was estimated to be between £2.8bn and £3.5bn by the end of this parliament.***
- *Women bear the brunt of the care crisis. The **majority of the care workforce, paid and unpaid, are women and the majority of those in need of care are women.***
- ***Local authorities have faced a reduction of £5bn in social care budgets** between 2010 and 2015, for which the recent 2% precept and additional £2bn in the 2017 Spring Budget do not compensate. Further, **funding social care through council tax or local business rates will deepen regional inequalities** as the local authorities with the greatest demand for services are those that are able to raise the least through local taxation.*
- *As a result of spending cuts since 2008-09, **the number of adults in receipt of these services has decreased by 33%** from 1.5m to 1m adults in 2013-14. It is estimated that **approximately 1.86m people over the age of 50 in England (1 in 10) have unmet care needs.***
- ***There are over 6.6m family members and friends providing unpaid care in the UK** and 58% are women. Reductions in formal care services puts a greater burden on unpaid carers. Between 2005 and 2014 the number of hours of unpaid care given increased by 25% from 6.5 to 8.1 billion hours a year.¹*
- *At a time when the demand for paid care services is increasing, **the supply of domiciliary and residential care is becoming more fragile.** Between 2010 and 2016 the number of care homes in England fell from 18,000 to 16,600.*
- *WBG calls on the government to redress the crisis in care by **establishing a National Care Service that provides care free at the point of delivery** and has equal standing to the NHS*

The social care sector is widely recognised to be in crisis as a result of successive governments failing to adequately fund, and plan for, rising care needs. This is bad news for the growing numbers of older people whose need remains unmet and for the 1.5m paid workers and over six million family members and friends who provide care. The lack of investment in social care has serious knock-on effects for hospital services. This is also a distinctly gendered issue. Not only are the majority of those providing care, whether paid or unpaid, women but also the majority of those in need of care are women.

After receiving not even a mention in the 2016 Autumn Statement, the Chancellor announced in the 2017 Spring Budget that an additional £2bn over three years would be allocated to funding social care. While this is a step in the right direction, given the historic neglect of social care and the continuing and deepening effects of cuts to spending on both local authorities and households, this is not sufficient to reverse the current crisis and stabilise the sector as a whole.

The Chancellor further announced in Spring 2017 that the government was to publish a Green Paper setting out its strategic approach to the sector this Autumn.

¹ Government Office for Science (2016) *Future of an ageing population* (<http://bit.ly/29pUZvd>)

This was put back a year following the public's negative reaction to what became known as 'the dementia tax': The Conservative Party's Manifesto proposal to fund both domiciliary and residential care from the assets above £100,000 of those using these services.

After two major reports³ containing proposals for putting the funding of social care on a firmer footing, neither of which have been implemented, it is vital that the Green Paper in 2018 proposes a fair, comprehensive and long-term solution that translates into action. We hope that any potential funding solution involving inheritance tax will not be labelled a 'death tax' and dismissed from the outset. A report from housing provider Anchor in July 2017 found that many people are unaware of the costs of care in later life and are not adequately planning for their future, under the assumption that the state will foot the bill.⁴

Underfunding and unmet needs

The crisis in social care has been developing over 20 years as the number of people surviving to 65 and their subsequent life expectancy, have increased. Since 2001, the number of people aged 85 and older has increased by 33%, and those aged 65 and over by 22%.⁵ There will be 2.9 million people with long term conditions in England by 2018, 1.9 million more than in 2008. They currently account for 70% of social and health care spending.

The number of women in employment has increased, meaning that it is more difficult for them to provide informal care to relatives. Older women are worst affected. Women aged 50-64 are the group most likely to be informal carers⁶ and between 20-30% of those who are carers, are providing care for at least 35 hours a week. John Cridland's report on raising state pension ages noted these women might find it

difficult to work right up to the higher state pension age: 'There is a sleeping tiger here'.⁷ So far the only new recommendation he made in recognition of the 'need to value their unpaid contribution to a decent society'⁸ is to entitle carers to a few days paid leave from their employment.

A total of 1.1 million women have managed to stay in paid employment as their pension age increased from 60 to 63 between April 2010 and March 2016, but for many, earnings did not make up for the loss of pension. Their household incomes fell, on average, by £32 a week. In 2020 both men's and women's pension age is due to rise to 66.⁹ In contrast, public finances have already benefited by a total of £5.8 billion/year.¹⁰

Pressures on local government

The Local Government Association (LGA) is "desperately hoping the Autumn Budget delivers short- and long-term support for one of our most vital services: adult social care ...(because)... it is no exaggeration to say that the circumstances are now veering steadily towards the impossible."¹¹

The Association calculates that English councils will face a funding gap of £5.8 billion by 2020 and £1 billion of this is attributable to adult social care. The pressures arising from demographic change, inflation and the countrywide introduction of the (welcome) National Minimum Wage in April 2017, will account for a total of £840 million out of the additional £2 billion announced in the Spring budget.¹² These pressures are not distributed evenly across councils; across England 43% of care workers prior to April 2017 were earning less than the minimum wage but in some areas the proportion was over three-quarters.¹³

Councils face further pressures resulting from the more recent decision not only to pay carers for 'sleep-ins' but also to give them six years back pay. Neither

³ The King's Fund (2006) *Securing Good Care for Older People* (<http://bit.ly/2nrJ1Ln>) and Commission on Funding of Care and Support (2011) *Fairer Care Funding* (<http://bit.ly/2nrGd0M>)

⁴ Anchor (2017) *Anchor reveals Brits are confused and worried over social costs and funding* (<http://bit.ly/2AKwHs1>)

⁵ Care Quality Commission (2016) *The State of Health Care and Adult Social Care in England 2015/16* (p.42, Figure 1.16.)

⁶ Carers UK (2015) *Facts about carers* (<http://bit.ly/2iX0AOz>) (p.3)

⁷ John Cridland (July 2017) *Independent Review of the State Pension Age* (<http://bit.ly/2hBnjDe>) (p.64)

⁸ Ibid. (p.65)

⁹ Institute for Fiscal Studies (2017) *Living standards, poverty and inequality in the UK: 2017* (<http://bit.ly/2tFbBHU>)

¹⁰ Ibid.

¹¹ Local Government Association (October 2017) *Adult Social Care Funding. State of the Nation 2017* (Foreword)

¹² Ibid. (p.23)

¹³ Figures from Skills for Care (2017)

councils nor many in the provider market, let alone the 500,000 people employing personal assistants from their direct payments, are in a position to meet these costs.¹⁴ The additional £2 billion for social care in the Spring Budget 2017 was announced *before* the decision about sleep-in costs was made. The government therefore cannot expect local government to meet these back-pay costs which on average per council (based on an ADSS survey of 67 councils) come to nearly £1.8 million without further increasing the fragility of social care services. The government should meet the cost of the back pay which care workers deserve and need without further delay.

Overall, the increased dependence on council taxes and retention of business rates to fund social care services disadvantages poorer local authorities and their residents unless there is also a system of ring-fenced funds for social care taking account of greater local needs. Unless this happens councils will have to continue to ration social care funds more and more tightly, focussing on those with severe needs to the detriment of services such as day centres and lunch clubs. These act as preventative services reducing and delaying the need for more expensive residential and hospital care as well as giving respite to carers. Even more serious are the deep cuts to funding LAs have had to make to things like libraries, leisure, and bus services. 'This is clearly a false economy given these universal neighbourhood services are preventative in the widest sense and contribute to wellbeing.'¹⁵

Unless a different, long-term settlement is made for social care funding, it will be severely impacted by the government's regressive plans to make local authorities 'self-sufficient' and more dependent on their own business rates (see section on Local authority funding). This is a dangerous policy: local authorities with lower receipts from business rates are likely to be those with the poorest populations and the highest social care demands. This may result in the poorest localities having to charge a higher rate of Council Tax to fund social care, even though their residents can least afford this. The government's 'Self-sufficient local government' consultation includes

suggestions to fund the public health grant and attendance allowance from business rates, implies that this outcome was intentional.¹⁶

Care Homes and the Social Care Market

The social care market is very fragmented and varied. The five largest residential care providers account for a fifth of all residential care places, but other providers are very small. Altogether there are 19,300 organisations providing adult social care. In the past year an ADSS survey of 105 councils showed that over half of councils had found it difficult or very difficult to get a place in a nursing home, a fifth to get a place in a residential home and 46% to get homecare. Nearly two-thirds had experienced provider closure and 90% had quality concerns. On average the lives of 376 people in each LA area had been affected by quality issues or change of service due to contract hand backs or providers ceasing to trade. This affects paid and unpaid carers as well as those needing the service—in other words disproportionately women.

Currently one of the largest care home provider, Four Seasons, is attempting to re-finance its debts which had reached £565 million by the end of 2016. Eighty-five per cent of the residents in their 370 homes are funded by local authorities. Should any of these homes close as a result of restructuring it is local authorities who have a duty of care and will have to find places for them.

Local authority funding and expenditure on care

The Budget in 2016 allowed councils to raise council tax by a 2% precept to fund adult social care, a regressive measure that benefits those who live in wealthier councils areas. Almost all local authorities opted to introduce the precept but the extra £380m is failing to cover the shortfall in funding for social care services especially in the poorest areas with the greatest need.¹⁷ Analysis of data from 326 local authorities shows that councils with the highest concentration of older people and unpaid carers will be the ones that bring in the least amount of money from this mechanism. In East Lindsey, where 30% of people are aged over 65, the 2% increase in council

¹⁴ Local Government Association (October 2017) *Adult Social Care Funding. State of the Nation 2017* (p.14)

¹⁵ ADSS (October 2017) *Autumn Short Survey of Directors of Adult Social Services* (<http://bit.ly/2mvr4vL>) (p.2)

¹⁶ Communities and Local Government Select Committee (March 2017) *Adult Social Care* (<http://bit.ly/2jsjaCa>) (p.1)

¹⁷ ADASS (2016) *Council Tax Precept Fails to Close Adult Social Care Funding Gap* (<http://bit.ly/2mSQcL4>) (p.5)

tax will raise just £30 per older person per year. This can be compared with Richmond Upon Thames where just 15% fall into the over 65 age range and the 2% increase would bring in an additional £95 per older person per year.¹⁸

User charges and patient payments are considered the most regressive forms of financing health and care as they affect the poorest in society the most. In 2013-14, local authorities earned £2.6bn from sales, fees and charges in adult social care, accounting for 15% of gross social care expenditure.¹⁹

Many councils had to cover the funding gap from reserves. In 2016, 94 councils overspent by £168m.²⁰ In these circumstances it is not surprising that only 2% of directors of social services are confident that they will meet their statutory duties in 2019-20.²¹

Local authority expenditure on adult social care has decreased in real terms from £18.5bn in 2010 to £17.5bn in 2014. These figures would be lower but for the transfer of NHS funds to LAs in April 2009 for the funding and commissioning of care of adults with learning disabilities,²² which resulted in a 27% increase in expenditure for adults with learning disability, up from £4.2bn in 2008-09 to £5.3bn in 2013-14. Over the same period, spending on older people, adults with physical disabilities and mental health needs, and other adult services decreased by 13% from £13.6bn in to £11.9bn.

Unmet care needs

As a result of these cuts since 2008-09, the number of adults in receipt of these services has decreased by 33% from 1.5m to 1m adults in 2013-14, with the

largest decrease for those in receipt of meals (85%) and day care services (51%). Reductions in funding and services have been accompanied by a tightening of eligibility criteria. Whereas 35% of councils funded moderate care needs in 2005-6, only 10.5% did in 2013-14.²³ It is estimated that approximately 1.86m people over the age of 50 in England (1 in 10) have unmet care needs, and the continued lack of budgetary attention on services for the elderly will lead to these levels rising.²⁴

Among older people, 26% fewer are now getting help.²⁵ This means more than a million people who have difficulties with daily living such as getting out of bed, washing and dressing, now receive no formal or informal help at all. The numbers accessing care services have fallen by half a million since 2008-9 yet the population continues to age with the number of over 80s rising by 800,000 in the past decade.²⁶

The majority of them are women because although men's life expectancy has increased in recent years it is still lower than women's. Older men are now just as likely as older women to be caring for a spouse, but are less likely to be widowed. Of those aged over 75 years old and living alone, 72% are women.²⁷

Investing in the care workforce

Women make up the vast majority of the social care workforce, with 86% of care workers, home carers and senior care workers being women.²⁸ The Communities and Local Government select committee reported 'severe challenges in the social care workforce', citing 'low pay not reflecting the amount or importance of the work involved, low status, poor terms and conditions, and lack of training

¹⁸ Franklin, B. (2015) *The end of formal adult social care: A provocation by the ILC-UK*, Report for Centre for Later Life Funding (<http://bit.ly/1ozov7t>)

¹⁹ NHS (2015) *Personal Social Services: Expenditure and Unit Costs England 2014-15, Final release* (<http://bit.ly/2n38E40>) (p.15)

²⁰ ADASS (2016) *Council Tax Precept Fails to Close Adult Social Care Funding Gap* (<http://bit.ly/2mSQcL4>)

²¹ The King's Fund (2016) *Social care for older people: Home truths* (<http://bit.ly/2mxED9y>)

²² Department of Health (2008) *Valuing People Now: Transfer of the responsibility for the commissioning of social care for adults with a learning disability from the NHS to local government and transfer of the appropriate funding* (<http://bit.ly/2ijoeVV>)

²³ Age UK (2014) *Care in Crisis 2014* (<http://bit.ly/2mMSMAE>)

²⁴ Franklin, B. (2015) *The end of formal adult social care: A provocation by the ILC-UK*, Report for Centre for Later Life Funding (<http://bit.ly/1ozov7t>)

²⁵ The King's Fund (2016) *Social care for older people: Home truths* (<http://bit.ly/2mxED9y>) (p.75)

²⁶ Franklin, B. (2015) *The end of formal adult social care: A provocation by the ILC-UK*, Report for Centre for Later Life Funding (<http://bit.ly/1ozov7t>)

²⁷ Office of National Statistics (2015) *Life Expectancy at Birth and at Age 65 by Local Areas in England and Wales: 2012 to 2014* (<http://bit.ly/2my29mD>) (Figure 6)

²⁸ ONS (2016) *Employment by occupation, April – June 2016* (<http://bit.ly/2vOQUdT>)

opportunities and career progression²⁹ as the roots of the problem. The State of Care report estimated that the care sector is made up of 1.55 million jobs for 1.44 million people in the UK.³⁰ Despite the size of the sector the workforce is affected by high turnover, a lack of skilled individuals and limited levels of professionalisation in care work. If health and social care services are to be better integrated the government will have to do a great deal more than 'explore options to align and integrate the two workforces'.³¹

The effect of the Brexit vote on the social care workforce remains to be seen, but significant planning in the sector will be needed if EU workers lose their right to live and work in the UK. Six percent of care workers (60,000) are European Economic Area Migrants.³² A greater number of social care workers (191,000) are immigrants from outside the EU³³ and this flow of labour into care jobs may also be under threat, with government plans to review non-EU immigration. London, the south-east and south-west are more dependent on migrant labour than the rest of England. The nursing home sector already has difficulty recruiting nurses since the required earnings threshold was raised for non-EEA migrants in 2012. IPPR estimated in February 2017 that the UK will need to recruit and train as many as 1.6 million workers for basic skilled jobs in the social care sector by 2022 to combat poor retention and increased demand.³⁴

Around a quarter of the care workforce as a whole (24%) were on zero-hour contracts (325,000 jobs) in 2016-2017.³⁵ This figure was 49% for domiciliary care workers, and 34% for registered nurses. State of Care found that retention is a challenge with staff turnover estimated at 27.8%, with 350,000 workers leaving jobs over the year 2016-2017 and 90,000 positions in the care sector estimated to be vacant.³⁶

If the sector is to become more attractive to UK workers, it will have to dedicate substantial and long-

term investment to improve the poor pay and conditions that currently lead to low levels of staff recruitment and retention and 'strengthen opportunities for development and progression'.³⁷

The quality of care has been subject of media scrutiny this year, with a series of 'poor care scandals' hitting the headlines. Developing the skills of those working in the sector will improve services, but who will pay for this? In calculating fees to providers 70% of local authorities make no provision for the costs of training. The Care Quality Commission imposing minimum training standards would be a step towards professionalising the sector and ensuring better staff quality. The State of Care report found that just 28% of the total adult social care workforce was working towards their 'Care Certificate' which is designed to train workers in basic standards of care in their day-to-day work, and 72% had not started working towards the qualification. Among domiciliary care workers a third have had no training in dementia care and a quarter no training in the administration of medication.

The Women's Budget Group has long advocated for increased investment in developing the skills and career paths which care workers need, not only so social care becomes an attractive occupation, but also to improve the quality of care provided. Analysis by the Women's Budget Group has shown that investing public funds in childcare and eldercare services is more effective in reducing public deficits and debt than austerity policies and would create more jobs than the equivalent investment in construction.³⁸ Such investment is vitally needed as the social care workforce will need to grow by 275,000 by 2025 to keep pace with demographic trends.³⁹ If people whose needs the current system is failing to meet are to be reached and quality care is to be provided for all,

²⁹ Communities and Local Government Select Committee (March 2017) *Adult social care* (<http://bit.ly/2jsjaCa>)

³⁰ Skills for Care (September 2017) *The state of the adult social care sector and workforce in England* (<http://bit.ly/2AI2VEf>)

³¹ Department for Communities and Local Government (2017) *Adult social care: government response to the Select Committee report* (<http://bit.ly/2hAXK5b>) (para.73)

³² IPPR (February 2017) *Care in a Post-Brexit Climate* (<http://bit.ly/2zERuAA>)

³³ Ibid.

³⁴ Ibid.

³⁵ Skills for Care (2017) *Adult Social Care Workforce Estimates: Employment Overview*

³⁶ Ibid. (p.5)

³⁷ Ibid.

³⁸ Women's Budget Group (2016) *Investing 2% of GDP in care industries could create 1.5 million jobs* (<http://bit.ly/2lRoZZm>)

³⁹ Skills for Care (September 2017) *The state of the adult social care sector and workforce in England* (<http://bit.ly/2AI2VEf>)

many more care workers are needed now, and more still in the future.

Unpaid carers

There are over 6.6m family members and friends providing unpaid care in the UK⁴⁰ and 58% are women.⁴¹ In the next 12 months, 2.1m people will become carers and 1.6m people will be caring for more than 50 hours a week.⁴²

Reductions in formal care services puts a greater burden on unpaid carers and threatens to undo some of the progress made in raising female employment rates in the past 20 years, particularly among older women; in the 50-64 age range nearly 1 in 4 women are carers.⁴³

The Care Act 2014 stipulates the duty of local authorities to assess carers' needs for support, but the Carers UK 2016 State of Caring Survey found that less than half of the 6,000 participating carers had been assessed or offered assessment and 39% waited more than six months to be assessed.⁴⁴ NICE guidance on hospital discharge states the need for coordinated discharge with involvement from carers.⁴⁵ The same survey found that 57% of carers felt that they had no choice about caring for the person leaving hospital.⁴⁶ The increase to the national minimum wage will also affect some carers' eligibility for the carers' allowance, by raising their earnings over the eligibility threshold unless they reduce their working hours; 78% of claimants are women.⁴⁷ A carer's ability to care depends not only on their time but also on their proximity to those needing care and women are more likely to be providing care to someone who lives outside their household. Current housing policies, which are breaking up communities, together with more precarious jobs with unpredictable hours, make it harder for families to provide care, as do cuts in local bus services. Ending free bus passes for pensioners would exacerbate the problems of carers –

mainly women looking after someone living in another household.

Recommendations

The Women's Budget Group is calling for a new settlement for social care that provides a stable, sustainable funding base to ensure that rising care needs are met now and into the future. We call for the establishment of a National Care Service that provides care free at the point of delivery and has equal standing to the NHS and is funded from general taxation at the national level to avoid the entrenchment of regional inequalities.

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WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions. See www.wbg.org.uk

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⁴⁰ Carers UK (2016) *Carers UK submission to Autumn Statement* (<http://bit.ly/2nrFnAO>) (p.2)

⁴¹ Census 2011

⁴² Carers UK (2016) *Carers UK submission to Autumn Statement* (<http://bit.ly/2nrFnAO>) (p.2)

⁴³ Communities and Local Government Select Committee (2017) Oral Evidence: Adult Social Care, HC47, Q345

⁴⁴ Carers UK (2016) *State of Caring 2016* (<http://bit.ly/1XdLuXf>)

⁴⁵ NICE (2015) *Transition between inpatient hospital settings and community or care home settings for adults with social care needs* (<http://bit.ly/2nJahkr>)

⁴⁶ Carers UK (2016) *Carers UK submission to Autumn Statement* (<http://bit.ly/2nrFnAO>)

⁴⁷ Census 2011