# Government's announced plan will not "fix social care once and for all" – we need a free universal social care system

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In 2019 the Prime Minister pledged to "fix social care once and for all" during his tenure. Two years and a pandemic later, the Government has announced plans which fall short of what is needed to support people who need care, workers in the sector, and unpaid carers.

The Women's Budget Group welcomes the recognition by the Government of the need to address the crisis in social care but we lament the limited focus on collective funding for collective provision. The proposed reforms do not go far enough, still leaving millions of people with unmet care needs, burdened with high care costs and millions more providing unsustainably long hours of unpaid care.

The plans contain little or nothing for social care in the short term because the revenues gained by the rise in National Insurance (NI) will initially go to the NHS to address the urgent patient backlog in the healthcare system. The Government plans to transfer funding to social care after three years, but we have concerns about the extent to which this will happen.

The plans also contain very little in terms of the reforms in the social care system. Although a cap and floor model was announced, this doesn't address the issue of providing social care to all those who need it, the quality of the care provided, and the conditions of those who provide it (both paid workers and unpaid carers).

As they stand, the new policy proposals are aimed at one priority, as set out in the Government's manifesto, that no one should have to sell their home to pay for care. The additional funding will be absorbed by the cap and floor model, as previous estimates have suggested such a model would cost £2bn a year. Very little funding will remain to reform the social care system itself.

In this briefing we set out the issues with the Government's new social care plans and why our alternative proposal of a free universal high-quality social care system is needed urgently now.

## *Issue 1: Funding announced is insufficient for reform commitments*

In their *Building Back Better – Plan for Health and Social Care*, the Government announces:

*"We will invest £5.4 billion in adult social care over the next three years to deliver the funding and system reform commitments set out in this document".*

This is less than £2bn per year to:

a. ***"offer choice, control and independence to care users** – so that individuals are empowered to make informed decisions and live happier, healthier and more independent lives for longer;*
b. ***provide an outstanding quality of care** – where individuals have a seamless experience of an integrated health, care and community system that works together and is delivered by a skilled and valued workforce; and*
c. ***be fair and accessible to all who need it, when they need it** – ensuring that fees are more transparent, information and advice is user-friendly and easily accessible, and no one is subject to unpredictable and unlimited care costs."* (our bold)

While these aims are laudable, £2bn per year will be nowhere near enough to achieve them. Providing "an outstanding quality of care… delivered by a skilled and valued workforce", in a system that is "fair and accessible to all who need it, when they need it" would require much more than capping care costs over a lifetime. It would require training and improving pay to social care workers, expanding the workforce, and improving access to services and levels of services for the 1.5 million older people and many more working-age adults currently with unmet care needs. In order to ensure everyone's care needs are met, we need a free-at-the-point of use universal system, as we detail below.

## *Issue 2: Conflating long-term investment in social care with rescuing the NHS from short-term pressures is the wrong funding approach*

Short-term funding (for NHS) should not have been conflated with the funding of expenditure needed for the long-term (for social care). This is for two main reasons:

1) **Funding to deal with the short-term pressures the NHS is facing as a result of the pandemic,** including the patient backlog estimated at 5.6 million patients, **and to start the reform of social care could be paid for by borrowing in the short-term** to be paid back over a number of years as the economy expands. Increasing taxes to pay for it now will only slow down the economic recovery. As WBG has shown, investing in care is a good stimulus to the economy and creates nearly three times as many jobs as same investment in construction.

   **Funding the NHS and social care in the longer-term could be done by fairer taxes**, once the economy is back to full capacity. The UK tax system is in need of reform, in particular so that wealth and income from wealth is taxed more fairly.

2) **The NHS is likely to swallow these funds, not just in the short-term**. The backlog of routine treatment, surgeries and tests can reach 13 million patients in the next few years and may take 5 to 7 years to resolve. This means that the NHS is likely to need a longer period of additional funding than the three years announced. It is not clear how much of the money from the new Health and Social Care Levy will go to social care once the initial three years are over. There is a risk that even after 2025 money will be diverted to the NHS if those predictions about the backlog turn out to be true. Moreover, with an ageing population there will be increasing funding pressures on the healthcare system and a higher percentage of GDP will inevitably need to be spent on health to maintain or improve current standards.

## *Issue 3: Insufficient plans and funding to improve workforce conditions, pay and quality of care*

One of the most pressing issues with the social care system at the moment – the poor working conditions of the workforce resulting in poor quality of care – is not given enough thought in the announced plans.

One of the Government's aims is to ensure "an outstanding quality of care", "delivered by a skilled and valued workforce" (p 15-16). In more detail, the plans include a commitment to professionalise and develop the workforce, including training and certifications, and to recruit more people into the sector (p 10).

The half-a-billion pounds allocated to the 1.5 million social care workforce over three years will go nowhere to achieving these aims. In particular, nothing is mentioned about improving pay, which will be necessary if trained staff are to be recruited and retained. To put this in perspective, by the Government's own estimation, £1.2 billion would be needed to bring the lowest paid care workers in line with their NHS peers. To improve the quality of care more staff would need to be recruited and retrained, so this figure is a low-end estimation of how much would be needed to improve the workforce.

### *Issue 4: Cap and floor model stills leaves many without the care they need*

Aim c in the Government's priorities has led to the cap and floor model. This will see a cap of £86,000 on the maximum amount of social care anyone will pay during their life. The Government has also increased the floor to £20,000 in assets, below which no one pays for their care from these (although they may still be required to pay from any income, up to 20% of their care costs). Those with assets between £20,000 and £100,000 are required to pay a contribution towards their care costs, up to 20%. All care users will still be liable for charges/co-payments for the services they do receive. They will also have to pay all hotel (board and lodging costs in residential care – only the costs of personal care, at the price the local authority thinks is reasonable, will count towards the cap). This system has been criticised as favouring those with substantial assets allowing them to keep more to pass on to their heirs. A higher floor would be fairer to those with lower assets.

Any model in which people have to pay for their own care means that many will go without the care they desperately need to avoid paying its costs. Such a model will also continue to rely on families, especially women, providing informal and unpaid care.

WBG believes that an adult social care system has to be free at the point of need, like the NHS, if we are to ensure all people get the care they need to lead fulfilled and dignified lives. Any fair system should share its costs over society as a whole not just those unfortunate enough to need care. Parity with the NHS would also facilitate the closer integration of health and care services – another stated aim of Government policy.

### *Issue 5: Nothing in the announcement for the people using and needing social care now*

Finally, and by no means less important, the policy changes will take at least two years to come into effect. The additional £1.8bn over three years will therefore not only be insufficient but also late.

The changes to the cap and floor model will only start to take effect in October 2023, and will not apply to people who start their care before then. This will inevitably lead to people trying to do without the care that they need before then.

## We need a high-quality universal care service

While the flaws and underfunding of our social care system have been exposed and exacerbated by the pandemic, the pressures on the system will not go away with the implementation of a cap and floor system and little to no funding to reform the system itself.

Meeting the multiple and complex needs of everyone that requires care, as outlined in the Care Act 2014, cannot be done through cost-cutting reform. It requires significant investment to create a high-quality universal service.

We propose a new high quality universal care service.[1]

A universal care service should ensure that people's needs are met in a way which supports wellbeing and self-determination. This means going beyond a focus on personal care to cover other activities of daily life including buying and preparing food, maintaining relationships and taking part in the life of the community.

A universal care service should provide care of high quality. This means a well-trained workforce with decent pay and conditions. Better rates of pay and improved conditions would address the problems of high turnover in the sector, which currently have an impact on the quality of care.

A universal care service should aim to reduce reliance on unpaid care which leaves millions of unpaid carers facing high levels of stress, difficulties staying in paid work and at increased risk of poverty. Increased formal care could free unpaid carers to spend time with the person they care for.

A universal care service would begin with a set of measures that are implementable in the short term:

- making social care universally free at the point of need, by abolishing the means test;
- widening the availability of social care, by ensuring the universal application of the national eligibility criteria set out in the Care Act; and
- improving working conditions, including introducing a sector minimum wage in line with the Real Living Wage.

It would move towards:

- widening the availability of social care further, by changing the national eligibility criteria set out in the Care Act to cover a wider group of people who need care; and
- improving care quality by providing improved training for all social care workers and increased wages in line with increased qualifications.

In the initial phase this would mean annual investment of £44bn (£28bn more than the current £17bn spent on long term care). In the longer term, a wider definition of needs and improved quality would lead to higher take up, which we estimate could cost an additional £30bn.

This would bring UK spending on social care in line with that in Sweden and Norway as a share of GDP.

We calculate that such investment in a universal care system would stimulate the economy to generate over one million jobs overall, many of which would be filled by people previously unable to take employment because of caring responsibilities.

The increased direct and indirect tax revenue generated by that additional employment would cover 28% of the universal care system's costs, reducing net costs.

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[1] This is part of a forthcoming social care paper collaboration between WBG and NEF that will be published in late September.