

## 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. Women bear the brunt of the care crisis. The **majority of those in need of care and the majority of the care workforce, paid and unpaid, are women.**
- **As a result of reductions in the allocation from central government, local authority social care budgets have fallen by £5bn** between 2010 and 2015, for which the recent 2% precept and additional £2bn in the 2017 Spring Budget do not compensate. Further, plans to **fund social care increasingly through council tax and 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 numbers in receipt of social care 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% of these are women. Reductions in formal care services put a greater burden on unpaid carers and threaten to undo some of the progress made in raising female employment rates in the past 20 years.
- WBG calls on the government to redress the crisis in care by **establishing a National Care Service, funded from general taxation, 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 provide adequate funding to meet rising care needs. This is bad news for the growing numbers of older people whose need for these services 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. But this, crucially, is also a distinctly gendered issue. Not only are the majority of those in need of care women but so too are the majority of those providing care, whether paid or unpaid.

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 household budgets, this is not sufficient to resolve the current crisis and stabilise the sector as a whole.

The Chancellor further announced that the government is to publish a Green Paper on social care in the autumn of 2017 to set out its strategic approach to the sector. After two major reports (Wanless, 2006 and Dilnot, 2011)<sup>1</sup> 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 proposes a fair and comprehensive solution that is translated into action. We note with dismay that he has already ruled out, using emotive language around “death

<sup>1</sup> Wanless 2006: <http://bit.ly/2nrJ1Ln> and Dilnot 2011: <http://bit.ly/2nrGd0M>

taxes”, one potential funding solution that would also help improve social mobility.

### **Underfunding and unmet needs**

The crisis in social care has predictably 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 has increased by 22%.<sup>2</sup> Alongside this, the number of women in employment has increased, meaning that it is more difficult for them to provide informal care to relatives.

In 2011 the Dilnot Commission published *Fairer Funding for All*,<sup>3</sup> which called for sustainable funding of social care. However the Dilnot proposals, which would help limit how much some people have to spend on their own care, won't be implemented until at least 2020. Meanwhile, as a result of reductions in the allocation from central government, local authority social care budgets have fallen by £5bn between 2010 and 2015, for which the recent 2% precept and additional £2bn in the 2017 Spring Budget do not compensate.<sup>4</sup> Despite an aging population, funding for social care is set to fall back to less than 1% of GDP by the end of this parliament leaving thousands more elderly and disabled people without access to services.<sup>5</sup>

There are a range of estimates for the size of the funding gap in the social care sector, with variation depending on calculation method (for example, whether an allowance is made for extending social care to address unmet needs).<sup>6</sup> Even in the most conservative estimates that use 2015/16 as a baseline, when we know the system was already in crisis, the additional funding announced in the Spring Budget 2017 is insufficient to keep up with rising costs and demand.

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<sup>2</sup> Care Quality Commission *The State of Health Care and Adult Social Care in England 2015/16*, p 42, Figure 1.16.

<sup>3</sup> Commission on Funding of Care and Support 2011 (<http://bit.ly/2nrGd0M>)

<sup>4</sup> Local Government Association (2016) *Adult Social Care funding: 2016 State of the Nation Report* (<http://bit.ly/2fcW7VO>)

<sup>5</sup> Nuffield Trust/Health Foundation/Kings Fund 2016 (<http://bit.ly/2fOIKiz>)

### **Funding of social care**

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. Furthermore, there is a danger that using business rates to pay for social care may mean that those paying business rates attempt to influence social care spending. That the government's “Self-sufficient local government” consultation includes suggestions to fund the public health grant and attendance allowance from business rates, suggests that this outcome was intentional.<sup>7</sup>

### **Local authority expenditure on care**

Budget 2016 allowed councils to raise council tax by a 2% precept to fund adult social care,<sup>26</sup> another regressive measure that benefits those who live in wealthier council areas.<sup>27</sup> 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.<sup>8</sup> 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. Franklin (2015) shows that in East Lindsey where 30% of people are aged over 65, the 2% increase in council tax will raise just £30 per older person per year. He compares this with Richmond Upon Thames where just 15% fall into the

<sup>6</sup> Roberts, A. (2017) “How big is the social care funding gap?” *Public Finance* (<http://bit.ly/2m15WNm>)

<sup>7</sup> Self-sufficient local government: 100% Business Rates Retention Consultation Document. In: Government DfCaL, ed., 2016.

<sup>8</sup> ADASS 2016: Council Tax Precept Fails to Close Adult Social Care Funding Gap, p5 (<http://bit.ly/2mSQcL4>)

over 65 age range and the 2% increase would bring in an additional £95 per older person per year.<sup>9</sup>

User charges and patient payments are the most regressive ways of financing health and care as they constitute a larger share of a lower income. 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.<sup>10</sup>

Many councils had to cover the funding gap from reserves. In 2016, 94 councils overspent by £168m.<sup>11</sup> In these circumstances it is not surprising that only 2% of directors of social services are confident that they will be able to meet their statutory duties in 2019-20.<sup>12</sup>

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 local authorities in April 2009 for the funding and commissioning of care of adults with learning disabilities,<sup>13</sup> 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 care 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.<sup>14</sup> 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 adequate spending on services for the elderly will lead to these levels rising.<sup>15</sup>

Among older people, 26% fewer are now getting assistance.<sup>16</sup> 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.<sup>17</sup>

The majority of them are women because although men's life expectancy has increased in recent years it is still lower than women's. Of those aged over 75 years old and living alone, 72% are women.<sup>18</sup>

### 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.<sup>19</sup> 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.<sup>20</sup> Such investment is vitally needed as the social care workforce will need to grow by 275,000 by 2025 to

<sup>9</sup> 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>)

<sup>10</sup> Personal Social Services: Expenditure and Unit Costs England 2014-15, Final release, p 15 (<http://bit.ly/2n38E40>)

<sup>11</sup> ADASS 2016: Council Tax Precept Fails to Close Adult Social Care Funding Gap (<http://bit.ly/2mSQcL4>)

<sup>12</sup> The Kings Fund 2016 - Social care for older people: Home truths (<http://bit.ly/2mxED9y>)

<sup>13</sup> 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. In: Health Do, ed., 2008

<sup>14</sup> Age UK Care in Crisis 2014 (<http://bit.ly/2mMSMAE>)

<sup>15</sup> Franklin, B. (2015) *ibid.* (<http://bit.ly/1ozov7t>)

<sup>16</sup> The Kings Fund 2016 - Social care for older people: Home truths (<http://bit.ly/2mxED9y>), p75

<sup>17</sup> Franklin, B. (2015) *ibid.* (<http://bit.ly/1ozov7t>)

<sup>18</sup> Office of National Statistics 2015 – *Life Expectancy at Birth and at Age 65 by Local Areas in England and Wales: 2012 to 2014*, Figure 6 (<http://bit.ly/2my29mD>)

<sup>19</sup> Office of National Statistics, *Employment by occupation*, April – June 2016

<sup>20</sup> WBG briefing (2016) <http://bit.ly/2lRoZZm>

keep pace with demographic trends.<sup>21</sup> If people whose needs the current system is failing to meet are to be reached and high quality care is to be provided for all, many more care workers are needed now, and more still in the future.

The social care market, especially the private sector, is heavily dependent upon migrant workers. Latest figures show 266,000 care workers were born outside the UK. That is nearly one in five across the country and three in five in London. Of these 28% were born within the EU.<sup>22</sup> Brexit means the government will be committed to *cutting* migrant numbers - especially those deemed 'unskilled'. The removal of 'senior care workers' from the skill shortage list in 2012 reduced the number of non-EEA migrants entering the UK and exacerbated recruitment problems especially in the residential and nursing home sectors. Overall turnover and vacancy rates have increased in the past 10 years by a third to 24% from 18% and to 5% from 3.5% respectively.<sup>23</sup> Two thirds of care workers born in the EEA work full-time compared with half of those born in Britain. Another very strong argument for investing in social care work is to make it an attractive career to British born women and men, among others.

### Unpaid carers

There are over 6.6m family members and friends providing unpaid care in the UK<sup>24</sup> and 58% are women.<sup>25</sup> 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.<sup>26</sup>

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 have a role in caring.<sup>27</sup>

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.<sup>28</sup> NICE guidance on hospital discharge states the need for coordinated discharge with involvement from carers.<sup>29</sup> The same survey found that 57% of carers felt that they had no choice about caring for the person leaving hospital.<sup>30</sup>

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.

78% of those in receipt of carers' allowance are women<sup>31</sup>. However, eligibility for it depends on an earnings threshold that has not kept up with increases in the national minimum wage. As a result, carers who are managing to combine caring with employment may find themselves losing out financially unless they reduce their working hours.

### 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 to avoid the entrenchment of regional inequalities.

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<sup>21</sup> Skills for Care, The state of the adult social care sector and workforce in England, September 2016 (<http://bit.ly/2n34Tf1>)

<sup>22</sup> The Kings Fund 2016 - Social care for older people: Home truths (<http://bit.ly/2mxED9y>), p24.

<sup>23</sup> ILC, 2016, *Brexit and the future of migrants in the social care workforce*, p9 (<http://bit.ly/2cQzGoF>)

<sup>24</sup> Carers UK 2016: Carers UK submission to Autumn Statement 2016, p2 (<http://bit.ly/2nrFnAO>)

<sup>25</sup> Census 2011

<sup>26</sup> *ibid*

<sup>27</sup> Franklin, B. (2015) *ibid*. (<http://bit.ly/1ozov7t>)

<sup>28</sup> Carers UK 2016: State of Caring 2016 (<http://bit.ly/1XdIuXf>)

<sup>29</sup> NICE 2015 Transition between inpatient hospital settings and community or care home settings for adults with social care needs (<http://bit.ly/2nJahkr>)

<sup>30</sup> Carers UK 2016: Carers UK submission to Autumn Statement 2016 (<http://bit.ly/2nrFnAO>)

<sup>31</sup> Census 2011

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