

Written evidence submitted by the Health Foundation (ASC0034)

EVIDENCE SUBMISSION: Adult social care reform: cost of inaction Inquiry

About the Health Foundation

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK. Our aim is a healthier population, supported by high quality health care that can be equitably accessed. We learn what works to make people's lives healthier and improve the health care system. From giving grants to those working at the front line to carrying out research and policy analysis, we shine a light on how to make successful change happen.

Key points

- Society is paying a high price for political inaction when it comes to social care. An estimated 400,000 people are waiting for care services. 1 in 7 older people have care costs over £100,000, with only the very poorest with the highest needs eligible for state support.
- Our analysis shows that 4 in 10 working-age unpaid carers do not work as much as they might due to caring responsibilities, at significant cost to individuals and society. A high proportion of the care workforce lives in poverty, relying on benefits to top up low wages.
- At its best, adult social care can improve the lives of millions of older people and disabled people and their family carers, provide fulfilling work for over a million people, and ensure that the NHS works well. It is time that social care reform is seen as an investment rather than a cost.

Social care funding and reform context

1. England's care system is in desperate need of reform and investment, including to improve access to care, protect people against care costs, boost staff pay and conditions, and better support unpaid carers.
2. Government spending on social care over the past 3 decades has been **volatile and insufficient**. It has not kept pace with rising demand and cost pressures: we estimate that spending per age-adjusted population will be at least 5% lower in 2024/25 than it was in 2009/10. The recent Budget added to existing pressures, providing some extra funding for social care but **significantly increasing the costs of providing care**.
3. Successive governments have promised social care reform but failed to enact meaningful change – partly because of **funding choices, political timing and public awareness**. The Labour government has promised a National Care Service but has so far provided little detail on its long-term plans for the sector.
4. Meaningful reform will require government investment: we estimate that meeting growing demand for care, enabling more people to access publicly funded care, and improving services **could cost an extra £18bn** by 2032. But there are significant costs to inaction. Social care reform should be seen as an investment in an essential public service, to improve the lives of older people, disabled people and their carers.

Social care's contribution to the economy

5. The scale of social care means services are vital to their local economies. Care is provided by **18,500 organisations**. According to LaingBuisson, local authorities funded **173 million contact hours** in homecare alone in 2021-22. The sector employs **1.59 million staff in 1.27 million FTE jobs** to care and support people – more than the number working in the NHS. Skills for Care estimates that adult social care **contributes £68bn a year to the economy and the total wage bill is around £27.9 billion**.
6. Social care reform is key to unlocking the economic potential of our communities. The care system helps support many disabled people to work but there remains a **29 percentage points difference** between employment rates of disabled and non-disabled people. Comprehensive support for unpaid carers could help more people balance caring with employment. Investment in the paid workforce could have productivity gains and strengthen communities by creating more jobs and better-quality work in care and related sectors.

The costs of inaction on adult social care

We have focused on the costs of inaction on social care reform to the following groups of people and public services: older people and disabled people; people working in the sector; unpaid carers; the NHS, and local government.

Older people and disabled people

7. Failure to reform the broken charging system has left people vulnerable to high care costs. Under the current means-tested system, people with assets above £23,250 do not receive any state support towards their care costs. Instead, they must turn to family and friends, pay for their own care, or go without care they need. There is great uncertainty about our future needs and an estimated **1 in 7 older people has care costs over £100,000**. Heavily means-testing care means people with the same needs do not receive the same support. Women are disproportionately affected, since they are more likely to need care themselves and provide unpaid care to others.
8. Underfunding and political neglect contribute to unmet need. An estimated **418,000 people** in England are waiting for care services from their councils. Funding pressures mean that **fewer people received publicly funded long-term care** in 2022 than in 2015, despite more people requesting it. And more of us will need social care in the future as **we live longer with major illness and disabilities**.
9. Problems with the care market affect people's support and their care costs. Local authority leaders report care homes and home care providers closing or handing back contracts, affecting people drawing on those services. Underfunding means that local authorities often pay care providers fees that are at, or below, what it costs them to deliver the care. To remain viable, providers typically charge self-funders more for their care than those receiving publicly funded services.
10. Funding pressures also make it harder for providers to improve and innovate care and there are challenges with regulation. The Care Quality Commission finds instances of **inadequate care and abuse** – and the ongoing **Dash Review** has raised questions about the regulator's ability to

ensure that services provide safe and high-quality care. Progress on ambitions to support more people at home falls short, including for **adults with learning disabilities**. Innovative and more relational approaches such as **home share schemes like Shared Lives or 'Buurtzorg' nurse-led community care initiatives** are often small scale.

The care workforce

- 11.** Care work is undervalued and underpaid, and there has not been a government-backed plan for the care workforce since 2009. The government is legislating through the Employment Rights Bill to improve pay and conditions in the sector, but it has not provided certainty about the investment needed to support this.
- 12.** Poor quality and insecure jobs are **harmful to people's health**. Our **analysis** found that low pay contributes to around 1 in 5 residential care workers living in poverty – a higher proportion than in most other sectors in the UK. We also found that many rely on state support to supplement low income from employment: **20% of residential care workers drew on universal credit**, compared with 10% of all workers.
- 13.** Poor pay and employment conditions contribute to significant recruitment and retention challenges, impacting people's care. International recruitment has eased staffing problems in recent years but around 8% of care roles remain vacant – significantly higher than the wider economy.
- 14.** Poor implementation of the care worker visa route resulted in **exploitation of workers and the immigration system**, and **recruitment from countries with severe shortages**. But the tightening of care worker visa rules may deepen recruitment challenges. Around **2,500 'Health and Care Worker' visas** were granted to workers in caring professional services between July and September 2024 – 93% fewer than the same period in 2023.
- 15.** There is no plan for caring for a growing population with high needs in the future. **We project** that the number of people living with major illness will increase by 37% by 2040, nine times the rate at which the working age population is expected to grow.

Unpaid carers

- 16.** More than 5 million people (9% of the population aged 5 and older) in England and Wales were providing unpaid care in 2021. The UK has **high levels of unpaid care** compared to similar countries – partly because of our threadbare formal care system.
- 17.** Cuts in local authority spending on carers and **poor identification of carers** contribute to a minority of carers accessing government support. In 2021, **17% of carers** received the income-tested allowance and **2% received** local government support.
- 18.** Gaps in support mean that caring can come at a personal and financial cost. Carers **report worse health** than average, especially if providing lots of care. And **4 in 10 working-age carers** do not work as much as they might due to caring responsibilities. Unpaid carers providing more than 20 hours of care a week were also more likely to live in lower-income households than non-carers.

The NHS

- 19.** There are fundamental differences – and inequalities – between the NHS and social care, partly because of political neglect of social care. Most obviously, the NHS is a tax-funded system with services available to all residents in England, while social care is funded through a mix of public and private sources and access to publicly funded care is constrained. And, while the NHS and social care workforces are comparable in size, they are organised and rewarded very differently.
- 20.** Inaction on tackling pressures in social care is a barrier to policy ambitions to better integrate services and improve how health and care services work together. For example, in October 2024, around **47% of patients experiencing delays** being discharged from hospital did so because of interface and capacity issues accessing reablement, domiciliary and care home services. While this includes some patients waiting for NHS community services, pressures on social care certainly contribute to problems with timely discharge from hospitals.

Local government

- 21.** As well as being responsible for publicly funded social care, local government plays a critical role in shaping the building blocks of health, such as decent homes, good schools, public transport and green spaces. More and fairer funding for local government is needed for all these vital services which support people across the country.
- 22.** Local authorities in England have faced significant financial pressures in recent years, with **a 55% real-terms cut to grants between 2010/11 and 2019/20**, and **£15bn added to the cost of delivering services between 2021/22 and 2024/25 due to increased demand and inflation**. This has led to **an 18% real-terms reduction in per person core funding in 2024/25 relative to 2010/11**, alongside **an 11% reduction in spending power**. The lack of a sustainable funding solution for social care has contributed to local authorities facing difficult decisions and having to cut services that are vital to people's health.

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