House of Commons

Health and Social Care Committee

Adult Social Care Reform: the cost of inaction

Second Report of Session 2024–25

HC 368

Health and Social Care Committee

The Health and Social Care Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department of Health and Social Care and its associated public bodies.

Current membership

Layla Moran (Liberal Democrat; Oxford West and Abingdon) (Chair)

Danny Beales (Labour; Uxbridge and South Ruislip)

Ben Coleman (Labour; Chelsea and Fulham)

Dr Beccy Cooper (Labour; Worthing West)

Jen Craft (Labour; Thurrock)

Josh Fenton-Glynn (Labour; Calder Valley)

Andrew George (Liberal Democrat; St Ives)

Paulette Hamilton (Labour; Birmingham Erdington)

Alex McIntyre (Labour; Gloucester)

Joe Robertson (Conservative; Isle of Wight East)

Gregory Stafford (Conservative; Farnham and Bordon)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

This Report, together with formal minutes relating to the report, was Ordered by the House of Commons, on 29 April 2025, to be printed. It was published on 5 May 2025 by authority of the House of Commons.
© Parliamentary Copyright House of Commons 2025.

This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/copyright.

Committee reports are published on the Committee's website at www.parliament.uk/healthcom and in print by Order of the House.

Contacts

All correspondence should be addressed to the Clerk of the Health and Social Care Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6182; the Committee's email address is hsccom@parliament.uk. You can follow the Committee on X (formerly Twitter) using @CommonsHealth , and on Bluesky using @commonsHealth.parliament.uk.

Contents

Summary 1

Introduction 4

1 Costs to those receiving care 7

Demand for adult social care 8

Quality of care 10

Financial costs of inaction to individuals 12

2 Unpaid carers: the hidden cost of inaction 14

Carer health and wellbeing 15

Financial costs of unpaid caring 16

The costs to young and young adult carers 19

3 Costs to the care system 21

Costs to local authorities 21

Impact on wider service 23

Council tax and the “democratic deficit” 24

A broken care market 25

Care workers’ pay 30

4 The NHS and wider system costs of inaction 35

Ambulance callouts and hospital attendances 36

Delayed discharges 37

Integrated Care 39

Better Care Fund 41

The Health Mission and the ‘three shifts’ 42

5 Costs to the economy 45

Adult social care and economic growth 45

Supporting people into work 48

The Government’s perception of the adult social care system 49

Conclusion **51**

Conclusions and recommendations **53**

Appendix 1: Costs of inaction **59**

Formal minutes **61**

Witnesses **62**

Published written evidence **63**

List of Reports from the Committee during the current Parliament **68**

Summary

> *"The NHS undoubtedly saved my life, but social care helps me live it."*
>
> (Participant at Health and Social Care Committee Roundtable)

Adult social care is in desperate need of reform. Done well, social care has the power to positively transform people's lives. Yet too many people aren't getting the care they need, care workers are undervalued and far too much pressure is placed on unpaid carers. The cost of this vital public service continues to increase, with £32 billion spent on adult social care in 2023/24, and an unsustainable pressure is falling on local authorities. Without reform we will all keep paying a high price for a failing system.

This report does not aim to document fully the current state of this failing system though our evidence does expose aspects of this, nor does it suggest how to fix it. Instead, it aims to shift the dial when it comes to reform by reframing the narrative around the cost of action to one that interrogates the cost of the status-quo or 'inaction'.

Time and again, governments have stepped back from reform when faced with the cost. Too much emphasis is put on the cost of change and not enough consideration is given to the human and financial cost of no or incremental change. Without quantifying this cost, we believe decision makers, and the Treasury, fail to see how reform can enable positive outcomes and provide value for money, rather than be a drain on otherwise stretched resources.

Some of the unaccounted-for costs of inaction include:

- 2 million people aged 65+ and 1.5 million people of working-age are not getting the care they need, leading to lives led at the bare minimum rather than to their fullest;
- individuals face unknowable, and potentially life-changing, charges for care, including 1 in 7 older people with care costs over £100,000;
- the care individuals do receive can be inadequate, or neither the right care nor in the right place, leaving people unable to work or take part in other meaningful activities and risking the worsening of existing conditions;

- 1.5 million unpaid carers are providing over 50 hours of care per week to loved ones, and many of these withdraw partially or wholly from employment as a result, and who themselves suffer adverse outcomes as a consequence of putting the needs of their loved ones before their own;
- due to the current funding model, local authorities' budgets are buckling under the pressure of adult social care, with more councils seeking emergency funding and increasing proportions of budgets being spent on adult social care to the detriment of other services, leading to the perception of a democratic deficit in local government with people paying more and more for fewer and fewer services;
- the care provider market is in distress, struggling to cover existing costs via fees and facing underfunded increases in the National Living Wage and National Insurance;
- care workers continue to be underpaid, driving high turnover and vacancy rates, and are twice as likely to be claiming benefits;
- the NHS struggles to divert admissions from the community and to discharge medically fit patients, causing knock-on costs of at least £1.89 billion, putting at risk the mission to build an NHS fit for the future; and
- the economy is missing out on the sector's potential to drive growth and regional rebalancing, as well as on tax receipts from unpaid carers and people in receipt of care, who are unable to work as much as they would like.

The Government must properly acknowledge and account for these costs in policy making, the evidence for which we have found is scandalously scant or even absent from decision making. Our recommendations focus on what needs to be measured and understood to give the Government the best picture of the impact and consequences of the state of the sector.

We also want to reframe the narrative around adult social care, encouraging the Government to see, and present, social care in a positive light. Too often, the costs of social care are presented as a burden to the Exchequer, yet we have heard that every £1 invested in the sector would generate a £1.75 return to the wider economy. Social care must be seen as an enabler, not only in supporting people to live independent lives, but also in enabling health reform, preventing ill health, higher employment rates and growing the economy. The Government will not achieve its ambitions to support more people into work without a functioning social care system. The sector needs the Government to champion it and see its potential, matching recent positive words with action.

The Government has recognised the need for reform, and we note the announcement of the Casey Commission and recent changes to the adult social care career structure. However, this needs to be supported by a robust understanding at the centre of government about the cost of ‘doing nothing’. Otherwise, we fear that reforms will, as previously, be frustrated by concerns about the expense, ignoring the cost of the status quo and leaving us all continuing to pay for a failing system. We are making the case for change, emphasising that continuing to do nothing is an active decision, and it isn’t a tenable one.

Introduction

1. Adult social care is a vital service that, when done well, provides people with the support they need to maintain their independence and wellbeing, and live full and rich lives. We are all likely to support someone who needs care, or draw on care ourselves, at some point in our lives. The UK's ageing population,[1] rising dementia rates and projected rise in adults with a learning disability, mental health need or physical disability over the next 15 years,[2] means that the demand for social care is only going to increase.

2. However, the system is not meeting the needs of the current population, let alone fit for the future. Nearly 161,000 hours of homecare could not be delivered between January and March 2024 because of staffing capacity,[3] and in 2024, there were 400,000 people waiting either for an assessment or for care to begin.[4] There is clearly an urgent need to ensure that the adult social care system is fit for the future.

3. Successive governments have put forward proposals for reform but, as The Health Foundation says, these have "failed to enact meaningful change– partly because of funding choices, political timing and public awareness".[5] This inquiry was motivated by one of those reasons for inaction: concerns about the cost of reform. When the Chancellor Rachel Reeves announced in July 2024 that planned reforms to the ways in which people pay for their own care would not be taken forward, it was part of a wider announcement about filling what she described as a "£22 billion hole" in the public finances.[6] Similarly when the Care Minister, Stephen Kinnock, announced the Government was cancelling the Adult Social Care Training and Development Fund, it was as part of efforts to "manage down overall fiscal pressures in 2024/25".[7]

1 Skills for Care, A workforce strategy for adult social care in England, July 2024 (page 13)
2 Skills for Care, A workforce strategy for adult social care in England, July 2024 (page 13)
3 Association of Directors of Adult Social Services, 2024 Spring Survey, July 2024 (page 24)
4 Association of Directors of Adult Social Services, 2024 Spring Survey, July 2024 (page 3)
5 The Health Foundation (ASC0034)
6 HC Deb, 29 July 2024, col 1033
7 Adult Social Care Workforce HCWS50, 30 July 2024

4. We do not underestimate the cost that will be attached to any future reform of adult social care. The Health Foundation estimates that, depending on the form and comprehensiveness, reform could cost up to £17 billion.[8] However this needs to be evaluated in the context of the £32 billion we are currently paying[9] for a system that is failing.

5. We think this debate on the cost of reform ignores the costs of not reforming our current adult social care system. Our inquiry sought to challenge the Government to think differently about adult social care by properly understanding all the costs of the current system: the financial and economic costs, but also the personal costs and opportunity costs. Our report sets out the evidence we received on the impact on those receiving care (Chapter 1), unpaid carers (Chapter 2), the care system (Chapter 3), the NHS (Chapter 4), and the economy (Chapter 5).

6. In January, the Government announced that Baroness Casey would be leading a commission to make recommendations about how to rebuild the adult social care system to meet the current and future needs of the population.[10] It has described this as being part of the "first steps towards delivering a National Care Service".[11] As we set out in our concluding chapter, we hope our findings will inform the Commission's work and offer an alternative way to frame the case for reform, to ensure this Commission succeeds where others have failed.

7. We are very grateful to all those individuals and organisations who submitted evidence to our inquiry, both in writing and in oral evidence sessions. We are especially grateful to the individuals who took part in our online roundtable event in March[12] and to carers Jayne, Holly and Keyaan for sharing their experiences of providing care for their family members so eloquently.[13]

8. In February, we visited the Isle of Wight to learn more about the experiences of the NHS and social care providers on the island, particularly for older adults, and in March the Chair visited Nottinghamshire to examine social care provision for working age adults. We would like to thank everyone at St Mary's Hospital and the Isle of Wight Trust, Care in the Garden and Hazel

---

8 Based on the number of people who currently receive social care and assuming all those who self-fund would be eligible, not including additional costs of people with unmet needs who may come forward. The Health Foundation, Social care funding reform in England: choices for the next government, 23 January 2024

9 Simon Bottery and Danielle Jefferies (The King's Fund), Social Care 360: expenditure, 3 March 2025

10 Department of Health and Social Care, New reforms and independent commission to transform social care, 03 January 2025

11 National Care Service PQ 903394, 19 March 2025

12 Adult Social Care Reform- roundtable summary

13 Qq215–244

Lodge care home on the Isle of Wight, and Brooke Farm, Nottinghamshire County Council, Nottingham City Council and representatives of Our Voice in Nottinghamshire for their time and for sharing their perspectives on this important topic.

9. This was the first inquiry we launched as a newly appointed Committee. We made a deliberate choice to prioritise social care, which we plan to return to frequently during the course of this Parliament.

1 Costs to those receiving care

My daughter is really brave. She has been through an awful lot as a result of her autism and a lack of really good understanding and good care [...] She has lots of talents, and I just wish that we had the support in order for those talents to be used and for her to be a full part of the community and society. (Jayne, Carer for her adult daughter)

The current system doesn't enable us to develop, flourish, and lead full lives. Rather, it rations help, puts in place minimum levels of care and charges people with scant resources. (Disability Rights UK, Greater Manchester Coalition of Disabled People)

Two important things that have stood out and concerned us in the process [of getting social care]: the first question always asked by those assessing access to social care is money and finances. We know and appreciate the state of services and budgets, however from ours and the cared-for perspective, it currently feels like you are allocated support according to economics rather than need. (GM, Carer in Bedfordshire)

10. Access to high quality social care support can be transformative. As Leonard Cheshire, a charity supporting disabled people, told us:

> Good quality, personalised care is about more than care homes and goes beyond basic needs like washing and eating. [...] It means people can see their friends and family, travel, take up hobbies, and pursue education or a career. Care can empower disabled people, supporting individuals to live their lives, to be independent, and to be equal.[14]

11. We saw this for ourselves on our visits to Care in the Garden, on the Isle of Wight, and Brooke Farm in Nottinghamshire. Both organisations do excellent work providing adults with learning disabilities and autism with employment training, equipping them with the skills they need to be part of the workforce. However, as we repeatedly heard during this inquiry, many people are not getting the care support they need, as the system struggles to meet growing demand.[15]

14 Leonard Cheshire (ASC0125)

15 For example, Sir Andrew Dilnot (Q12); Melanie Williams (Q137) Tom Gentry from Age UK (Q278)

Demand for adult social care

12. Demand for social care in England far outstrips the amount of support available from both local authorities and private providers, with multiple witnesses raising concerns about unmet care needs.[16] Age UK estimates that 2 million people aged 65+ have unmet needs for care and support.[17] However, as the Hallmark Foundation told us, "the limitations of available data mean this is likely to be an underestimate even though it is almost double that of a decade ago".[18]

13. Limitations on data are even more apparent when considering working age adults, including comparable data with older adults.[19] In July 2024, Healthwatch undertook research to address the lack of data. They found that as many as 1.5 million working-age people in England might not be getting the care for which they were eligible.[20] There is also evidence that there is significant variation in levels of unmet need based on levels of deprivation. The London School of Economics found that 41% of older people in the fifth most deprived areas had experienced unmet need, compared to 19% in the least deprived.[21]

14. Several reasons have been suggested for this level of unmet demand including:

- a lack of awareness amongst working age adults about the support they are entitled to;[22]
- concern about the personal financial costs of care,[23] which we return to later in this chapter, and

16 For example, Sir Andrew Dilnot (Q12); Melanie Williams (Q137) Tom Gentry from Age UK (Q278). While there is no standard definition of unmet need, broadly, if an individual has difficulties with activities of daily living, and are not receiving the support they need to address this, they can be described as having an unmet need. Anna Charles (King's Fund), Unmet need for health and social care: a growing problem, 25 November 2016

17 Age UK defines older people as having an unmet need for care if: They have difficulty with one or more of six activities of daily living (dressing, walking across a room, bathing, eating, getting in and out of bed, going to the toilet); and for any activities with which they have difficulty, they haven't received help in the past month.

18 Hallmark Foundation (ASC0036)

19 Women's Budget Group (ASC0045)

20 Healthwatch England (ASC0106)

21 Hallmark Foundation (ASC0036)

22 Healthwatch England (ASC0106)

23 The Health Foundation (ASC0034), Dr Anne Gray, London South Bank University (ASC0046)

- the length of waiting lists for care assessment. As of March 2024, over 400,000 people were estimated to be waiting for care or for an assessment of their needs and over 78,000 had been waiting for over six months.[24]

However, the main reason cited was a lack of resource amongst local authorities.[25] We heard that the financial pressure on councils was forcing them to ration care, both in total numbers and level of support.[26]

15. Local authorities have a legal duty to ensure a stable provider sector from which to commission services and have sought, although not necessarily successfully, to meet the increased costs of care providers (see Chapter 3). However, they also have a duty to set a balanced budget, meaning that increasing provider fees takes up money that could otherwise be spent on meeting demand. Although spending on care went up in real terms every year from 2015/16 to 2021/22, the number of people receiving long-term care fell from 873,000 to 818,000. Despite an ageing population, the number of older people receiving state-funded care has fallen by 10%, from 587,000 to 529,000 people.[27] In 2023/24, local authority core spending power increased by 9.4%, compared to 4.6%[28] and 4.5%[29] in the previous two years. This likely drove the 2.5% increase in the number of people that local authorities were able to support in 2023/24.[30] However, local authorities have still faced an "18% real-terms reduction in per person core funding in 2024/25 relative to 2010/11, alongside an 11% reduction in spending power".[31]

16. This "care rationing" can also be seen through the type of care that local authorities are able to offer. As Melanie Williams, President of the Association of Directors of Adult Social Services (ADASS), told us:

> For older adults we [...] will be looking at the minimum that they would require to stay relatively well. We would not necessarily be able to invest in them having friendships or being able to get out and about more. Somebody will probably be receiving basic personal care, the

24 The Nuffield Trust (ASC0035)
25 Social Care Institute for Excellence (ASC0051)
26 Q290
27 Simon Bottery and Danielle Jefferies (The King's Fund), Social Care 360, 3 March 2025, UNISON (ASC0008)
28 House of Commons Library, Local Government Finance Settlement 2022/23, Research Briefing 09427, 14 February 2022 (page 4)
29 LGA, LGA responds to provisional 2021/22 Local Government Finance Settlement, 17 Dec 2020
30 Simon Bottery and Danielle Jefferies (The King's Fund), Social Care 360, 3 March 2025
31 The Health Foundation (ASC0034)

bare minimum, rather than what is needed for an older adult to enjoy a great quality of life as they age. There is rationing over time, if you like, because we are focusing on the most immediate need.[32]

Quality of care

17. We also heard concerns about the impact that financial pressure was having on the quality of care. While the majority of adult social care services registered with the Care Quality Commission (CQC) are rated 'good' (78%) or 'outstanding' (4%), 14% are rated as 'requires improvement' and 1% as 'inadequate'.[33] The King's Fund has argued that that there is a problem with services "that stubbornly fail to improve": as of March 2020, 3% of care homes and a similar percentage of community care agencies had never been rated better than 'requires improvement'.[34]

18. Outside of CQC ratings, there is limited data available on the quality of care. One possible proxy measure is the number of safeguarding concerns, although of course not all examples of low-quality care will raise safeguarding issues. Melanie Williams highlighted concerns around safeguarding in her oral evidence, telling us that "most councils have seen 20% more referrals for adult safeguard[ing] over the last three years". NHS England collates data from local authorities about safeguarding, which shows a multi-year trend of increasing concerns, the reasons for which are not fully understood. The latest data shows that there were 615,530 concerns of abuse raised during 2023–24, an increase of 5% on the previous year, although a lower annual growth rate compared to 2022–23 (9%).[35]

19. During our oral evidence, we explored data in adult social care. Sir Andrew Dilnot, who chaired the Independent Commission on Funding of Care and Support (see "Financial costs of inaction to individuals" below), told us that the data was "weak", especially in comparison to the NHS, though that was in part explained by the structure of social care, which does not have the same nationalised and centralised way of collecting data as the NHS.[36]

---

32 Q137

33 Care Quality Commission (ASC0115)

34 Simon Bottery and Saoirse Mallorie (King's Fund), Social Care 360, 13 March 2024 (page 30) Ratings have been relatively stable since 2018, however the CQC paused routine inspections in March 2020 as a result of Covid-19, focusing on services where there was a risk to safety and on inspections to assess infection prevention and control measures. These inspections did not result in ratings and, as a result, far fewer ratings have been published in recent years – only 6,784 in 2022/23 compared to 13,505 in 2019/20.

35 NHS Digital, Safeguarding Adults, England, 2023–24, 29 August 2024. Figures for previous years are 475,560 (2019/20), 498,260 (2020/21) and 541,535 (2021/22). The Coronavirus Act 2020 made easements to the Care Act 2014; however Safeguarding duties were not affected by the Care Act Easements.

36 Q25

One area in which there is a lack of usable data is on outcomes for people using adult social care services. Simon Bottery, Senior Fellow at the King's Fund, told us that while there was anecdotal evidence about the impact of particular social care services, there was a lack of basic data about what effect that had on outcomes such as employment and health. This then had an impact on efforts to move towards outcomes-based commissioning.[37]

20. **CONCLUSION**

The current adult social care system does not sufficiently meet the needs of the population despite the efforts of millions of paid and unpaid carers. Financial pressures mean that those needing care sometimes only receive basic support, far from enough to enable them to live fulfilling lives. Despite this, costs continue to increase, with the Government, and taxpayers, currently paying £32 billion a year for a broken system. The Government does not have a robust understanding of the extent of the current system's failings to provide people with the care they need. Nor does it have robust data on the outcomes of delivering high quality care. Without this, it will be unable to make a clear case for reform.

21. **RECOMMENDATION**

The Government should publish an annual assessment of the level of unmet care needs for both older adults and working age disabled adults, publishing its methodology and supporting data to ensure transparency and allow for scrutiny.

22. **RECOMMENDATION**

The Government must also develop a robust methodology for measuring the impact of care on people's lives, the wider health system, and the economy. As well as supporting the case for reform, such methodology would help councils to deliver outcome-based commissioning, which is more likely to provide people with meaningful care than the current task-based approach.

37 This is where the service is commissioned on the basis of what it achieves for an individual, rather than on the basis of a "chunk of service" like the amount of time spent with a person. Q24

Financial costs of inaction to individuals

23. Unlike the NHS, social care provision is means tested. Individuals with assets above £23,250 do not receive any state support towards their care costs. This "upper threshold" has not changed since 2010/11. Had it risen in line with inflation it would have been £9,125 higher by 2023/24, standing at £32,375.[38]

24. Reforming the way in which individuals pay for their care has been the priority of suggested reforms to adult social care for over a decade. It was the focus of the Independent Commission on Funding of Care and Support (the Dilnot Commission), set up in July 2010. The Commission's recommendations included capping the lifetime contribution that any individual needed to make at £35,000, increasing the upper threshold from £23,250 to £100,000, providing free state support to anyone entering adulthood already having a care and support need, and standardising eligibility criteria for support on a national basis.[39]

25. The 2010 Conservative-Liberal Democrat Coalition Government broadly accepted the proposals in principle and initially set an implementation date of April 2016. This was delayed by the 2015 Conservative Government until 2020 and then effectively indefinitely postponed.[40] An alternative version of the Dilnot reforms were announced by the then Government in September 2021. This version proposed a cap of £86,000, an upper capital limit (the threshold above which somebody is not eligible for local authority support) of £100,000 and a lower capital limit of £20,000 (the threshold below which somebody does not have to contribute towards their care costs from their capital).[41] These reforms were originally due to be implemented in October 2023, but were delayed by two years in the 2022 Autumn Statement and finally discontinued in July 2024 by the new Labour Government.[42]

26. Responding to the 2024 announcement, the Institute for Fiscal Studies said:

> Scrapping these reforms means the risk of extremely high social care costs (that in some cases can total hundreds of thousands of pounds) will remain with individuals, other than for those with low income and

38 Data provided to the Committee by The King's Fund

39 The Commission on Funding of Care and Support, Fairer Care Funding, July 2011 (pp 5–6)

40 House of Lords Library, Reforming adult social care: House of Lords committee report, 28 September 2023

41 House of Commons Library, Introducing a cap on care costs, Research Briefing 9315, 31 July 2024 (page 3)

42 HC Deb, 29 July 2024, col 1033

> assets. Those who end up with the highest care needs–such as those who need dementia care for a number of years–will continue to pay the most.[43]

27. The Health Foundation and The King's Fund flagged the great uncertainty about future needs and noted that currently an estimated 1 in 7 older people have care costs over £100,000.[44] Sir Andrew Dilnot compared needing social care to "being in a shop with no prices".[45] He told us:

> 80% of 65-year-olds will need social care before they die, but the amount that each of them will need is unknowable. Most of them will not actually need very much, but a small number will need an awful lot. In the current system, all of them are faced by needing to set aside enough money just in case they are one of the unlucky ones.[46]

He also suggests that this situation, where future care costs and needs are unknown, is meaning that "many people, not with especially large amounts of income and wealth, are setting aside money that they will not actually need".[47] However, the Association of British Insurers found in 2019 that "nine out of ten over-65s had no plan to pay for social care" and "the lack of government policy and public awareness of what is, and is not, available means people are unable to plan ahead".[48]

28. **CONCLUSION**

There have been multiple failed attempts to advance a version of Dilnot's reforms, during which time more and more people are faced with unknowable social care costs, and inflation has eroded the value of the upper threshold, meaning fewer people benefit from it. We note the establishment of the Casey Commission and hope it succeeds where previous reforms failed.

29. **RECOMMENDATION**

Given how often this was raised as an issue, we recommend that the Casey Commission considers measures to address the erosion of the upper threshold. In the meantime, we recommend the Government does the same.

43 Institute for Fiscal Studies, IFS response to Rachel Reeves' spending audit, 29 July 2024
44 The Health Foundation (ASC0034) and The King's Fund (ASC0093)
45 Q22
46 Q19
47 Q19
48 Association of British Insurers (ASC0083)

2 Unpaid carers: the hidden cost of inaction

> *There is a confident expectation that unpaid carers will continue to pick up the slack in a system that is neither efficient nor sustainable in its present form. We would never willingly endanger the wellbeing and safety of our friends and loved ones we support, but imagine the chaos, upset and devastation caused to the vulnerable and sick if we all just walked away for a week.* (Mark, carer to two young adult children with complex additional needs)
>
> *My health comes very much at the bottom of the list. When you are a carer, your focus is absolutely on that person you care for, particularly if they have high needs. There is not time. If you have spent hours trying to get through to a GP surgery, trying to arrange a hospital appointment or trying to arrange social care, you do not have time to then do that for yourself.* (Jayne, carer for her adult daughter)
>
> *I was really lucky [...] It is probably important to stress that my experience of having so much support [...] is very rare. On average, young carers are waiting for three years to access support. You even hear of some waiting for more than 10 years, and that is presuming that they know that they are a young carer in the first place.* (Holly, young adult carer for her sister)

30. The current system places significant pressure on unpaid carers.[49] According to the 2021 Census, there are approximately 4.7 million unpaid carers in England, or 9% of the population.[50] However, Emily Holzhausen, Director of Policy and Public Affairs at Carers UK, told us that the number of unpaid carers could in fact be far higher, with estimates ranging from between 9% and 16% of the population.[51]

49 Unpaid carers are people who provide care, unpaid, for a friend or family member who, due to illness, disability, a mental health problem or an addiction, cannot cope without their support.

50 The King's Fund, What are unpaid carers, who are they and how often do they provide care?, 13 September 2024; Carers Trust (ASC0122)

51 Qq70–71

31. The amount of care being delivered by unpaid carers is increasing. The 2021 Census also found that 1.5 million carers in England and Wales now provide over 50 hours of care, an increase of 152,000 over the past decade.[52] Carers UK told us:

> The amount of unpaid care provided is likely to be increasing due to the lack of affordable, reliable and good quality social care available, with families left to plug the gaps in formal provision. This has a significant impact on carers' ability to participate in paid work and contribute to the wider economy, as well as being able to look after their own health and wellbeing.[53]

The amount of care being provided by unpaid carers can also be illustrated by its economic value. Research by the Centre for Care and Carers UK valued contributions made by unpaid carers in the UK at £184.3 billion a year in 2021–22, an increase of £64.9 billion, or 54%, since 2011, and noted this was "equivalent to a second NHS".[54]

32. HM Treasury explained the steps being taken to address challenges experienced by carers. From April 2025, the Government increased the Carer's Allowance weekly earnings limit[55] from £151 a week to £196, or, as they explained, the equivalent of 16 hours at the National Living Wage. The Treasury said that this represented "the largest increase in the earnings limit since Carer's Allowance was introduced in 1976".[56]

Carer health and wellbeing

33. Caring can have a significant impact on an individual's health and wellbeing. Chapter 2 of the NHS' 2019 Long Term Plan states: "Carers are twice as likely to suffer from poor health compared to the general population, primarily due to a lack of information and support, finance concerns, stress and social isolation".[57] Carers Trust told us that "without reform, carers will be more vulnerable to burnout and experiencing adverse effects to their health due to excessive and inappropriate caring situations".[58] They cited ONS Census data which showed that:

---

52 The Nuffield Trust (ASC0035), Carers UK (ASC0104)

53 Carers UK (ASC0104)

54 Centre for Care, New Report: Valuing Carers: 2021/22, the value of unpaid carers in the UK, 20 November 2024. The combined NHS budget across the four nations of the UK was £189 billion in 2021/22.

55 This is the maximum amount a working carer can earn while still receiving the allowance. Earnings are calculated after tax, National Insurance, and certain allowable expenses

56 HM Treasury (ASC0147)

57 NHS England, NHS Long Term Plan: Stronger NHS action on health inequalities (Accessed 21/01/25)

58 Carers Trust (ASC0122)

- 27.9% of unpaid carers reported having a disability as defined by the Equality Act compared to 17.5% of non-carers. A higher percentage of unpaid carers reported having very bad and bad health (7.2%) compared to non-carers (5.4%) and a lower percentage of unpaid carers reported having good and very good health (71.9%) compared to non-carers (82.0%).
- Almost half (48.6%) of unpaid carers reported at least one adverse health effect of providing care.[59]

34. Understanding Society, the UK Household Longitudinal Study (University of Essex), found that carers had a lower level of subjective wellbeing compared with non-carers, and that their relative subjective wellbeing increased with local government spending on adult social care. It also shows that the physical health of unpaid carers deteriorates over time, more than for non-carers, and that this negative effect increased over time.[60]

35. Under the Care Act 2014, unpaid adult carers are entitled to a local authority assessment of their support needs. Where a carer is found to have needs that meet national eligibility criteria, the local authority has a duty to meet those needs. This may be through support provided directly to the carer or via help provided to the person being cared for–for example, respite care.[61]

36. However, Carers Trust told us about their 2023 Adult Carer Survey, which found that 21% of responding carers were receiving no support from their local authority, or less than they had previously, and that 68% were unable to get a respite break.[62] As Carers UK told us "this not only affects their health and wellbeing but also prevents them from seeking necessary treatment and tests when they do develop health issues of their own".[63]

Financial costs of unpaid caring

37. Caring responsibilities also impact on the ability to participate fully in the workforce. Between 2017 and 2019, 468,000 people, or around 600 people every day, gave up work as a result of caring.[64] In the Carers UK State of

59 Carers Trust (ASC0122)
60 Understanding Society, the UK Household Longitudinal Survey (ASC0029). Self-reported health and loss of sleep were worse one year after starting to have caring responsibilities, the negative effect got smaller two years later, but then increased again after three years.
61 House of Commons Library, Local authority support for unpaid carers, Research Briefing 7756, 30 August 2024
62 Carers Trust (ASC0122)
63 Carers UK (ASC0104)
64 Carers UK, Juggling work and unpaid care: a growing issue, February 2019 (page 6); Q61, Social Care Institute for Excellence (ASC0051), Carers UK (ASC0104), Oxfam GB (ASC0066)

Caring 2024 survey, 25% of unpaid carers providing substantial care said that they had taken lower paid work or turned down a promotion due to the demands of caring. 44% of carers who responded to the survey said they had reduced their working hours to provide care.[65]

38. Carers UK told us that "unpaid care is disproportionately provided by women" and that "women are significantly more likely to be working part-time, juggling work and long term care", meaning the impact of a lack of adult social care on the ability for unpaid carers to work "has a distinctively gendered impact".[66]

39. Research has attempted to quantify the cost of these challenges to businesses and the economy. In 2012 Age UK estimated that £5.3 billion had been wiped from the economy in lost earnings due to people dropping out of the workforce to take on caring responsibilities.[67] Their analysis estimated that this had cost HM Treasury almost £1 billion in forgone taxes.[68] Employers for Carers, an employers' membership forum supported by Carers UK, set out a range of figures in their business case for supporting working carers. They suggested that the impact of staff turnover, absence and stress due to juggling work and caring could be costing UK businesses over £8.2 billion per year and that businesses could save up to £4.8 billion a year in unplanned absences and £3.4 billion in improved employee retention by better supporting carers.[69]

40. Centrica, one of the founding members of Employers for Carers, has reported estimated yearly savings of £1.8 million through reduced unplanned absences and £1.3 million in retention savings due to its carer policies. These policies included flexible working practices, setting up a carers' network (which, in 2004, they were one of the first employers to do) and a carers' leave policy to give employees more paid-for leave without using annual leave allowances, so they can meet their caring responsibilities.[70]

41. During oral evidence, Dr Maria Petrillo, Research Associate at Centre for Care, presented recently published research, ahead of peer review and journal submission, which sought to estimate the income penalty in the UK for individuals who provide care.[71] The research, which compared carers to a hypothetical individual with identical experiences but without caring responsibilities (a "doppelganger"), found that:

---

65 Carers UK, State of Caring 2024: the impact of caring on employment, November 2024
66 Carers UK (ASC0104)
67 Carers UK (ASC0104)
68 Age UK, More than £5.3 billion wiped from the economy, 28 June 2012
69 Employers for Carers, The business case (Accessed 20/01/25)
70 Employers for Carers, The business case for supporting working carers, October 2023; Employers for Carers, The business case (Accessed 20/01/25)
71 Q245

- Unpaid carers who provided 50+ hours of care per week saw their personal income fall on average by £162 per month, with losses peaking at £192 per month after four years.
- Unpaid carers who provided the lowest intensity of care (less than five hours per week) experienced an average monthly penalty of £44.
- Unpaid carers who provided 5–19 hours of care per week saw reductions of up to £138.
- Those providing 20–49 hours per week faced an income loss of up to £153 per month.[72]

While this is only one piece of research and there are still many gaps in the evidence base, it is helpful in starting to build an understanding of the financial impact of caring on individuals, which could provide a starting point for better estimating the wider impact on the economy as a whole.

42. As well as the impact on their current income, changes that carers make to their working patterns can also have longer term costs, including reduced pension contributions and interrupted career progression.[73] Jayne Simpson, a carer for her daughter, told us about the impact of needing to reduce her working hours to part-time work on a zero-hours contract:

> That has brought a lot of difficulties financially, being on zero hours with much lower pay than my colleagues. It has affected my pension. I do not have a substantial pension to make any choices about retirement in the near future, which perhaps I would have been doing. I am very concerned: as it stands I will not be getting a full state pension, because I have lost national insurance contributions as a result of being part-time and zero-hours.[74]

43. The Pensions Policy Institute's 2020 "Underpensioned Index" found that carers had private pension incomes that were, on average, almost a third lower than those of the general population.[75] Four out of five (81%) employed carers (in receipt of caring-related benefits) did not meet the qualifying criteria for automatic enrolment.[76]

72 Qq245–277, Maria Petrillo, Daniel Valdenegro, Charles Rahal, Yanan Zhang, Gwilym Pryce, Matthew R. Bennett, Estimating the Cost of Informal Care with a Novel Two-Stage Approach to Individual Synthetic Control and Centre for Care - University of Sheffield (ASC0089)

73 Dr Gary Christopher (Senior Lecturer at Swansea University) (ASC0024)

74 Q216

75 Pensions Policy Institute, The Underpensioned Index 2020 Edition, 8 December 2020 (page 62)

76 Pensions Policy Institute, The Underpensioned Index 2020 Edition, 8 December 2020 (page 61)

The costs to young and young adult carers

44. Care Policy and Evaluation Centre research focussed on the impact of caring responsibilities on young people aged 16–25. They found that the responsibilities of being a carer "at such a critical life-stage for educational development and attainment" could have "lifelong consequences". The research highlighted cross-sectional studies showing an association between being a young carer and lower educational attainment at GCSE level, and a negative association between caring and going on to further or higher education. Of those who did continue, there were high drop-out rates. Lower educational qualifications impacted on ability to enter employment and earnings. Effects of caring were also seen even after taking into account qualifications, suggesting that caring itself impacts on employment.[77]

45. On average young carers miss over a month's worth of school every year, with almost half missing one day of school every fortnight.[78] During our inquiry, we heard from Holly, who grew up as a young carer for her sister. Holly described her experience when she and her sister were at the same school:

> Most break times in key stage 4, towards GCSE years, I would make sure that she had something to eat and drink, and occasionally help her get changed for PE. In between every lesson, I would go to her lesson, sight guide her and walk her to the next lesson, and then go to mine. At the time, that felt fine, until things went wrong. She has anxiety. She sometimes had moments where she got really overwhelmed and I would have to deal with that and try to get her to eat something. I remember once then running to a speaking exam. It was quite intense in that I did not really have that break, and my mind was always wandering.[79]

Holly has been able to go to university and describes herself as "lucky". She told us that young carers she knew from youth groups had not gone to university, had gone but had to drop out, or had stayed local.[80]

77 Dr Nicola Brimblecombe et al, The high cost of unpaid care by young people: health and economic impacts of providing unpaid care, 5th August 2020, Care Policy and Evaluation Centre (ASC0026)

78 Carer's Trust, Young carers missing more than a month of the school year, Carers Trust report shows, 26 September 2024, and Q218

79 Q218

80 Q218

46. In 2017 the Care Policy and Evaluation Centre estimated that costs to government of young adults (16–25) providing care of more than 10 hours a week amounted to £1.48 billion every year. This was made up of: £497 million in forgone tax revenue; £357 million for welfare benefits; and £194 million for health service costs, mainly related to mental ill health.[81]

47. **CONCLUSION**

Unpaid carers are bearing the highest cost from successive governments' failures to reform adult social care. They provide care worth £184 billion, "equivalent to a second NHS", but this is often unrecognised and comes at great personal, emotional and financial cost as well as a cost to their own health. Carers can't do the vital work they do to support the formal system if nobody is caring for them, and the moral and financial case for doing so is clear. We were not able to find official estimates of the cost to the Exchequer of the failure to properly support unpaid carers' employment opportunities. However, given that one study placed it at £1 billion in 2012 the potential return on investment for supporting unpaid carers could be substantial.

48. **RECOMMENDATION**

We recommend that the Casey Commission includes a specific workstream dedicated to reducing the pressures on carers, especially young carers. This workstream should consider how to support unpaid carers better, to ensure they get the respite they need and to look after their own health and wellbeing. It should also consider how businesses could be better incentivised to employ and support unpaid carers.

81 Care Policy and Evaluation Centre, ASC0026

3 Costs to the care system

Adult social care accounts for 48% of our budget, which means less is available for other services, including supporting those which may help in reducing ASC demand. Despite being a well-run and efficient council which has saved £140 million since 2010, the financial position we find ourselves in means we are consulting on savings proposals which would further erode preventative services. (East Sussex County Council)

Every year we provide care, we operate at a significant deficit. This is not because we are inefficient, we have incredibly robust financial stewardship. It is simply because the cost of providing high quality care with the rates we are provided from the local authorities and the NHS does not even cover the basics. (Nightingale Hammerson, charity delivering residential and nursing care)

I struggle to pay my priority bills due to being on a low income but working full time, I am finding that I am having to borrow money and take out loans to be able to afford food, gas and electricity. I live alone and walk to and from work yet still can't afford to live comfortably for the month. (Senior carer, via GMB Union)

49. In this chapter we will look at the costs the current adult social care system imposes on local authorities (which fund the majority of state provided care), care providers and care workers.

Costs to local authorities

50. There is no national budget for adult social care in England, as there is for the NHS. Instead, publicly funded social care is commissioned by 153 councils with Adult Social Services responsibilities. Each local authority sets its budget, with funding coming from local council tax, central government grants, business rates, user charges and transfers from the NHS.[82] Each year, the Government allocates funding to local authorities in England via the Local Government Finance Settlement. This includes ring-fenced grants,

82 Health Foundation, Social Care Funding, September 2024

such as the social care grant, which provides additional funding for social care, and a proportion of the Better Care Fund (BCF). Local authorities receive the majority of the BCF from the NHS.[83]

51. During our inquiry, we heard about the challenging financial situation that many local authorities face. The ADASS Spring Survey 2024 found that the amount budgeted by councils for adult social care rose from £19.2 billion in 2023/24 to £20.5 billion in 2024/25.[84] Councillor David Fothergill, Chair of the Community and Wellbeing Board at the Local Government Association (LGA), told us that the LGA estimates a funding gap in local government of over £20 billion over the next four years, the "vast majority" of which will come from adult and children's social care.[85] The ADASS Autumn Survey 2024 found that 81% of councils were on course to overspend their adult social care budget in the 2024/25 financial year, an increase from 72% in 2023/24 and 63% in 2022/23 and argued that on current trends within a couple of years, all council adult social care budgets would be overspent.[86] This level of projected overspend is leading to more councils having to apply for Exceptional Funding Support (ESF) from central government.[87] In 2024/25, 19 councils were supported, increasing to 30 in 2025/26.[88]

52. In their written evidence, the Department of Health and Social Care recognised the importance of adequate funding for local government. It explains that the Government is providing a projected real-terms uplift in core local government spending power of approximately 3.2%, as well as "up to £3.5 billion" of additional funding available for social care authorities, including £1.3 billion of new grant funding, Council Tax flexibilities and the adult social care precept,[89] which combined would "raise up to £1.6 billion".[90] However, Hugh Evans, Executive Director for Adults and Communities at Bristol City Council told us that the cost of adult social care was rising at a higher rate: "[a]lmost regardless of the ability to raise revenue through council tax or the precept, in the end it is still not sufficient to meet the increased cost of adult social care".[91] Increases to the living wage, changes to Employer National Insurance, the recent rises in energy

83 The BCF (see also Chapter 4) provides funding for local government and integrated care boards to work together to join up health, social care and housing services and is funded mostly by the NHS.
84 Association of Directors of Adult Social Services, 2024 Spring Survey, July 2024 (page 9)
85 Q119
86 Association of Directors of Adult Social Services, 2024 Autumn Survey, 6 November 2024 (page 7)
87 Q120
88 MHCLG, Exceptional Financial Support for local authorities, 20 February 2025
89 The adult social care precept is an additional amount added to council tax bills to fund adult social care services
90 Department of Health and Social Care (ASC0128)
91 Q125

bills and high vacancy rates were all cited as contributing to increasing costs to local authorities. We discuss some of these costs later in this chapter.

Impact on wider service

53. The proportion of councils' overall budget spent on adult social care is also rising. The ADASS Spring Survey 2024 found that it had increased from 36.7% in 2023/24 to 37.2% in 2024/25.[92] Councillor Fothergill told us that, when combined with children's social care, in some areas, social care is making up "well over 70%" of a council's budget, with many spending "more or less half" of their budget on adult social care.[93] NHS Confederation highlighted the situation in Hampshire where the cost of providing adult and children's social care had increased from £381 million in 2010–11 to £809 million in 2024–25, from 53% to 83% of its budget.[94]

54. Bristol City Council described having to cut other services to fund social care costs:

> Cuts primarily caused by ever-expanding social care costs have been essential and have included almost all areas outside of adult and children's social care except libraries and domestic violence. However, in our most recent budget we are now reviewing savings to libraries and tackling youth violence, demonstrating the stark choice local authorities face to continue to fund the current system of social care.[95]

55. The Centre for Mental Health highlighted fewer resources for "preventative wider, non-statutory services like early years and youth services, Health Visiting and school nursing, libraries, leisure centres, parks, community centres and advice services".[96] UNISON also flagged that between 2010 and 2023, councils had closed at least 1,243 youth centres and 1,168 children's centres. There had also been a significant decline in council-run libraries (1,376) and public toilets (1,629).[97]

56. Witnesses also expressed concerns about a similar impact within councils' social care budgets, with councils prioritising meeting immediate need at the expense of preventative social care expenditure. Preventative

---

92 Association of Directors of Adult Social Services, 2024 Spring Survey, July 2024 (page 9)
93 Q119
94 NHS Confederation (ASC0057)
95 Bristol City Council (ASC0082)
96 Centre for Mental Health (ASC0129)
97 UNISON (ASC0008)

expenditure may include services such as falls prevention, home adaptations, befriending schemes and telecare (personal alarms and monitoring systems).[98] Hugh Evans, Bristol Council, explained:

> We are having to emphasise[…] survival within the year. We are having to emphasise the bare minimum of statutory services in order to fulfil our duties under the Care Act. Beyond that, any investment from the social services perspective in the excellent potential preventative work that can be done through the voluntary and community sector and partnership work with the NHS is diminished. It either stops or really slows down.[99]

57. The 2024 ADASS Spring Survey found that investment in prevention had fallen from £1.55 billion in 2023/24 to £1.43 billion in 2024/25 and that 51% of Directors of social services were “less than confident” that their budgets were adequate to meet their legal duties relating to prevention and wellbeing in the 2024/25 financial year.[100] The survey also found that the proportion of councils taking a positive investment strategy for preventative social care services dropped from 44% in 2023/24 to 29% in 2024/25.[101]

58. In their submission to our inquiry, ADASS also highlighted research which found that investing in earlier preventative support in social care “would improve people’s lives and save £3.17 for every pound spent”.[102]

Council tax and the “democratic deficit”

59. During our inquiry, we also heard concerns about an increased reliance on council tax to fund adult social care. The Local Government Association told us that it has “consistently stated that council tax is not the solution for meeting long-term pressures facing high-demand national services such as adult social care”.[103] Similarly, Nuffield Trust told us that relying on local revenue raising, such as council tax and business rates, “can exacerbate regional disparities as it relies on property values and affluence, which vary significantly across the country”, both by reducing the numbers that could be supported but also by struggling to pay high enough fees to incentivise providers to run services in their area.[104] Councillor Fothergill and Hugh Evans pointed out that raising council tax by 1% in Somerset and Bristol would return £2 million compared to £14 or £15 million in Hampshire.[105]

98 Social Care Institute for Excellence, Prevention in social care, May 2021
99 Q126
100 Association of Directors of Adult Social Services (ADASS) (ASC0141)
101 Association of Directors of Adult Social Services (ADASS) (ASC0141)
102 Association of Directors of Adult Social Services (ADASS) (ASC0141)
103 Local Government Association (LGA) (ASC0137)
104 The Nuffield Trust (ASC0035)
105 Q120 and Q131

In 2024 Lord John Fuller, Leader of South Norfolk District Council, told the Levelling Up, Housing and Communities Committee that there was a "democratic deficit, where 96% of the people are funding 4%" and Councillor Chapman Councillor Graham Chapman from Nottingham City Council said the model "is "not sustainable" and "undermines democracy":

> Everybody else is thinking, "What are we getting out of the council? We are paying far more in additional council tax every year - 5%, beyond inflation until recently - and getting less".[106]

60. **CONCLUSION**

Local authorities are buckling under the strain of the costs of providing adult social care. The current system is unsustainable. Failure to reform adult social care, especially the funding structure, comes at a significant cost to local authorities. The increasingly high proportion of spending on adult social care is crowding out spending on other services, such as fixing potholes, keeping libraries open and providing youth services, forcing many to provide only the bare minimum to residents. It is also preventing councils from reducing future demand for adult social care through investment in prevention activities. There is a growing disconnect between what is paid for and what residents expect to be delivered, risking an erosion of faith in democracy. There needs to be a more open public conversation about what is driving a reduction in council services and how adult social care contributes to that.

61. **RECOMMENDATION**

We recommend that securing agreement on the funding structure must be the top priority for the Casey Commission and for any future Government reforms. Without this agreement, reform can only ever be piecemeal and short-term in outlook and, ultimately, will fail. We also recommend that any future funding structure includes a ring-fence for preventative work.

A broken care market

62. While councils are the main funders of social care, the care itself is delivered by over 18,000 organisations which make up the care provider market. The majority of these are small- to medium-sized, with 75% of care providers operating from a single location.[107] Our evidence highlighted a care provider

106 Levelling Up, Housing and Communities Committee, Third Report of Session 2023–24, Financial distress in local authorities, HC 56, para 88–89

107 The Nuffield Trust (ASC0035)

landscape in distress, with a "lack of a functioning market".[108] Care England described a "growing sense of crisis within the sector" and that inaction on reform of adult social care was placing the sector "in a perilous position".[109]

63. We heard that many care providers were operating at a loss, "with some forced into bankruptcy".[110] This was being driven by increasing provider costs, such as the minimum wage, that could not be met by the rates paid by local authorities.[111] More than a Provider, a collaborative of six non-profit social care organisations which support people with learning disabilities, autism and complex needs, told us that 13% of their contracts were loss making.[112] Leonard Cheshire, which provides care for over 1,300 individuals, told us:

> When commissioning decisions are made, the funding that we receive often does not allow for the additional extra costs that can help support the quality of life, independence, and choice of the disabled people we support. This is resulting in a "race to the bottom" in social care commissioning. In some circumstances, we are choosing not to retender for contracts because the hourly rates being offered by local authorities are simply too low to be able to guarantee that care will be delivered at a suitable quality, level of safety and in line with regulatory requirements.[113]

64. With local authorities often unable to pay care providers' fees at the level it costs to deliver services, providers typically charge self-funders more for their care than those receiving publicly funded services.[114] This creates an "inequity of care".[115] MHA (Methodist Homes), one of the largest charity care providers for older people in England and Wales, explained:

> Across our services, our care home managers have the regular quandary of either making beds available to local authority-funded residents at a price for care that doesn't meet the cost or making them available to self-funders who do pay the actual cost of care. In our experience the least financially sustainable care homes are those with 50% or more LA-funded resident places.[116]

108 Q19
109 Care England (ASC0059)
110 Care England (ASC0059) and National Care Association (ASC0087)
111 The King's Fund (ASC0093)
112 More than a Provider (ASC0111)
113 Leonard Cheshire (ASC0125)
114 The Health Foundation (ASC0034)
115 MHA (Methodist Homes) (ASC0100)
116 MHA (Methodist Homes) (ASC0100)

65. HC-One, a large care home provider, believes that inaction on social care reform had limited longer term capital investment in the sector, which had "increased costs and driven pressures on wider public services".[117] HC-One described their experience of seeking to invest in the sector:

> We want to go further, and build more care settings, particularly for specialist services, but planning delays inflate costs and a lack of income certainty increases borrowing costs. There is an urgent need for patient capital investment to build the care settings we need, where we need them.[118]

Voyage Care, a provider of social care for people with learning disabilities, autism, brain injuries and complex needs told us that "with fewer funds for capital investment, the likelihood of new projects like this being established in the future has been much reduced".[119]

66. Anita Charlesworth, Senior Economic Adviser at Health Foundation, told us that the way social care is commissioned, "with lots of spot purchasing and lots of uncertainty", means that social care providers pay a very high cost of capital,[120] which is money they could be spending on improving the service they offer. She suggests that the Casey Commission should consider how commissioning could be done differently - for example by contracting for longer periods - to lower the cost of capital, "which would benefit its ability to improve without extra Treasury money".[121]

67. We also heard that the Budget's increases in the National Living Wage (NLW) and Employer National Insurance Contributions (NICs), which took effect from 1 and 6 April respectively, had the potential to have a very serious impact on the care market.

68. The NLW rose by 6.7%, from £11.44 to £12.21 (see also Care Workers' pay, below).[122] As at December 2024, 58% of all independent sector workers were paid less than this rate, equating to around 575,000 filled posts being directly affected by the 2025 increase in the NLW.[123] The Nuffield Trust estimates that this would add around £1.85 billion to the total wage bill.[124]

---

117 HC-One (ASC0116)
118 HC-One (ASC0116)
119 Voyage Care Ltd (ASC0054)
120 Cost of capital refers to the expense incurred by a company to fund its operations and investments.
121 Q55 and Q58
122 HM Treasury, Autumn Budget 2024, 30 October 2024 (page 139)
123 Skills for Care, Pay in the adult social care sector in England, as at December 2024, March 2025, (page 3)
124 Nuffield Trust, Will the Autumn Budget push the social care sector beyond breaking point?, 22 November 2024 This assumes that all wages above the National Living Wage also rise at a roughly similar rate to maintain differentials in earnings, which has been the case in previous years.

69. As we discuss later in this chapter, care workers are often underpaid, leading to high turnover and productivity costs. Councillor David Fothergill, representing the Local Government Association, told us that paying care workers more is a principle that all local authorities "fully support".[125] However, these increases have to be paid for, usually by local authorities having to pay higher fees, rather than through increased central government funding. Norfolk County Council and NHS Norfolk and Waveney Integrated Care Board highlighted the "significantly increased costs to the public purse". They explained that 1p added to the NLW could cost £300,000 per year in additional fees if these were passed on by providers.[126]

70. NICs changes were as follows:

- an increase in the rate of employer NICs–'secondary Class 1 NICs'–from 13.8% to 15%;
- a cut in the secondary threshold–the point at which employers become liable to pay NICs on employees' earnings–from £9,100 to £5,000 a year;
- an increase in the Employment Allowance, which now allows all businesses (previously only those with an NICs bill of £100,000 or less) to deduct £10,500 (previously £5,000) from their employer NICs bill.[127]

The Nuffield Trust estimated that, while the more generous Employment Allowance would "soften the blow slightly", the two other measures would add around £940 million to the overall employer national insurance bill for independent social care sector organisations in 2025/26, and that therefore the total cost of the two Budget measures would be almost £2.8 billion that year.[128] Norfolk County Council and NHS Norfolk and Waveney Integrated Care Board estimated the "financial burden to the Norfolk care market" of changes to NICs at £11 million. They also highlighted the indirect impact to council finances "through the management of increased instances of market failure".[129]

125 Q119
126 Norfolk County Council, NHS Norfolk and Waveney Integrated Care Board (ASC0071)
127 House of Commons Library, Autumn Budget 2024 and Finance Bill 2024–25, Research Briefing, 14 November 2024
128 Nuffield Trust, Will the Autumn Budget push the social care sector beyond breaking point?, 22 November 2024
129 Norfolk County Council, NHS Norfolk and Waveney Integrated Care Board (ASC0071)

71. Simon Bottery told us that there was a “really valid concern” amongst providers that they might go out of business or need to hand back contracts.[130] A number of submitters to our inquiry highlighted a survey of care providers by the Care Provider Alliance following the Budget, which found that, without Government support:

- 73% would have to refuse new care packages from local authorities or the NHS;
- 57% would hand back existing contracts to local authorities or the NHS;
- 77% would have to draw on reserves;
- 64% would have to make staff redundant;
- 92% of providers who also serve people who pay for their own care would be forced to increase rates for self-funders; and
- 22% were planning to close their businesses entirely.[131]

72. In response to concerns about the lack of an exemption for social care providers, the Government said that it had “provided a cash increase in core local government spending power of 6.8% in 2025–26, including £880 million of new grant funding provided to social care—funding that can be used to address the range of pressures facing the adult social care sector”.[132] However, the Government has not acknowledged that the grant is unlikely to cover the costs placed on the sector.[133] HM Revenue and Customs’ published an impact note on the changes presents a broad summary of the impact of the changes and does not reference the specific impact on any individual sector, including adult social care.[134]

130 Q37

131 Care England (ASC0059), National Care Forum (ASC0055), Voluntary Organisations Disability Group (VODG) (ASC0072), National Care Association (ASC0087), Leonard Cheshire (ASC0125)

132 HC Deb,19 March 2025, col 357

133 See Chapter 3 and Nuffield Trust, Will the Autumn Budget push the social care sector beyond breaking point?, 22 November 2024

134 HM Revenue & Customs, Changes to the Class 1 National Insurance Contributions Secondary Threshold, the Secondary Class 1 National Insurance contributions rate, and the Employment Allowance, all from 6 April 2025, 13 November 2024

73. **CONCLUSION**

The funding structure for adult social care, rising costs and the inability to make long-term investment, is creating an unstable and unsustainable care market. Providers are making losses, creating inequities by charging more to self-funders or even planning to close entirely. The Government has not properly considered either the immediate or long-term impact of Budget measures, such as Employer National Insurance Contributions and the National Living Wage, on care providers' staffing costs.

74. **RECOMMENDATION**

We recommend that any future policy changes or fiscal decisions relating to the workforce should be accompanied by a cross-government impact assessment that sets out the immediate and ongoing consequences for the social care sector. As part of this, the Government should set out what mitigating actions they would take to minimise any adverse effects on the social care sector, and how that compares to actions being taken to support the NHS.

75. **RECOMMENDATION**

We recommend that the Casey Commission prioritises identifying interventions to create a more sustainable care market.

Care workers' pay

76. Care workers play a vital role in our adult social care system, supporting countless people to live fulfilling lives. It is work that can be both physically and emotionally difficult and we pay tribute to the 1.59 million people working in the sector.

77. Unfortunately, we were told care workers often feel "undervalued and underpaid".[135] As of December 2023, 80% of jobs in England paid more than the median rate of pay for independent sector care workers in adult social care.[136] The median hourly rate for a care worker in the independent sector, as of December 2024, was £12.00, just 56 pence above the then National Living Wage.[137] In their latest report on pay in the sector, Skills for Care noted that social care has been defined as a low-paying industry by the Low

135 The Health Foundation, ASC0034

136 Skills for Care (ASC0050)

137 Skills for Care, Pay in the adult social care sector in England, as at December 2024, March 2025 (page 3)

Pay Commission every year since 1998.[138] As we saw in the section above, the Budget announced that the National Living Wage (NLW) would rise by 6.7%, from £11.44 to £12.21 from April 2025.

78. Analysis published by The Health Foundation in October 2022 found that staff working in care homes were "far more likely to live in poverty and deprivation than the average UK worker": 1 in 5 residential care workers were living in poverty, compared to 1 in 8 of all workers. 20% of the residential care workforce drew on Universal Credit and legacy benefits from 2017 to 2020, compared to 10% of all workers.[139] We asked the Department for Work and Pensions how many social care workers were claiming Universal Credit or legacy benefits, however the Department told us that it does not hold this data because it does not hold occupational data as part of administrative data.[140]

79. Poor pay and employment conditions contribute to significant recruitment and retention challenges, impacting people's care.[141] The sector has a vacancy rate of 8.3% or 131,000 vacancies on any given day in 2023/24. This rate is "consistently almost three times the national average". Oonagh Smith, CEO of Skills for Care, described the sector as having "a bit of a leaky bucket".[142] While 400,000 people started roles in the independent and local authority adult care sectors in 2023/24, 330,000 also left their roles.[143] She told us that people leaving the sector were more likely to leave for another caring profession, including children's care and the NHS, where pay tends to be higher. A healthcare assistant with two years' qualification will earn about £1.45 an hour more than somebody working in social care.[144] Social workers with more than five years' experience are currently paid just four pence more per hour on average than care workers who are new to the sector. Prior to March 2017, this gap was between 26 pence and 37 pence per hour.[145]

80. The impact of high rates of turnover also has a financial and economic impact. For example, care providers in Nottinghamshire told us that the recruitment process alone was costing them about £1,000 per vacancy. This only accounts for the recruitment costs, but there will also likely be costs arising from training, use of agency workers, management time overseeing

138 Skills for Care, Pay in the adult social care sector in England, as at December 2024, March 2025 (page 22)
139 The Health Foundation, ASC0034, The Health Foundation, 1 in 5 residential care workers in the UK living in poverty before the cost-of-living crisis, 11 October 2022
140 Correspondence from DWP relating to care workers and unpaid carers
141 The Health Foundation, ASC0034
142 Q92
143 Skills for Care (ASC0050)
144 Q93
145 Skills for Care, Pay in the adult social care sector in England, as at December 2024, March 2025 (page 3)

recruitment and staff time covering vacancies. There are therefore also productivity costs to businesses and the sector as a whole if they are constantly managing staff turnover. Anita Charlesworth told us that the high rate of turnover is one of the reasons for a lack of growth in productivity in the sector, which has remained about the same since 2008.[146] The Joseph Rowntree Foundation is currently assessing the economic costs of low pay, including lost financial and productivity costs, as well as the direct costs of recruitment, which we hope will add much needed quantitative data to this important aspect of the cost of inaction on adult social care reform.

81. While low pay is a driver of high turnover rates, higher pay has been linked to delivering better quality care. The GMB Union told us about a study of 2,500 care homes in England over three years, which found that a 10% rise in the hourly wage of a care worker increased the likelihood of a care home being rated 'good' or 'outstanding' by 7%.[147]

82. In their written submission, the Department of Health and Social Care recognised that "low pay constrains economic growth through lowering the consumption of workers, providing insufficient incentives for engagement and effort, and disincentivising investments in human capital". It drew attention to the Employment Rights Bill, saying that it would establish a framework for the "first ever Fair Pay Agreement (FPA) for adult social care … through which an agreement for the adult social care sector can be negotiated and reached by employers, worker representatives and others in partnership". Explaining the impact this may have, the Department said:

> […] an FPA can improve pay and conditions in the sector, and may allow the adult social care workforce to increase their consumption and improve their standard of living. It will also contribute towards improving their economic security and improve rates of recruitment and retention for care providers. This is crucial as high staff turnover undermines workforce capacity, leading to inconsistent and lower-quality care for those who rely on these services.[148]

83. The Government's impact assessment for the Fair Pay Agreement is largely qualitative in nature. Estimates on the potential scale of the impact are "illustrative only" because "the design of the adult social care fair pay agreement process is still to be determined".[149] However, it does state that for each additional pound spent on increased fees for publicly-funded care to raise pay, approximately 40p would be saved through increased tax

146 Q55
147 GMB Union (ASC0112)
148 Department of Health and Social Care (ASC0128)
149 Department for Business and Trade, Final stage impact assessment: Establish a Fair Pay Agreements process in the Adult Social Care sector, 21 October 2024 (page 21)

revenue and saved Universal Credit (see also Chapter 5 below).[150] Secondary legislation will be needed to make use of the powers and a further Impact Assessment will then be produced by DHSC.

84. In July 2024, the Government announced it was cancelling the Adult Social Care Training and Development Fund.[151] However in April 2025, Secretary of State for Health and Social Care Wes Streeting announced "the first universal career structure for adult social care, setting out four new job roles to give care workers the opportunities to progress in their career".[152] This builds on the care workforce pathway,[153] launched in January 2024.[154] While improved career progression may address some of the concerns about turnover in the sector, it is unclear how this career progression will be matched with pay progression or where funding for that will come from.

85. **CONCLUSION**

Low pay does not adequately recognise the level of skill adult social care workers need to do very difficult physical and emotional work. It is both morally unacceptable, and economically shortsighted, that the current pay regime is pushing some into poverty. Higher wages would achieve better quality care and reduce recruitment and training costs. We welcome increases to the National Living Wage.

86. **CONCLUSION**

We further welcome plans to establish the Adult Social Care Fair Pay Agreement and improve career pathways. However, the Government needs to set out how these measures will be funded, as providers and local government cannot afford to fund them.

150 Department for Business and Trade, Final stage impact assessment: Establish a Fair Pay Agreements process in the Adult Social Care sector, 21 October 2024 (page 22)

151 Adult Social Care Workforce HCWS50, 30 July 2024

152 Department of Health and Social Care, Zero tolerance for violence and harassment of NHS staff, 9 April 2025

153 The care workforce pathway is a new career structure for the adult social care workforce. The pathway was launched in January 2024, covering 4 direct care role categories. Four more role categories were added in April 2025. The 8 role categories are now: new to care, care or support worker, enhanced care worker, personal assistant, supervisor or leader, practice leader, deputy manager, registered manager.

154 Department of Health and Social Care, Care workforce pathway for adult social care, 10 January 2024

87. **RECOMMENDATION**

We recommend that the Department for Work and Pensions explores collecting occupational data for benefit claimants, to better understand the cost to the Exchequer of low pay for care workers and to support the case for better pay.

88. **RECOMMENDATION**

We recommend that the impact assessment for any secondary legislation to establish an Adult Social Care Fair Pay Agreement be accompanied by a full quantitative analysis, including the impact on sector productivity, financial costs faced by providers and expected return to the Exchequer (through tax receipts or reduced welfare claims) and the wider economy. We also ask that the Department, in its response to this report, sets out when discussions on the Adult Social Care Fair Pay Agreement will begin and when the agreement will be finalised.

4 The NHS and wider system costs of inaction

L, a 24-year-old woman who has Down's syndrome, was admitted to the hospital with a respiratory infection. While medically fit for discharge after eight days, she remained in the hospital for an additional three weeks because the council could not identify an appropriate care placement [...] The delay not only prolonged L's hospital stay but also worsened her anxiety and sensory processing difficulties. (The Down's Syndrome Association)

My ward holds 28 patients, and currently 20 of them are "medically fit for discharge" [...] This is the reality around the country for the frail elderly, who become more frail and vulnerable as they wait, some becoming ill and even dying before they get home due to the delays. (Dr Nick Samaniego, consultant physician and geriatrician)

89. When people are not able to get the social care they need, they may turn to other parts of the health and care system, often NHS hospitals. Building an NHS fit for the future is one of the Government's six missions for change.[155] We heard the NHS is currently bearing the cost of failure to fix social care in two main ways:

- avoidable admissions, where better social care could have prevented someone needing to go to hospital, and
- delayed discharge, where someone cannot leave the hospital because the social care they need is not available.

While the social care system does not exist to reduce pressure on the NHS it is clear that demand for NHS services is higher because of the current state of the social care sector, and we consider that in this chapter.

155 Prime Minister's Office 10 Downing Street, Plan for Change (Accessed 15 April 2025)

Ambulance callouts and hospital attendances

90. NHS Confederation highlighted that only 10–11% of ambulance callouts were in response to life-threatening emergencies.[156] While the reasons for these call outs will vary and may be complex, NHS Confederation said that some of its members believed that much of ambulance trusts' work was "filling the gaps in provision" in social care.[157]

91. The Care Workers Charity told us that "individuals without family support frequently resort to A&E simply because there is no alternative support in place".[158] The Royal College of Nursing (RCN) argued that a lack of investment in the district nursing workforce was also a driver of higher A&E admissions because if a resident using a social care service became unwell, staff were more likely to take them to A&E, rather than being able to access community nursing.[159]

92. People aged 70+ are one of the cohorts identified as "high-intensity users of A&E". These are groups most likely to attend five plus times a year. NHS Confederation told us this resulted in "expensive, often ineffective, medicalised responses" to issues that could be more efficiently resolved with social care.[160] Similarly, PSPA, the UK's only charity supporting people living with Progressive Supranuclear Palsy (PSP) and Corticobasal Degeneration (CBD), told us that "many [hospital admissions] will have been avoidable and caused by issues such as falls […] which could have been prevented with better social care support".[161]

93. Finding evidence that quantifies the financial cost of these admissions and the link with social care provision has proved difficult, but there is some research that supports the experiences described above. For example, a 2018 study by the Institute for Fiscal Studies, found that reductions in social care spending for adults over 65 were associated with an increase of 3.8% in the probability of an individual of that age attending A&E, relative to a baseline of 23%.[162] There will clearly be costs associated with this increased activity.

156 Association of Ambulance Chief Executives, NHS Providers and NHS Confederation, A Vision for the NHS Ambulance Sector, March 2024
157 NHS Confederation (ASC0057)
158 The Care Workers' Charity (ASC0014)
159 Royal College of Nursing (ASC0097)
160 NHS Confederation, ASC0057
161 PSPA (ASC0076)
162 The Institute for Fiscal Studies, The impact of cuts to social care spending on the use of Accident and Emergency departments in England, 14 June 2018

Delayed discharges

94. Social care is a significant cause of delayed discharge. Lord Darzi's *Independent Investigation of the National Health Service in England* (see also the Health Mission and the "three shifts" below) found that 13% of NHS beds were occupied by people waiting for social care support or care in more appropriate settings.[163] The Nuffield Trust found that 42% of patients were waiting for services provided mainly through social care, rising to 46% for those delayed more than three weeks.[164] Patients with a long stay in hospital who are due to be discharged to a permanent bed in a nursing or care home are the most delayed with a weekly average of 70% experiencing delays in May 2024.[165]

95. The King's Fund explains that the most recent official estimate of the cost of delayed discharges to the NHS was in 2017/18 and there is no current official estimate of the cost. However, in March 2023, it uplifted the 2017/18 estimate to place current costs at £395 per night, suggesting that the direct costs of delayed discharges in 2022/23 was £1.89 billion - excluding additional costs from activities such as cancelled operations or staff time spent arranging care packages.[166] The King's Fund explained:

> Not all this money is spending that wouldn't exist otherwise–the beds occupied by people experiencing delayed discharge would otherwise be filled by other people with other care needs–but it does provide an indication of sub-optimal use of resources that should be deployed in other ways.[167]

96. When the then Government introduced legislation to implement the Discharge to Assess model - whereby patients are discharged to a short-term care placement where a longer terms assessment of their need will be undertaken - the impact assessment estimated that it would free-up NHS capacity worth at least £800 million per year in acute hospital beds and community beds.[168]

97. Delayed discharges have a knock-on impact on wider patient flow, and the elective care waiting list. NHS Providers told us that, in December 2024, over 272,000 bed days were lost due to delayed discharges, while the waiting list

163 The Rt Hon. Professor the Lord Darzi of Denham, Independent investigation of the National Health Service in England, September 2024 (page 5)
164 The Nuffield Trust (ASC0035)
165 Nuffield Trust, Delayed discharges from hospital, 29 August 2024
166 David Maguire, The hidden problems behind delayed discharges and their costs, 30 March 2023
167 David Maguire, The hidden problems behind delayed discharges and their costs, 30 March 2023
168 Department of Health and Social Care, Health and Care Act 2022: Impact assessments for adult social care providers, 21 September 2023 (page 13)

stood at 7.46 million pathways and had grown by over two-thirds since 2019. 54% of respondents to its June 2024 finance survey said that social care capacity and/or funding was "a barrier to improving patient flow across the system".[169] Amanda Pritchard, former Chief Executive of NHS England, told us:

> Eliminating the lost bed days for just the third of delays for individuals accessing adult social care packages on discharge would reduce average lengths of stay, aid system flow and theoretically deliver an improvement in A&E 4-hour performance. If all other things were equal, including the rate of admissions and rate of flow through hospitals, theoretically this could potentially improve performance by up to 6%.[170]

98. We heard what this could mean at a local level during our visit to St Mary's Hospital on the Isle of Wight. The Isle of Wight Trust shared data from the 2024/25 financial year showing that it had 9,438 lost bed days, from 1,123 patients on pathway 2 (discharge to a community bed-based setting with dedicated recovery support). Most, though not all, of these settings are adult social care settings.[171] This cost the Trust £3,039,036 in 2024/25.[172] For context, the cost of a procedure for a hip fracture varies from £2,205 to £7,165, depending on the complexity of the procedure and the condition of the patient.[173] Therefore this equates to the cost of between 418 and 1,361 hip fracture procedures.

99. The costs of discharge are, of course, not purely financial, as NHS Providers explained:

> The impact of delayed discharges on patients can be significant, with long hospital stays contributing to the risk of people being exposed to healthcare acquired infections, deconditioning, and a general deterioration in their sense of independence and wellbeing. This is especially true for older people and those with frailty. Without adequate social care provision upon discharge, there is also a greater risk of the patient returning to hospital.[174]

---

169 Correspondence from NHS Providers re 5 March evidence session
170 Correspondence to the Chair from NHSE
171 DHSC/NHS England, Hospital discharge and community support guidance, 26 January 2024
172 Data provided by Isle of Wight NHS Trust, 04/04/25
173 The King's Fund, Key facts and figures about the NHS, 25 June 2024
174 Correspondence from NHS Providers re 5 March evidence session

100. **CONCLUSION**

Social care is a vital public service in and of itself and should not be valued only for how it supports the NHS. However, the current state of adult social care is imposing significant costs on the NHS. The best estimate we found was that delayed discharges alone are costing almost £1.9 billion. This does not account for other costs such as postponed procedures or admissions that could have been prevented by better social care. If DHSC is to make the best case to HM Treasury for investment in reform of adult social care, it needs to have better data on the impact the status quo is having on one of the Government's top domestic priorities.

101. **RECOMMENDATION**

We recommend that the Department provides an official estimate of how much delayed discharges are costing the NHS, broken down by the reason for the delay and including costs associated with the beds themselves, staff time and wider activity that cannot happen as a result of a delayed discharge. This should be published and updated annually.

102. **RECOMMENDATION**

We recommend that the Casey Commission undertakes research to better understand the costs that the NHS is bearing as a result of failures in adult social care, and where the NHS is saving money due to good social care. This should be used in future departmental budget setting processes and to make the case for moving ahead with adult social care reform. When the Casey Commission completes its work, the Government should continue this analysis as an ongoing activity.

Integrated Care

103. Integrated care aims to join up the health and care services required by individuals to deliver care that meets personal needs in an efficient way.[175] The 2022 Health and Care Act established 42 Integrated Care Systems (ICS) in July 2022.[176]

175 Sarah Scobie (Nuffield Trust), Integrated care explained, 13 December 2021

176 ICSs are local partnerships that bring health and care organisations together to develop shared plans and joined-up services. Building on partnerships that were already in place across England, they are formed by NHS organisations and upper-tier local councils in that area and also include the voluntary sector, social care providers and other partners with a role in improving local health and wellbeing. They aim to: improve outcomes in population health and healthcare; tackle inequalities in outcomes, experience and

104. We heard that inaction on social care reform, and the associated challenges faced by the NHS and local authorities, were impacting on the ability of the health and social care system to deliver integrated care. The Social Care Institute for Excellence told us that "despite the introduction of Integrated Care Systems, the potential for integrated health and social care community services remains unrealised".[177] Hugh Evans, Executive Director for Adults and Communities at Bristol City Council, told us that he had been working on integrated care for 25 years, with limited progress in the absence of reform.[178]

105. A practical impact of the difficulties in achieving integration is that local authorities and the NHS spend time discussing who will pay for an individual's care. Melanie Williams, President of the Association of Directors of Adult Social Services (ADASS), described how this might happen in reality:

> One example would be joint spaces, where we discharge people with mental health issues, learning disabilities or autism from acute care and support people to avoid crisis by using things such as jointly funded packages of care and continuing healthcare. Those budgets are really tight and challenging for both local government and the NHS. Because of that, we spend a lot of time debating about who pays, rather than having a conversation about how, in the longer term, we can invest in people's outcomes to enable better health and wellbeing.[179]

She further added that reform was particularly needed to "outdated" funding of intermediate care and community health services through section 117 aftercare[180] and NHS Continuing Healthcare,[181] which again often caused disputes. Similarly, Hugh Evans told us that discussions on who would pay could make building and maintaining relationships within ICSs challenging:

---

access; enhance productivity and value for money; and help the NHS support broader social and economic development. NHS, What are integrated care systems, Accessed 7 April 2025

177 Social Care Institute for Excellence (ASC0051)

178 Q138

179 Q119

180 Some people who have been kept in hospital under the Mental Health Act can get free help and support after they leave hospital. The law that gives this right is section 117 of the Mental Health Act, and it is often referred to as 'section 117 aftercare'.

181 NHS Continuing Healthcare (NHS CHC) is a package of care for adults aged 18 or over which is arranged and funded solely by the NHS. In order to receive NHS CHC funding individuals, have to be assessed by integrated commissioning boards (ICBs) according to a legally prescribed decision making process to determine whether the individual has a 'primary health need'.

> In Bristol, North Somerset and South Gloucestershire ICB, we have an excellent partnership. [...] At the same time, the perennial issues around other joint funding mechanisms always thwart our best intentions for proper system partnership.[182]

106. **CONCLUSION**

The current state of the adult social care system is undermining the relationship building that is fundamental to the development of Integrated Care Systems (ICSs). Too much relies on local leadership, where often it feels that progress is made despite funding mechanisms rather than because of them. By maintaining a system which fosters disputes about money, the ability of ICSs to make the difference they were set up to make will be limited at best, and impossible at worst.

Better Care Fund

107. As we saw in Chapter 3, one scheme that has been introduced to help drive better integration is the Better Care Fund (BCF). The BCF is primarily funded by the NHS, which is expected to make a minimum contribution worth around £5.6 billion in 2025/26.[183]

108. ADASS described the aim of the scheme as being to "enable people to stay well, safe and independent at home for longer and to provide the right care in the right place at the right time" and therefore to shift "resources upstream from the NHS acute services."[184] However, it argued, "national political direction" resulted in BCF resources being "overwhelmingly focused on hospital discharge" rather than on actions to avoid or reduce hospital admission. ADASS called for the Fund to be reviewed and refocussed "to support the 'prevention revolution' that the Government has committed to achieving."[185] Melaine Williams, ADASS President, told us that the main area of focus for joint working between NHS and local authorities should be intermediate care.[186]

109. The Government appears to have heeded this advice and has updated the BCF policy framework, setting out new objectives for the fund:

---

182 Q141

183 House of Commons Library, Funding for adult social care in England, February 2024

184 Association of Directors of Adult Social Services, Adult social care: early priorities for a new government, October 2024

185 Association of Directors of Adult Social Services, Adult social care: early priorities for a new government, October 2024

186 Q139. Intermediate care is short term support to help individuals recover and increase their independence. NICE, Understanding intermediate care, including reablement (accessed 11 April 2025)

a. To support the shift from sickness to prevention - by agreeing plans that help people remain independent for longer and prevent escalation of health and care needs

b. To support people living independently and the shift from hospital to home - by preventing avoidable hospital admissions, achieving more timely and effective discharge and reducing the proportion of people who need long term residential or nursing home care.[187]

110. Hugh Evans told us that he thought that "in theory" these reforms could help shift the focus back to prevention but that in practice there was "not necessarily the flexibility" around how the money could be spent.[188]

111. **CONCLUSION**
We welcome the new objectives for the Better Care Fund to support preventative services, rather than simply focusing on solving challenges with hospital discharge.

112. **RECOMMENDATION**
We recommend that the Government and the NHS review the structure and level of NHS investment in the Better Care Fund to ensure it is fully capable of meeting its renewed focused on upstream and preventative work.

The Health Mission and the 'three shifts'

113. In July 2024 Lord Darzi was commissioned by the Secretary of State to undertake a "rapid investigation of the state of the NHS".[189] Whilst the social care system was beyond the investigation's terms of reference, Lord Darzi's Report argued that it was "impossible to understand what has been happening in the NHS without understanding what has happened to social care". The report found that social care had "not been valued or resourced sufficiently", with "profound human cost and economic consequences". Rising demand from a "society where people have become older and sicker" alongside a social care system that was "far from supporting the scale of needs of the population", were the "crucial context" in which NHS performance had to be understood.[190]

187 Department of Health and Social Care and Ministry of Housing, Communities and Local Government, Better Care Fund policy framework 2025 to 2026, 27 March 2025
188 Q138
189 DHSC, Summary letter from Lord Darzi to the Secretary of State for Health and Social Care, November 2024
190 Department of Health and Social Care, Independent Investigation of the National Health Service in England, September 2024

114. Lord Darzi's report was intended to inform the Government's 10-year health plan, which is expected to be published shortly. Central to this plan are "three shifts":

- Hospital to community: bringing care closer to where people live, including through a new neighbourhood health service to deliver more proactive and personalised care.
- Analogue to digital: rolling out new technologies and digital approaches to modernise the NHS, including bringing together a single patient record.
- Sickness to prevention: shortening the amount of time people spend in ill-health by preventing illnesses before they happen, as well as earlier identification and management of chronic conditions.[191]

115. During our inquiry, we were repeatedly told that adult social care would be vital to delivering the three shifts.[192] Community Integrated Care told us:

> Reform of hospitals to deal with rising demand from avoidable admissions or delayed transfers of care will be unsuccessful unless and until action is taken to stabilise, strengthen and expand social care. Ensuring a robust social care system is a pre-requisite for fixing the NHS both in delivering better acute care, and providing effective primary care and community health services.[193]

The Priory Group and Carers Trust also told us that achieving the shifts would not be possible without reform of adult social care.[194]

116. The Casey Commission will report to the Prime Minister in two phases. The first, in 2026, "will identify the critical issues facing adult social care and set out recommendations for effective reform and improvement in the medium term", aligned with the Spending Review. The second phase, reporting by 2028, "will make longer-term recommendations for the transformation of adult social care [...] look[ing] at the model of care needed to address our ageing population, how services should be organised to deliver this, and how to best create a fair and affordable adult social care system for all".[195] Isabel Lawicka, Director of Policy and Strategy at NHS Providers, emphasised the importance of alignment and collaboration between the 10-year health plan and Casey review.[196]

191 HM Government, Plan for Change: Milestones for a mission-led Government,
192 Q41
193 Community Integrated Care (ASC0062)
194 Priory Group (ASC0094) and Carers Trust (ASC0122)
195 Department of Health and Social Care, New reforms and independent commission to transform social care, 03 January 2025
196 Q195

117. **CONCLUSION**

The Government will not succeed in creating an NHS fit for the future unless it effectively reforms the social care system. Social care reform is an integral part of NHS reform and cannot be a separate process.

118. **RECOMMENDATION**

In her first report, Baroness Casey should set out the immediate steps that the Government needs to take to ensure the adult social care sector can play its vital part in the three shifts for NHS reform. Achieving these should be the measure against which the success of the 10-Year Health Plan is assessed. Her report should also set out how her reforms support the delivery of the 10-Year Health Plan and what, if any, further changes might be needed to the Plan or the NHS to support the adult social care sector.

5 Costs to the economy

Adult social care is a key part of our nation's infrastructure, with the potential to unlock economic prosperity and combat socio-economic and health inequalities in every part of the country. You could even say that care is the work that makes all other work possible. (National Care Forum)

A society which values and invests in care would enable everyone to live their life to the full, contribute and participate through work, rest and play, and provide economic opportunities and returns for a growing workforce. These wide-ranging benefits are often overlooked when spending decisions are made. (United for All Ages)

When the government does a budget or spends money, does it think about social care? No because they look at just money and taxes and inflation instead of bigger picture of quality of life and how over a lifetime better support leads to a life with less health problems. (Keith and Shaunie, My Life My Choice)

119. The Government's Plan for Change includes the aim of "kickstarting economic growth".[197] During this inquiry, we repeatedly heard about the potential of the social care system to contribute to the Government's wider agenda on economic growth and employment. In this Chapter we will consider the potential of the sector to support economic growth, and the economic costs caused by the current system.

Adult social care and economic growth

120. When the Government discusses its plans for growing the economy it tends to focus on certain sectors, such as life science, high-end manufacturing, service and the creative industries. For example, the Government has said that its approach to developing an industrial strategy "will back what makes Britain great: our excellent research institutions, professional services, advanced manufacturing, and creative industries."[198] The social care sector is rarely, if ever, discussed as a driver of economic activity.

197 Prime Minister's Office 10 Downing Street, Plan for Change (Accessed 15 April 2025)
198 Labour Party Manifesto 2024, Kickstart economic growth - industrial strategy.

121. In fact, the adult social care sector makes a substantial contribution to the UK economy, estimated by Skills for Care to be £68.1 billion GVA[199] in 2023/24.[200] Oonagh Smith, CEO of Skills for Care, told us this figure was made up of three parts: £31 billion direct contributions (salary and profits), £15 billion indirect contributions (supply chain impacts); and £22 billion induced contributions, (money spent by people working in adult social care).[201] Health and social care combined was the 6th highest contributing industry (of 18 industries) to total GVA in 2023.[202]

122. Anita Charlesworth, Senior Economic Adviser at Health Foundation, highlighted a lecture by former chief economist of the Bank of England Andy Haldane in which he spoke about there being "two cylinders in the engine for economic growth": the number of people able to work and the productivity of those workers. She also highlighted a 2018 pamphlet by the now Chancellor, Rachel Reeves MP which spoke about the importance of "the everyday economy". Anita Charlesworth explained:

> As Rachel Reeves points out, you cannot have an economy where everything is either advanced manufacturing or high-traded. What also matters in our economy is what she calls the everyday economy—the goods and services, particularly services, that we all need and use for life. They tend to be low paid and low productivity. Social care is one of the biggest sectors in the everyday economy. What matters is that in the everyday economy those sectors are as productive as they can be.[203]

123. In 2021, KD Analytics published "The Value of Adult Social Care in England"; research commissioned by Skills for Care. It found that an investment of £6.1 billion[204] would "address the current structural imbalances caused by the market failure and also provide full economic benefits of £10.7 billion - a return on investment of 175%".[205] This means that, for every £1 invested

---

199 GVA, or Gross value added, is a measure of economic output that is like gross domestic product (GDP). GVA measures the value of products and services produced minus the costs incurred in production, though not including labour costs. GDP is GVA plus taxes and minus subsidies on products.

200 Skills for Care, The state of the adult social care sector and workforce in England 2024, October 2024 (page 18)

201 Qq51–52

202 House of Commons Library, Industries in the UK, 3 October 2024

203 Q55

204 The research used this figure for investment as, in 2021, this was the estimated funding gap in adult social care.

205 KD Network Analytics and Skills for Care, The value of adult social in England, October 2021 (page 2)

in the sector, it would generate £1.75 return to the wider economy.[206] This analysis also argued that such investment had the "potential to contribute to regional rebalancing".[207]

> Any sustained growth in adult social care will boost local economies via the induced and indirect effects. [...] The resultant economic growth would take place throughout England, but would have the greatest impact in Northern and Midlands regions, where adult social care GVA is around 2% of total GVA compared to less than 1% in London and the South East.[208]

Leonard Cheshire highlighted a Fabian Society report which estimated that every extra £1 billion spent on social care would create 50,000 jobs across the country, with the largest impact in the North East and North West.[209]

124. While Skills for Care has not analysed how the sector's economic contribution might grow in the future, Oonagh Smith argued that the rising demand for social care caused by demographic shifts would cause the workforce to continue to grow, and with it the sector's economic contributions.[210] Oonagh Smith also referred to reforming care worker pay (see also Chapter 3) as a potential way to help the sector drive economic growth. Similarly Care England has argued that improved pay is a "critical part of social care reform" that would boost the English economy:

> Accounting for an estimated 943,000 care workers and senior carers and a £4 increase on the current average hourly rate, a £15 minimum care wage would have an upfront cost of £7.3bn per year and would boost the English economy by £9.5bn per year. As TUC research confirms, the impact of higher tax returns to the Treasury, reduced in-work benefits payments and the economic impacts of additional consumer spending mean the net cost would be substantially lower than the £7.3bn upfront cost.[211]

125. Anita Charlesworth told us that the main factor limiting the sector's potential for growth was productivity, which had "not really increased since late 2008." She argued that this was due to a few factors:

- high staff turnover with very low differentials meaning that there were no real incentives to train and develop care workers' skills;

---

206 UNISON (ASC0008) and Social Care Institute for Excellence (ASC0051)
207 Leonard Cheshire (ASC0125)
208 KD Network Analytics and Skills for Care, The value of adult social in England, October 2021 (page 10)
209 Ben Cooper and Andrew Harrop (Fabian Society), Support Guaranteed. The roadmap to a National Care Service, June 2023
210 Q54
211 Care England (ASC0059)

- under capitalisation and the high cost of capital in the sector; and
- a task-focused commissioning model, which was both "incredibly reductionist to human beings and makes it incredibly difficult for people in the social care sector to innovate and provide care in different ways".[212]

Supporting people into work

126. As we saw in Chapters 1 and 2, the economic potential of the social care sector is not just about its role as a direct employer but also its ability to enable other people to become, or remain, economically active. Healthwatch's research on unmet social care needs in working-age adults found that only 22% said care supported them to work, study, or volunteer. 24% of disabled adults who are not accessing formal social care support but self-identified as eligible under the Care Act would like to "move into full time employment".[213] The Government has set out an ambition to reach an 80% employment rate.[214] Bristol City Council and Carers UK told us that prioritising support for unpaid carers would be critical to that aim.[215]

127. Towards the end of our inquiry, the Department for Work and Pensions published the Green Paper *Pathways to Work: Reforming Benefits and Support to Get Britain Working*.[216] The consultation is still ongoing. We wrote to the Department for Work and Pensions in March to ask about the extent to which it was confident that the adult social care sector could deliver the support needed for working-age disabled adults to work and whether the impact on, and capacity of, the social care system had been considered as part of any impact assessments.[217] The response said that cost pressures facing adult social care were taken into account "as part of the wider consideration of local government spending within the Spending Review process", pointing towards the £3.7 billion that has been made available for social care authorities and 6.8% cash terms uplift in core local government spending, both for 2025/26. The response also said that "the foundation to delivering better employment outcomes for disabled people and people with health conditions is a strengthened health and care system" and that the DWP would be supporting the Casey Commission and working "closely"

212 Q55
213 Healthwatch England (ASC0106)
214 DWP, Biggest employment reforms in a generation unveiled to Get Britain Working again, 26 November 2024
215 Bristol City Council (ASC0082) and Carers UK (ASC0104)
216 Department for Work and Pensions, Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper, 7 April 2025
217 Correspondence to Liz Kendall RE Welfare reforms and adult social care reform

with DHSC. However, the response also highlighted that there is "limited data" on the number of working age adults in the care system who are not in employment.[218]

The Government's perception of the adult social care system

128. During this inquiry we have sought to understand how the social care sector is viewed by Government and considered when making decisions. In particular we wanted to understand whether the potential of the sector to support the Government's broader agenda was fully understood or whether social care was primarily seen as a cost or drain on the system. Some witnesses felt that the sector was primarily seen as the latter, particularly by the Treasury. Sir Andrew Dilnot told us there was a tendency to look

> [… .] at the costs of reform and of funding the means-tested system properly without thinking about the benefits that flow to individuals' wellbeing and possibly also the wider economy and the cost of things like the NHS. There can be a tendency to have too static a view and too accounting a view of it, simply working out what the costs of action will be and not thinking about attempting an assessment of the benefits of that action.[219]

Paul Burstow (former Minister of State for Care Services 2010–2012) was more forceful, arguing that the Treasury played an "enduring role in blocking meaningful reform of social care":

> […] I saw first-hand how the Treasury treated social care reform as an inconvenient expense rather than an essential investment. It was Treasury resistance—not political opposition or public disinterest—that prevented the Coalition from delivering a sustainable funding model for social care. Even with the weight of the Dilnot Commission's recommendations for a cap on lifetime care costs, the Treasury's instinct was to kick the can down the road, ensuring that families continue to face the indignity of catastrophic care costs and that the sector remains in a permanent state of crisis.[220]

As discussed in Chapter 3, several individuals and organisations suggested that the Government's recent changes to Employer National Insurance rates reflected a lack of understanding about the adult social care sector.

218 Correspondence from DWP relating to welfare reform and adult social care
219 Q20
220 Correspondence from Rt Hon Paul Burstow re Adult Social Care Reform inquiry

129. We were encouraged to see, from their written evidence, that HM Treasury "is aware of the considerable contribution Adult Social Care makes to the economy" and that it works with the Department of Health and Social Care and Department for Work and Pensions to "explore how we can best support working-age disabled people and those providing informal care to engage in the economy".[221] Likewise, during his appearance before the Liaison Committee on 8 April 2025, Prime Minister Keir Starmer said that he did see health and social care playing an important role in growing the economy:

> I have always approached this on the basis that the health service and social care are important for physical and mental health and the support that people need throughout their lives, but they are also hugely important to the economy [...] The obvious one is that the longer people are unable to go back into work, if that is what they want to do, the worse it is for them economically and for our economy more generally. The two go together. When we set out our plan for change, the No. 1 mission was economic growth, but all the others, to my mind, ladder up to that, including what we are doing on health and social care.[222]

130. **CONCLUSION**

The Government needs to fundamentally change how it views the social care sector, seeing it as an enabler and talking about it in those terms in the public debate - both for the invaluable service it provides to so many people and also as a driver of economic growth. We welcome recent positive words about the potential of the sector and hope that this marks the starting of a broader shift in the narrative.

131. **RECOMMENDATION**

We recommend that the Government produce a growth strategy for the adult social care sector, including a focus on its potential to drive regional growth. This should be informed by a detailed study of how to improve productivity in the adult social care sector, which we recommend the Casey Commission carries out as part of its first phase. The growth strategy should also be accompanied by a joint announcement from the Department of Health and Social Care and the Treasury, telling a positive story about adult social care: what it can do for individuals who draw on its support and their families, and also what it can contribute to the rest of society and the economy.

221 HM Treasury (ASC0147)

222 Oral evidence taken by the Liaison Committee on 8 April 2025, Qq37 [The Prime Minister]

Conclusion

132. As this report shows, there are a great many areas in which the lack of fundamental reform of the adult social care system is costing us all greatly. While it has not proven possible for our inquiry to estimate the full cost that we as a country are paying for inaction, we believe it is likely to more than justify the cost of reform.

133. When the Government does an impact assessment for a new policy, part of that process is comparing the new proposal to a 'do nothing' option, to provide a baseline against which changes are assessed. During this inquiry we have heard the sector, think tanks, Ministers and even the Prime Minister himself, clearly articulate the cost and challenges of doing nothing in broad terms. However, as we have found during this inquiry, there is a lack of accompanying data and costings associated with the issues we raise in this report - with the data that does exist being partial and fragmented.

134. Our inquiry has shown that costs of inaction exist, but that the understanding of them is often based on anecdotes and broad assumptions, rather than granular and numerical data. We know that care workers are relying on benefits like Universal Credit, unpaid carers are having to give up work or reduce their hours, and people that draw on care services are not always supported to reach their full potential in the workplace. We also know all this will be impacting HM Treasury's budget. However the Government does not know by exactly how much.

135. We know that there are opportunity costs. The increases in wellbeing that better social care will drive, the economic growth and regional rebalancing that a strong sector can support, the increased tax receipts from better pay for adult social care workers and the improved life chances for young people if they do not have to provide ever increasing hours of unpaid care. Again, we believe the Government does not know what the potential monetary benefits of a reformed system might be and therefore cannot assess which social care reform interventions would result in the highest returns.

136. The words that we have heard from the Government about the challenges faced by the adult social care sector, and their desire for reform, are encouraging and we look forward to seeing the development of their plans for a National Care Service. We hope that this report encourages action to understand the cost of inaction better. More importantly, we hope it is the catalyst for building a strong and long-lasting case for reform, building on the important moral case that has always existed.

137. **RECOMMENDATION**

We recommend that the Government commissions research with the aim of fully quantifying the cost of doing nothing on adult social care reform. That research should seek to quantify costs to individuals, including unpaid carers and care workers, to local authorities, to care providers, to the NHS and to the economy. Cost is not just about money, it is also about non-monetary personal costs, including individual wellbeing across these specified groups. This research should be completed ahead of the final report of the Casey Commission, to enable a full cost-benefit analysis of any recommendations she puts forward and to ensure that the Government can start building the public and political support it will need to guarantee the longevity of reform. The moral case for reform has never been stronger, but this must be accompanied by a robust financial case. Without this we fear that the reforms that come out of the Casey Commission will be doomed to failure, leaving everyone continuing to suffer under the current unsustainable system.

Conclusions and recommendations

Costs to those receiving care

1. The current adult social care system does not sufficiently meet the needs of the population despite the efforts of millions of paid and unpaid carers. Financial pressures mean that those needing care sometimes only receive basic support, far from enough to enable them to live fulfilling lives. Despite this, costs continue to increase, with the Government, and taxpayers, currently paying £32 billion a year for a broken system. The Government does not have a robust understanding of the extent of the current system's failings to provide people with the care they need. Nor does it have robust data on the outcomes of delivering high quality care. Without this, it will be unable to make a clear case for reform. (Conclusion, Paragraph 20)

2. The Government should publish an annual assessment of the level of unmet care needs for both older adults and working age disabled adults, publishing its methodology and supporting data to ensure transparency and allow for scrutiny. (Recommendation, Paragraph 21)

3. The Government must also develop a robust methodology for measuring the impact of care on people's lives, the wider health system, and the economy. As well as supporting the case for reform, such methodology would help councils to deliver outcome-based commissioning, which is more likely to provide people with meaningful care than the current task-based approach. (Recommendation, Paragraph 22)

4. There have been multiple failed attempts to advance a version of Dilnot's reforms, during which time more and more people are faced with unknowable social care costs, and inflation has eroded the value of the upper threshold, meaning fewer people benefit from it. We note the establishment of the Casey Commission and hope it succeeds where previous reforms failed. (Conclusion, Paragraph 28)

5. Given how often this was raised as an issue, we recommend that the Casey Commission considers measures to address the erosion of the upper threshold. In the meantime, we recommend the Government does the same. (Recommendation, Paragraph 29)

Unpaid carers: the hidden cost of inaction

6. Unpaid carers are bearing the highest cost from successive governments' failures to reform adult social care. They provide care worth £184 billion, "equivalent to a second NHS", but this is often unrecognised and comes at great personal, emotional and financial cost as well as a cost to their own health. Carers can't do the vital work they do to support the formal system if nobody is caring for them, and the moral and financial case for doing so is clear. We were not able to find official estimates of the cost to the Exchequer of the failure to properly support unpaid carers' employment opportunities. However, given that one study placed it at £1 billion in 2012 the potential return on investment for supporting unpaid carers could be substantial. (Conclusion, Paragraph 47)

7. We recommend that the Casey Commission includes a specific workstream dedicated to reducing the pressures on carers, especially young carers. This workstream should consider how to support unpaid carers better, to ensure they get the respite they need and to look after their own health and wellbeing. It should also consider how businesses could be better incentivised to employ and support unpaid carers. (Recommendation, Paragraph 48)

Costs to the care system

8. Local authorities are buckling under the strain of the costs of providing adult social care. The current system is unsustainable. Failure to reform adult social care, especially the funding structure, comes at a significant cost to local authorities. The increasingly high proportion of spending on adult social care is crowding out spending on other services, such as fixing potholes, keeping libraries open and providing youth services, forcing many to provide only the bare minimum to residents. It is also preventing councils from reducing future demand for adult social care through investment in prevention activities. There is a growing disconnect between what is paid for and what residents expect to be delivered, risking an erosion of faith in democracy. There needs to be a more open public conversation about what is driving a reduction in council services and how adult social care contributes to that. (Conclusion, Paragraph 60)

9. We recommend that securing agreement on the funding structure must be the top priority for the Casey Commission and for any future Government reforms. Without this agreement, reform can only ever be piecemeal and short-term in outlook and, ultimately, will fail. We also recommend that any future funding structure includes a ring-fence for preventative work. (Recommendation, Paragraph 61)

10. The funding structure for adult social care, rising costs and the inability to make long-term investment, is creating an unstable and unsustainable care market. Providers are making losses, creating inequities by charging more to self-funders or even planning to close entirely. The Government has not properly considered either the immediate or long-term impact of Budget measures, such as Employer National Insurance Contributions and the National Living Wage, on care providers' staffing costs. (Conclusion, Paragraph 73)

11. We recommend that any future policy changes or fiscal decisions relating to the workforce should be accompanied by a cross-government impact assessment that sets out the immediate and ongoing consequences for the social care sector. As part of this, the Government should set out what mitigating actions they would take to minimise any adverse effects on the social care sector, and how that compares to actions being taken to support the NHS. (Recommendation, Paragraph 74)

12. We recommend that the Casey Commission prioritises identifying interventions to create a more sustainable care market. (Recommendation, Paragraph 75)

13. Low pay does not adequately recognise the level of skill adult social care workers need to do very difficult physical and emotional work. It is both morally unacceptable, and economically shortsighted, that the current pay regime is pushing some into poverty. Higher wages would achieve better quality care and reduce recruitment and training costs. We welcome increases to the National Living Wage. (Conclusion, Paragraph 85)

14. We further welcome plans to establish the Adult Social Care Fair Pay Agreement and improve career pathways. However, the Government needs to set out how these measures will be funded, as providers and local government cannot afford to fund them. (Conclusion, Paragraph 86)

15. We recommend that the Department for Work and Pensions explores collecting occupational data for benefit claimants, to better understand the cost to the Exchequer of low pay for care workers and to support the case for better pay. (Recommendation, Paragraph 87)

16. We recommend that the impact assessment for any secondary legislation to establish an Adult Social Care Fair Pay Agreement be accompanied by a full quantitative analysis, including the impact on sector productivity, financial costs faced by providers and expected return to the Exchequer (through tax receipts or reduced welfare claims) and the wider economy. We also ask that the Department, in its response to this report, sets out when discussions on the Adult Social Care Fair Pay Agreement will begin and when the agreement will be finalised. (Recommendation, Paragraph 88)

The NHS and wider system costs of inaction

17. Social care is a vital public service in and of itself and should not be valued only for how it supports the NHS. However, the current state of adult social care is imposing significant costs on the NHS. The best estimate we found was that delayed discharges alone are costing almost £1.9 billion. This does not account for other costs such as postponed procedures or admissions that could have been prevented by better social care. If DHSC is to make the best case to HM Treasury for investment in reform of adult social care, it needs to have better data on the impact the status quo is having on one of the Government's top domestic priorities. (Conclusion, Paragraph 100)

18. We recommend that the Department provides an official estimate of how much delayed discharges are costing the NHS, broken down by the reason for the delay and including costs associated with the beds themselves, staff time and wider activity that cannot happen as a result of a delayed discharge. This should be published and updated annually. (Recommendation, Paragraph 101)

19. We recommend that the Casey Commission undertakes research to better understand the costs that the NHS is bearing as a result of failures in adult social care, and where the NHS is saving money due to good social care. This should be used in future departmental budget setting processes and to make the case for moving ahead with adult social care reform. When the Casey Commission completes its work, the Government should continue this analysis as an ongoing activity. (Recommendation, Paragraph 102)

20. The current state of the adult social care system is undermining the relationship building that is fundamental to the development of Integrated Care Systems (ICSs). Too much relies on local leadership, where often it feels that progress is made despite funding mechanisms rather than because of them. By maintaining a system which fosters disputes about money, the ability of ICSs to make the difference they were set up to make will be limited at best, and impossible at worst. (Conclusion, Paragraph 106)

21. We welcome the new objectives for the Better Care Fund to support preventative services, rather than simply focusing on solving challenges with hospital discharge. (Conclusion, Paragraph 111)

22. We recommend that the Government and the NHS review the structure and level of NHS investment in the Better Care Fund to ensure it is fully capable of meeting its renewed focused on upstream and preventative work. (Recommendation, Paragraph 112)

23. The Government will not succeed in creating an NHS fit for the future unless it effectively reforms the social care system. Social care reform is an integral part of NHS reform and cannot be a separate process. (Conclusion, Paragraph 117)

24. In her first report, Baroness Casey should set out the immediate steps that the Government needs to take to ensure the adult social care sector can play its vital part in the three shifts for NHS reform. Achieving these should be the measure against which the success of the 10-Year Health Plan is assessed. Her report should also set out how her reforms support the delivery of the 10-Year Health Plan and what, if any, further changes might be needed to the Plan or the NHS to support the adult social care sector. (Recommendation, Paragraph 118)

Costs to the economy

25. The Government needs to fundamentally change how it views the social care sector, seeing it as an enabler and talking about it in those terms in the public debate - both for the invaluable service it provides to so many people and also as a driver of economic growth. We welcome recent positive words about the potential of the sector and hope that this marks the starting of a broader shift in the narrative. (Conclusion, Paragraph 130)

26. We recommend that the Government produce a growth strategy for the adult social care sector, including a focus on its potential to drive regional growth. This should be informed by a detailed study of how to improve productivity in the adult social care sector, which we recommend the Casey Commission carries out as part of its first phase. The growth strategy should also be accompanied by a joint announcement from the Department of Health and Social Care and the Treasury, telling a positive story about adult social care: what it can do for individuals who draw on its support and their families, and also what it can contribute to the rest of society and the economy. (Recommendation, Paragraph 131)

Conclusion

27. We recommend that the Government commissions research with the aim of fully quantifying the cost of doing nothing on adult social care reform. That research should seek to quantify costs to individuals, including unpaid carers and care workers, to local authorities, to care providers, to the NHS and to the economy. Cost is not just about money, it is also about non-monetary personal costs, including individual wellbeing across these specified groups. This research should be completed ahead of the final report of the Casey Commission, to enable a full cost-benefit analysis of

any recommendations she puts forward and to ensure that the Government can start building the public and political support it will need to guarantee the longevity of reform. The moral case for reform has never been stronger, but this must be accompanied by a robust financial case. Without this we fear that the reforms that come out of the Casey Commission will be doomed to failure, leaving everyone continuing to suffer under the current unsustainable system. (Recommendation, Paragraph 137)

Appendix 1: Costs of inaction

During this inquiry we received a number of different estimates about the financial costs associated with different aspects of inaction on social care reform. While it was not possible for us to come up with a figure for the cost of inaction, this Appendix brings together some of the major costs that were highlighted to us.

Description	Cost	Source
Cost to the economy from unpaid carers leaving the workforce, reducing their hours, or changing work	£5.3 billion	Age UK, More than £5.3 billion wiped from the economy, 28 June 2012
Cost to the Treasury in foregone taxes from changes to working arrangements by unpaid carers	£1 billion	Age UK, More than £5.3 billion wiped from the economy, 28 June 2012
Cost to the government from young adults who provide more than 10 hours of care a week: forgone tax revenue	£497 million	Care Policy and Evaluation Centre, ASC0026
Cost to the government from young adults who provide more than 10 hours of care a week: expenditure on welfare benefits	£357 million	Care Policy and Evaluation Centre, ASC0026
Cost to the government from young adults who provide more than 10 hours of care a week: health service costs	£194 million	Care Policy and Evaluation Centre, ASC0026
Recruitment cost to social care providers for filling a vacancy in the adult social care sector	£1,000 per vacancy	See paragraph 77

Description	Cost	Source
Costs to the NHS of delayed discharge due to patient waiting primarily for social care services	£794 million	See paragraphs 89–90 King's Fund estimate for cost of delayed discharge in 2022/23 multiplied by the percentage of discharges attributed by the Nuffield Trust as being due to "service provided mainly through social care"

Formal minutes

Tuesday 29 April 2025

Members present:

Layla Moran, in the Chair

Danny Beales

Josh Fenton-Glynn

Andrew George

Joe Robertson

Gregory Stafford

Adult Social Care Reform: the cost of action

Draft Report (A*dult Social Care Reform: the cost of action*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraph 1 to 137 agreed to.

Appendix 1 agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Adjournment

Adjourned till Wednesday 7 May at 9.15 am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Wednesday 8 January 2025

Sir Andrew Dilnot CBE, Chair, Commission on Funding of Care and Support; **Simon Bottery**, Senior Fellow (Social Care), King's Fund; **Kathryn Smith**, Chief Executive, Social Care Institute for Excellence (SCIE) Q1–48

Wednesday 5 February 2025

Anita Charlesworth, Senior Economic Adviser, Health Foundation; **Ms Emily Holzhausen CBE**, Director of Policy and Public Affairs, Carers UK; **Oonagh Smyth**, Chief Executive Officer, Skills for Care Q49–117

Wednesday 5 March 2025

Councillor David Fothergill, Chair of the Community Wellbeing Board, Local Government Association; **Melanie Williams**, President, Association of Directors of Adult Social Services; **Hugh Evans**, Executive Director for Adults and Communities, Bristol City Council Q118–152

Dr Birju Bartoli, Chief Executive, Northumbria Healthcare NHS Foundation Trust; **Isabel Lawicka**, Director of Policy and Strategy, NHS Providers; **Anu Singh**, Chair, NHS Black Country Integrated Care Board Q153–214

Wednesday 19 March 2025

Jayne Simpson; **Holly**; **Keyaan** Q215–244

Dr Maria Petrillo, Research Associate, Centre for Care, University of Sheffield Q245–277

Caroline Abrahams, Charity Director, Age UK; **Tom Gentry**, Head of Health Influencing, Age UK Q278–296

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

ASC numbers are generated by the evidence processing system and so may not be complete.

1	Alzheimer's Society	ASC0043
2	Association of British Insurers	ASC0083
3	Association of Directors of Adult Social Services (ADASS)	ASC0141
4	Association of Mental Health Providers	ASC0138
5	Atkinson, Professor Carol (Professor of Human Resource Management, Manchester Metropolitan University)	ASC0070
6	Autism Alliance UK	ASC0067
7	Bennett, Professor Matt (Professor of Social Policy and Quantitative Social Science, Univerity of Birmingham); and Glasby, Professor Jon (Professor of Health and Social Care, University of Birmingham)	ASC0023
8	Birmingham Supported Living 2010	ASC0019
9	Bluebird Care	ASC0063
10	Bowers, Mrs Lynne	ASC0003
11	Brainkind	ASC0061
12	Brimblecombe, Dr Nicola (Assistant Professorial Research Fellow , London School of Economics and Political Science (LSE)); and Cartagena-Farias, Dr Javiera (Research Fellow, London School of Economics and Political Science (LSE))	ASC0026
13	Bristol City Council	ASC0082
14	British Association of Social Workers	ASC0052
15	British Geriatrics Society	ASC0047
16	British Psychological Society	ASC0060
17	Bupa Global, India & UK	ASC0042
18	Care England	ASC0059
19	Care Quality Commission	ASC0115

20	Care Rights UK	ASC0081
21	Care Software Providers Association	ASC0092
22	Care and Support Alliance	ASC0109
23	Caremark Ltd; and Right at Home UK	ASC0095
24	Carers Trust	ASC0122
25	Carers UK	ASC0104
26	Carers in Bedfordshire	ASC0020
27	Cavendish Coalition; and NHS Employers	ASC0064
28	Centre for Care - University of Sheffield	ASC0089
29	Centre for Mental Health	ASC0129
30	Chartered Institute for Housing	ASC0135
31	Christopher, Dr Gary (Senior Lecturer, Swansea University)	ASC0024
32	Community Integrated Care	ASC0062
33	Dedalus	ASC0056
34	Department of Health and Social Care	ASC0128
35	Disability Rights UK	ASC0041
36	Disability Rights UK; Greater Manchester Coalition of Disabled People; and Inclusion London	ASC0086
37	Down’s Syndrome Association	ASC0044
38	ESRC Centre for Population Change, Connecting Generations Research partnership	ASC0142
39	Ealing Reclaim Social Care Action Group	ASC0015
40	East Sussex County Council	ASC0096
41	Effective Practice; University of Birmingham; and University of Bristol	ASC0033
42	Evans, Hugh (Executive Director: Adults and Communities, Bristol City Council)	ASC0148
43	GMB Union	ASC0112
44	Gray, Dr Anne (Retired senior research fellow, London South Bank University)	ASC0046
45	HC-One	ASC0116
46	HM Treasury	ASC0147
47	Hallmark Foundation	ASC0036
48	Hampshire County Council	ASC0120

49	Headway - the brain injury association	ASC0010
50	Healthwatch England	ASC0106
51	Heaslip, Professor Vanessa (Professor of Nursing and Healthcare Equity, University of Salford); Pryor, Professor Claire (RCN Foundation Chair in Adult Social Care Nursing, University of Salford); Stephens, Dr Melanie (Associate Professor, University of Salford); and Kelly, Dr Siobhan (Post Doctoral Research Fellow, University of Salford)	ASC0098
52	Hft	ASC0048
53	Hughes, Dr Emma (Senior Lecturer in Human Resource Management, The University of Leeds)	ASC0090
54	Institute and Faculty of Actuaries	ASC0105
55	Just Group Plc	ASC0134
56	Keeping, Mr Keith (Retired, (retired))	ASC0006
57	Korea, Deepa (Director, RCN Foundation)	ASC0080
58	LGSCO	ASC0107
59	Labour Social Work Group	ASC0012
60	Leonard Cheshire	ASC0125
61	Living Wage Foundation/Citizens UK	ASC0078
62	Local Government Association (LGA)	ASC0137
63	MHA (Methodist Homes)	ASC0100
64	MND Association	ASC0031
65	Mandal, Dr Anandadeep (Associate Professor, University of Birmingham)	ASC0005
66	Mencap	ASC0102
67	More than a Provider	ASC0111
68	My Life My Choice	ASC0073
69	NHS Confederation	ASC0057
70	NHS Frimley ICB	ASC0133
71	NHS Providers	ASC0110
72	NIHR Policy Research Unit in Healthy Ageing (University of Manchester, Newcastle University, LSE)	ASC0022
73	National Care Association	ASC0087
74	National Care Forum	ASC0055
75	National Housing Federation	ASC0040

76	National Star	ASC0018
77	Newton	ASC0126
78	Nightingale Hammerson	ASC0017
79	Norfolk County Council; and NHS Norfolk and Waveney Integrated Care Board	ASC0071
80	Oxfam GB	ASC0066
81	Oxfordshire County Council	ASC0085
82	PSPA	ASC0076
83	Papadaki, Dr Angeliki (Associate Profession in Public Health Nutrition, University of Bristol)	ASC0069
84	Partners in Care	ASC0037
85	Priory Group	ASC0094
86	Quick, Mr Adrian (Later Life Accredited Adviser (LLAA), Society of Later Life Advisers (SOLLA))	ASC0004
87	RNIB	ASC0032
88	Rai, Professor Shirin (Global Professor, SOAS, University of London)	ASC0007
89	Read, Dr Rosie (Principal Academic Social Sciences, Bournemouth University)	ASC0058
90	Reclaim Social Care Greater Manchester	ASC0123
91	Royal College of Emergency Medicine	ASC0021
92	Royal College of Nursing	ASC0097
93	Royal College of Occupational Therapists	ASC0074
94	Slasberg, Colin (Independent Researcher and Consultant in Social Care, Campaign for Real Care); and Thompson, Charli (Independent Researcher and Consultant in Social Care, Campaign for Real Care)	ASC0025
95	Samaniego, Dr Nick (Consultant Physician and Geriatrician, NHS)	ASC0030
96	Skills for Care	ASC0050
97	Social Care Institute for Excellence	ASC0051
98	Social Interest Group	ASC0121
99	Southern Healthcare (Wessex) Ltd	ASC0127
100	Switchfoot Wealth Limited	ASC0091
101	The Aldingbourne Trust	ASC0053

102	The Care Workers' Charity	ASC0014
103	The Challenging Behaviour Foundation	ASC0077
104	The Chartered Institute of Public Finance and Accountancy	ASC0101
105	The County Councils Network (CCN)	ASC0131
106	The Filo Project CIC	ASC0013
107	The Health Creation Alliance C.I.C.	ASC0065
108	The Health Devolution Commission	ASC0130
109	The Health Foundation	ASC0034
110	The King's Fund	ASC0093
111	The Nuffield Trust	ASC0035
112	The Society of Later Life Advisers SOLLA	ASC0084
113	The Trades Union Congress (The TUC)	ASC0136
114	Think Ahead	ASC0079
115	UNISON	ASC0008
116	Understanding Society, the UK Household Longitudinal Survey	ASC0029
117	United for All Ages	ASC0038
118	Voluntary Organisations Disability Group (VODG)	ASC0072
119	Voyage Care Ltd	ASC0054
120	West Sussex County Council	ASC0075
121	Women's Budget Group	ASC0045

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2024–25

Number	Title	Reference
1st	Appointment of the Chair of NHS England	HC 743
2nd Special	Expert Panel: Evaluation on meeting patient safety recommendations: Government Response	HC 617
1st Special	Pharmacy: Government Response	HC 602