
Social Care: A system in crisis

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

November 2018

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Key points

- **Social care is widely recognised to be in crisis.** It is estimated that £1.5bn will be needed in 2020/21 and £6.1bn by 2030/31 just to return to the totally inadequate spending levels of 2015/2016. Just to meet the levels of 2009/10, when social care was already widely seen as underfunded, spending this year would have had to increase from £17.9bn to £24.3bn, **a rise of 36%.**
- 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 £6bn in social care budgets** between 2010 and 2017, for which the 2-3% 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 1.2m people aged 65 and over in England (1 in 8) have unmet care needs, an increase of 48% since 2010.**
- The paid care sector is facing a **recruitment and retention crisis** due to poor pay and working conditions that Brexit can only worsen. **1.6 million more social care workers will need to be recruited and trained by 2022.**
- There are **over 7m 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.
- 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. In the six months to May 2018, 66% of councils had domiciliary or residential care providers close or cease trading or had contracts given back.
- 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 needs remain unmet and for the 1.5m paid workers and over seven 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 women the majority of those providing care, whether paid or unpaid, they are also the majority of those in need of care.

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. A further £650m was committed in the 2018 Autumn Budget announcement. 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 funding gap for social care is estimated to be £1.5bn in 2019/20.

The Chancellor further announced in Spring 2017 that the government was to publish a Green Paper setting

out its strategic approach to the sector the following Autumn. 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 (including their home) above £100,000 of those using these services.

After two major reports and an almost decade-old Green Paper¹ all containing proposals for putting the funding of social care on a firmer footing, none of which have been implemented, it is vital that the 2018 Green Paper proposes a fair, comprehensive and long-term solution that translates into action. The urgency of ensuring that any new funding system is well publicised and transparent was underlined by a report from housing provider Anchor in July 2017 that found that many people, unaware of the costs of care in later life, were not adequately planning for their future, under the assumption that the state will foot the bill.²

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%.³ 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.

In 2016 in England 28% of people aged 65 and over said they needed help with activities of daily living in the last month but less than half (12%) of them received any help.⁴ Age UK reported in 2017 that nearly 1.2 million people (1,183,900) aged 65+ are living with unmet care needs around daily activities. This translates to 17.9% increase in 2016 or 48% more

people with unmet needs since 2010. Nearly 1 in 8 older people now live with some level of unmet need.⁵

Among older people, 26% fewer are now getting help.⁶ 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 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.⁷

Local authority funding and expenditure on care

Since 2010 Local Authorities had their income from central government cut by 49%, and their expenditure on adult social care fell by 9.9% by 2016/2017.

Some estimates of the social care 'funding gap' calculate the amount needed to maintain provision at the 2015 level (£1.5bn in 2020/21 and £6.1bn by 2030/31). But in 2015, provision was totally inadequate. Even just to return to the higher levels of provision in 2009/10, when social care was already widely seen as underfunded, spending in 2017/8 would have had to increase from £17.9bn to £24.3bn, a rise of 36%. To get to this level of provision in 2021/22 would require spending to rise to £27bn, and to £38.7bn by 2030/31, in today's prices, a funding gap of £8bn and £15bn respectively.⁸

The 2016 Budget allowed councils to raise council tax by up to a 2% precept to fund adult social care. Almost all local authorities opted to introduce the precept but the extra total of £380m failed to cover the shortfall in funding for social care services especially in the poorest areas with the greatest

¹ The King's Fund (2006) *Securing Good Care for Older People* (<http://bit.ly/2nrJ1Ln>), HM Government (2009) *Shaping the future of care together* Cm 7673 (<https://bit.ly/2q1DQRe>) and Commission on Funding of Care and Support (2011) *Fairer Care Funding* (<http://bit.ly/2nrGdOM>)

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

³ Care Quality Commission (2016) *The State of Health Care and Adult Social Care in England 2015/16* (<https://bit.ly/2q0RWtd>) (p.42, Figure 1.16.)

⁴ National Audit Office (2018) op.cit. p. 21

⁵ Age UK (2017) Briefing: Health and Care of Older People in England 2017 p.4

⁶ The King's Fund (2016) *Social care for older people: Home truths* (<http://bit.ly/2mxED9y>) (p.75)

⁷ 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)

⁸ Watt, T. Varrow, M. Roberts, A. and Charlesworth., A. (2018) Social care funding options: How much and where from? <https://bit.ly/2EtdNwn>

need.⁹ Analysis of data from 326 local authorities shows that the precept raises the least in those councils with the highest concentration of older people and unpaid carers. In East Lindsey, where 30% of people are aged over 65, the 2% increase in council tax raises just £30 per older person per year. However, in Richmond upon Thames where just 15% fall into the over 65 age range, 2% raises an additional £95 per older person per year.¹⁰

An additional £2 billion of central government funding was announced in the 2017 Spring budget. But of that £840 million was already accounted for by the pressures arising from demographic change, inflation and the countrywide introduction of the (welcome) National Living Wage in April 2017.¹¹ These pressures were distributed unevenly 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.¹²

The government's regressive plans to make local authorities 'self-sufficient' and more dependent on their own business rates will also impact unevenly across local authorities. Those with the lowest receipts from business rates are likely to have 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, even though their residents can least afford this.¹³

Unless there is a system of ring-fenced funds for social care taking account of greater local needs, councils will have to continue to ration funding more and more tightly, focussing on those with substantial 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.

User charges and patient payments are the most

regressive forms of financing health and care. In 2016/17, local authorities earned £2.7bn from fees and charges in adult social care, accounting for 10% of gross social care expenditure. Self-funders, without LA involvement bought care estimated at £10.9 bn.¹⁴

Many councils had to cover the funding gap from reserves. In 2016, 94 councils overspent by £168m.¹⁵ 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 2019/20.¹⁶ 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.*'¹⁷

Additional pressures on local government

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 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.¹⁸ The additional £2 billion for social care in the 2017 Budget was announced *before* the decision about sleep-in costs was made. The government nevertheless expects local government to meet these back-pay costs which on average per council come to nearly £1.8 million, a total of £600 million across England.¹⁹ This cannot be done without further increasing the fragility of social care services. The government should reconsider its decision not to meet the cost of the back pay centrally which care workers deserve and need without further delay.

Even more serious is the overall reduction in LA funds, resulting in deep cuts to community services like libraries, leisure, and bus services. 'This is clearly a false economy given these universal neighbourhood

⁹ ADASS (2016) *Council Tax Precept Fails to Close Adult Social Care Funding Gap* (<http://bit.ly/2mSQcL4>) (p.5)

¹⁰ 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>)

¹¹ Ibid. (p.23)

¹² Skills for Care (2017) *The state of the adult social care sector and workforce in England* (<http://bit.ly/2AI2VEf>)

¹³ Communities and Local Government Select Committee (March 2017) *Adult Social Care* (<http://bit.ly/2jsjaCa>) (p.1)

¹⁴ National Audit Office (2018) op.cit. p. 10

¹⁵ ADASS (2016) op.cit.

¹⁶ The King's Fund (2016) *Social care for older people: Home truths* (<http://bit.ly/2mxED9y>)

¹⁷ Local Government Association (October 2017) *Adult Social Care Funding. State of the Nation 2017* (Foreword)

¹⁸ Ibid. p 14

¹⁹ ADASS (2017) *Autumn Short Survey of Directors of Adult Social Services* (<http://bit.ly/2mvr4vL>)

services are preventative in the widest sense and contribute to wellbeing.²⁰

Care homes and the social care market

The social care market is 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 20,300 organisations providing adult social care.²¹ 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.²² 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 providers, Four Seasons, owned by a private equity fund, is still attempting to re-finance its debts which had reached £565 million by the end of 2016 and is likely to be taken over by a US-based hedge fund.²³ 85% of the residents in their 343 homes are funded by local authorities. If these homes are closed or sold, local authorities must find places for them. Many British care home operators use complex and opaque financial structures involving many subsidiary companies, many listed offshore. This is a totally inappropriate business model on which to base the welfare of frail and vulnerable citizens.²⁴

Investing in the care workforce

In 2018 women make up 85% of the 840,000 care workers, home carers and senior care workers.²⁵ 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 opportunities and career progression’²⁶ as the roots of the problem.

Despite the size of the adult social care sector the workforce of 1.3 million is affected by high turnover, a lack of skilled individuals and limited levels of professionalisation in care work.²⁷ 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’.²⁸

The effect of the Brexit vote on the social care workforce remains to be seen, but significant planning in the sector will be needed when the 29% of EU care workers with only pre-settled status may lose their right to live and work in the UK at the end of 2020. Six percent of care workers (60,000) are European Economic Area Migrants.²⁹ A greater number of social care workers (191,000) are immigrants from outside the EU,³⁰ and this flow of labour into care jobs is also under threat, with government plans to place very strict limits on both EEA and non-EU lower skilled immigration. The nursing home sector already has difficulty recruiting nurses since the required earnings threshold was raised for non-EEA migrants in 2012. This sector is also struggling harder to recruit and retain social care workers and has vacancy rates at 7.7% compared with a national average of 2.7%.³¹ 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

²⁰ Ibid. p 2

²¹ Skills for Care (2017) *The Size and Structure of the adult social care sector and workforce in England* (<http://bit.ly/2EChEmo>) p 1

²² ADASS (2017) op. cit. p 2

²³ Financial Times (16 July 2018) ‘Care home group Barchester put up for sale’ (<https://on.ft.com/2S4BUEH>)

²⁴ CRESC (2016) *Where does the money go? Financialised chains and the crisis in residential care* (<https://bit.ly/2hs2tpi>)

²⁵ ONS (2018) *Employment by occupation, April – June 2018* (<http://bit.ly/2vOQUdT>)

²⁶ Communities and Local Government Select Committee (2017) op. cit.

²⁷ Skills for Care (2018) *The state of the adult social care sector and workforce in England 2018* (<https://bit.ly/2xB5Glz>) p 1

²⁸ Department for Communities and Local Government (2017) *Adult social care: government response to the Select Committee report* (<http://bit.ly/2hAXK5b>) (para.73)

²⁹ IPPR (February 2017) *Care in a Post-Brexit Climate* (<http://bit.ly/2zERuAA>)

³⁰ Ibid.

³¹ Migration Advisory Committee (2018), *EEA migration in the UK: Final Report*, (<https://bit.ly/2OBiXLF>) p 88

tackle poor retention and increased demand.³²

A quarter of the care workforce overall were on zero-hour contracts (335,000 jobs) in 2017-2018.³³ This figure was 49% for domiciliary care workers, and 18% for registered nurses. Retention is a challenge with staff turnover estimated at 39.7%, with 390,000 workers leaving jobs over the year 2017/18 and 110,000 positions in the care sector vacant.³⁴

If the sector is to become more attractive to UK workers, it must 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'.³⁵ As the Migration Advisory Committee argues: 'the sector's problems are not primarily migration related. A sustainable funding model, paying competitive wages to UK residents, would alleviate many of the recruitment and retention issues.'³⁶

The quality of care was the subject of media scrutiny last year, with a series of 'poor care scandals' hitting the headlines. The State of Care 2018 report found that just 34% of the total adult social care workforce had achieved or was working towards their 'Care Certificate' which is designed to train workers in basic standards of care in their day-to-day work. Two thirds had not started working towards the qualification.³⁷ In 2016 among domiciliary care workers a third had no training in dementia care and a quarter no training in the administration of medication.³⁸ Imposing minimum training standards would be a step towards professionalising the sector and ensuring better staff quality.

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 that 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.³⁹ Such investment is vitally needed as the social care workforce will need to grow by 275,000 by 2025, with a further increase to 650,000 by 2035 just to keep pace with demographic trends.⁴⁰

Unpaid carers

There are over 6.6m family members and friends providing unpaid care in the UK⁴¹ and 58% are women.⁴² 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.⁴³

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.⁴⁴ Carers UK found that 35% of carers had given up work to care and a further 16% had reduced their hours.⁴⁵

The Care Act 2014 stipulates the duty of local authorities to assess carers' needs for support, but the Carers UK 2018 *State of Caring Survey* found that only 67% of the 6,828 participating carers had been assessed or offered assessment with 18% waiting more than six months to be assessed.⁴⁶ Altogether one in seven carers reported they or those they support had received less care or support services during the previous year. Only one in ten were confident that the support they currently receive would continue.⁴⁷ NICE guidance on hospital discharge states the need for coordinated discharge with involvement from carers.⁴⁸ The Carers UK survey in 2016 found that 57% of carers felt that they had no

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

³³ Skills for Care (2018) op. cit.

³⁴ Ibid. p 5

³⁵ Ibid.

³⁶ Migration Advisory Committee (2018), op. cit. p 90

³⁷ Care Quality Commission (2018) *The State of Health Care and Adult Social Care in England 2017/18* <https://bit.ly/2vXXSjf>

³⁸ Skills for Care (2018) op. cit.

³⁹ Women's Budget Group (2016) *Investing 2% of GDP in care industries could create 1.5 million jobs* (<http://bit.ly/2lRoZZm>)

⁴⁰ Skills for Care (2017) op. cit.

⁴¹ Carers UK (2016) *Carers UK submission to Autumn Statement* (<http://bit.ly/2nrFnAO>) p 2

⁴² Census 2011

⁴³ Carers UK (2016) op. cit. p 2

⁴⁴ Communities and Local Government Select Committee (2017) Oral Evidence: Adult Social Care, HC47, Q345

⁴⁵ Carers UK (2018) op. cit. p 19

⁴⁶ Ibid (<http://bit.ly/1XdUuXf>) (p13)

⁴⁷ Ibid. p 10

⁴⁸ NICE (2015) *Transition between inpatient hospital settings and community or care home settings for adults with social care needs* (<http://bit.ly/2nJahkr>)

choice about caring for the person leaving hospital.⁴⁹

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 of 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.

Older women carers and the State Pension Age

Between 2010 and 2016 public finances benefited by a total of £5.1 billion as a result of raising the State Pension Age for women.⁵⁰ While 1.1 million women did stay in paid employment as their pension age increased from 60 to 63 between 2010 and 2016, their economic activity was still less than half (43%). Eligibility for the Carers Allowance (CA) of £64.60 for those of working age providing at least 35 hours of care hardly compensates for the loss of a state pension worth more than twice as much.

Overall, among women affected by the rise in the State Pension Age household incomes fell, on average, by £32 a week and the proportion of these older women in poverty increased by 6% prior to the reforms to 21.2%.⁵¹

It is essential that any plan for putting formal social care services on a firm footing recognises the essential contribution of 'informal' or unpaid carers and, along with that, the hardships facing older women carers as a result of raising women's state pension age to 65 years.

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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UK Women's Budget Group, November 2017.

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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⁴⁹ Carers UK (2016) op. cit.

⁵⁰ Cribb and Emmerson (2017) *Can't Wait to get my pension: the effect of raising the state pension age on income, poverty and deprivation* (<http://bit.ly/2Am5v5y>) IFS Working Paper W17/10

⁵¹ Ibid.