Women's Budget Group submission on reforming adult social care in England
January 2024

About Us

The UK Women's Budget Group (WBG) is the UK's only think tank focused on exploring the economy through a gender-equal lens. We provide evidence and analysis on women's economic position and propose policy alternatives for a gender-equal economy. We act as a link between academia, the women's voluntary sector and progressive economic think tanks.

Summary

The adult social care workforce comprised of 81% of female workers, compared to 47% of the economically active population. In 2022/23 staff with a white ethnic background made up 74% of the adult social care workforce compared to 83% of the population of England. People with an Asian / Asian British ethnicity made up 9% of the workforce, and the population. People with a Black / African / Caribbean / Black British ethnicity made up 14% of the adult social care workforce compared to 4% of the population.[1] Therefore, while broader than the scope of this inquiry, the Women's Budget Group (WBG) believe it is important to consider the impact of the social care workforce pathway on women and the promotion of gender equality as well as the impact on other protected groups under the Equality Act 2010.

The crisis in social care didn't start with the current cost of living crisis, the pandemic, nor with austerity policies imposed in the decade from 2010, but all have exacerbated the challenges. Even before the 2008 financial crash, underfunding was creating an underpaid and undervalued care workforce. Increasing numbers of people were being left with unmet needs, and others were paying catastrophic costs for their care. This was seeing increasingly unsustainable demands being put on unpaid carers, the majority of whom are women.[2] Although the situation is now far worse, these are the same issues defining the adult social care crisis today.

The net costs of a reformed care system must be funded by central government. Regional and income-based inequalities mean that the poorest local authorities are the ones with the greatest social care needs. So, expecting local authorities to increase funding for social care through council tax or business rates would inevitably widen regional inequalities. Those areas with the greatest care needs have the least ability to raise taxes and have already had to make the greatest reductions in services.

The Women's Budget Group proposes moving to a high-quality universal care service that is free at the point of need, supports wellbeing, self-determination and enhances capacities; trains and pays its staff appropriately in line with the Real Living Wage; and ensures that unpaid care is genuinely voluntary. Our modelling estimates that this would generate 928,000 jobs in the economy as a whole (in care and across the economy from multiplier effect and increased purchasing power). A full breakdown of the costings are provided in the final section of this paper.

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[1] Skills for Care (2023) The State of the Adult Social Care Sector and Workforce 2023
[2] ONS (2023) Unpaid care by age, sex and deprivation, England and Wales: Census 2021

Workforce: Shortages, deskilling and retention challenges

Turnover and vacancies

The vacancy rate in the adult social care sector reached a peak of 10.6% in 2021/22, having increased from 7.0% in the previous year. In 2022/23, the vacancy rate decreased by around 0.8 percentage points to 9.9%, and there were around 152,000 vacant posts. Adding care workers to the Shortage Occupation List in February 2022 has contributed to the reduction in vacancies in 2022/23.[3]

The turnover in the sector is high, particularly among directly-employed care workers where turnover rates are at 28.3%, equivalent to approximately 390,000 leavers over the year.[4] This high turnover rate is largely caused by two key factors: low levels of pay and a lack of career development opportunities. While creating new roles and job titles would go some way to providing opportunities for career development, it is vital to ensure that the content of these jobs is detailed i.e. what skills are needed and how workers will be recruited and trained to develop them. Ensuring adequate pay at every level will also be key to overcoming recruitment and retention challenges.

However, there is a third threat to recruitment and retention within the sector: the Government's recently announced five-point immigration plan. The ban on overseas care workers bringing dependents with them is going to have a detrimental impact on the workforce and their families. It is wrong that we are asking people to come and care for our loved ones, while preventing them from caring for their own families. It is also likely to lead to greater vacancies as care workers who migrate for work choose alternative countries to the UK.

This will have a disproportionate impact on women for two reasons. Firstly, the care workforce is mostly female (80-82%) and low-paid, with median earnings for female care workers at £28,700 for full-time work and £14,414 for part-time work.[5] Secondly, this will place a huge additional burden on an already strained labour force. This will have a further disproportionate impact on women who are more likely to step in and increase the level of unpaid care they provide when formal care collapses, impacting their own labour market participation levels and long-term economic prospects and therefore the wider economy.

Opportunities for professional development

To date, despite the complex needs of many care residents, there has been little investment in health care training and limited levels of professionalisation in care work.[6] This lack of investment in training and the deskilling of the workforce have undoubtedly resulted in the high levels of staff turnover we continue to see now. It is positive that the DHSC workforce pathway proposals published and consulted on in 2023 contain a strong focus on the need for training and development, however, it is important that this training meets the needs of staff.

A report from the Care Quality Commission found that:

- Workforce and capacity challenges meant it was often difficult for providers to release staff for training, meaning they frequently have to undertake training in their own time.
- Online training was not suitable for many staff
- There were issues around assessing competence following online training.[7]

It is vital that caring is seen as work that requires knowledge and skills and is rewarded accordingly. In order to effectively achieve this, training and development must be provided

[3] Skills for Care (2023) The State of the Adult Social Care Sector and Workforce 2023
[4] Ibid
[5] ONS, 2023, Earnings and Hours Worked, UK Region by Industry by Two-Digit SIC: ASHE Table 5 (https://www.ons.gov.uk/datasets/ashe-table-5/editions/time-series/versions/5)
[6] Ibid.
[7] Care Quality Commission (2022) The state of health care and adult social care in England 2021/22 (https://www.cqc.org.uk/publication/state-care-202122)

that is both accessible to all carers and addresses the specific needs and skills gaps within the workforce.

Sector pay

Care worker median pay (£10.11) is below the rate for the 20th percentile of £10.56 (80% of all jobs in England pay more than this value). Average care worker pay is £1 per hour less than healthcare assistants (HCAs) in the NHS that are new to their roles, but it is still 15 pence higher than cleaners, and 36 pence higher than kitchen and catering assistants.[8]

If the sector is to become more attractive to 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.

Certainty of funding

DHSC has scaled back its funding for its planned social care reforms between 2022 and 2025 to £729 million, compared with the £1.74 billion agreed with HM Treasury when DHSC published its white paper in December 2021. In total, £1.01 billion of the funding has been reallocated to other adult social care priorities.[9] This is a 58% fall in the budget, which places implausible financial pressure on an already struggling sector.

These pressures were exacerbated following the Chancellor's 2023 Autumn statement, in which he projected day-to-day departmental expenditure increasing by an average of just 0.9% in real terms from 2025, with public investment spending fixed in cash terms. The OBR warns that, under persistently high inflation, this would reduce the real value of government departmental spending by £19.1bn by 2027-28 compared to their Spring forecast.[10]

This comes after more than a decade of persistent cuts in local government spending at the same time as the cost of delivering statutory services, including adult social care, has continued to rise. As the Institute for Government's (IfG) report outlines, councils with adult social care responsibilities face particular problems as higher social care costs – including increased demand, staff wages, operating costs, and the planned rollout of charging reforms in October 2023 – eroded the 2021 spending review settlement and left authorities struggling to properly fund the service.[11]

The Chancellor announced in the Autumn statement that adult social care would receive an additional £2.8bn in 2023/24 and £4.7bn in 2024/25. However, these numbers are misleading. Firstly, £1.4bn in 2023/24, and £2bn in 2024/25, comes from the delay of reforms until 2025, meaning that about half of each year's allocation is not 'new money'.[12] Secondly, £0.5bn in 2023/24 and £1.1bn in 2024/25 comes from predicted uplifts in council tax receipts now that local authorities can decide for themselves to raise rates quickly. This means that only £0.9bn in 2023/24 and £1.6bn in 2024/25 is new grant funding over which the government has direct control.[13]

This is concerning given the disproportionate benefit to less deprived authorities from raising council tax. Regional and income-based inequalities mean that the poorest local authorities are the ones with the greatest social care needs. So, expecting local authorities to increase funding on social care through council tax or business rates would inevitably widen regional inequalities. Those areas with the greatest care needs have the least ability to raise taxes and

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[8] Skills for Care (2023) The State of the Adult Social Care Sector and Workforce 2023

[9] NAO (2023) Reforming adult social care in England

[10] OBR (2023) Economic and Fiscal Outlook, November 2023

[11] Institute for Government (2023) What does the autumn statement mean for public services?

[12] Ibid.

[13] Ibid.

have already had to make the greatest reductions in services. The net costs of a reformed care system must be funded by central government to prevent a widening of societal inequalities.

But, as the IfG concludes, even where local authorities are able to raise their spending power, this will not be enough to return adult care services to pre-pandemic performance levels, to put the provider market on a sustainable long-term footing or to resolve the severe workforce problems facing the sector.[14]

Recommendation for a Universal Quality Social Care system

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

- making the provision of social care universally free at the point of need, with no means test;
- improving working conditions, including introducing a sector minimum wage in line with the Real Living Wage; and
- widening the availability of social care to all those who meet national eligibility criteria as set out in the Care Act.[15]

In the initial phase this would mean annual investment of £52bn (£32bn more than the current £20bn spent on adult social care, in 2021-22 prices). This is assuming a take-up rate of 35% for the over 65s, similar to that found in Scotland for free personal care.

This would generate 928,000 jobs in the economy as a whole (in care and across the economy from multiplier effect and increased purchasing power) and cost £31.9bn gross annually, 44% of which would be recouped through additional revenues.

It would then move towards:

- widening the availability of social care further, by expanding eligibility criteria to include people with more moderate care needs, investing in preventing their conditions getting worse; and
- improving care quality by providing better training for all social care workers and increasing wages in line with increased qualifications to meet standards similar to those currently met in Scandinavia.

A wider definition of needs and improved quality would lead to higher take-up, which we estimate could cost an additional £18.5bn. This would generate 1,355,000 total jobs and cost a further additional £18.5bn gross annually, 49% of which will be recouped through additional revenues.

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

Read WBGs briefing on social care and gender spring 2023

Read WBG's joint report with the New Economics Foundation on universal quality social care

[14] Ibid.

[15] The Care Act 2014 recognises the importance not only of personal care but also helps with what are called incidental activities of Daily Living, such as 'making use of necessary facilities or services in the local community, including public transport and recreational facilities or services.' However, current social care provision rarely extends to this.