

Written evidence submitted by National Care Forum (ASC0055)

National Care Forum response to Health and Social Care Committee Inquiry into the Cost of Inaction on Adult Social Care Reform

1. Introduction

- 1.1. This is the National Care Forum's (NCF) response to the Health and Social Care Committee's inquiry into the cost of inaction on adult social care reform. NCF is the membership organisation for not-for-profit care and support providers. There are currently 176 members who provide care and support to over 268,000 people, in over 8,200 services and who employ over 145,000 staff.
- 1.2. Our members offer services for people of all ages, not just care homes for older adults. These diverse services form an ecosystem of care and support for many communities to draw upon when they need them. This includes supported living, supported housing, housing with care, homecare, befriending services, day services, personal assistants, employment help, addiction and rehabilitation services, homelessness, housing and mental health services, as well as services which overlap with the wider VCSE sector. Our response reflects this diversity.
- 1.3. As we outline below, 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. It is therefore surprising that the government, and particularly the Treasury, does not recognise this fact and continues to deprioritise funding such preventative and early action services.
- 1.4. In terms of modelling the exact cost in £'s of inaction we would direct the Committee to the Health Foundation, King's Fund and Nuffield Trust for that analysis.
- 1.5. Unless otherwise stated, any statistics and other data we quote relate to England only.

2. What contribution does adult social care make to the economy and HM Treasury and how might this change with action on reform?
- 2.1. 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 possible¹.
- 2.2. Social care services are anchor institutions for their local communities – they generate spending which remains within the local community in which they exist and support a much wider ecosystem of community services and local businesses. Collectively, these services are some of the biggest employers across the country and according to Skills for Care contribute an estimated £68.1bn gross value added per annum to the English economy.² For every £1 invested in social care, £1.75 would be generated in the wider economy.³
- 2.3. Furthermore, the very nature of social care is enabling to people. As well as improving population health and wellbeing and creating new jobs, good social care enables some people in receipt of care and, crucially, their unpaid carers (often women) to join or return to the workforce if they would like to. It is a powerful tool in addressing inequalities and keeping people out of hospital. Investing in care and support would therefore generate an economic boost as it enables more people to stay economically active. For instance, there is a 28% difference between the employment rate of disabled and non-disabled people⁴. Social care is key to unlocking the economic potential of everyone in our communities.
- 2.4. It should also be noted that with a 1.5m strong workforce, more people work in adult social care in England than the NHS, making it one of the biggest employers in local areas. This represents significant economic growth potential. If a quarter of low paid workers had their pay increased to the Real Living Wage, the UK economy would grow by £1.7bn.⁵ The government's intention to introduce a National Care Service, as well as

¹ 'The Work That Makes All Other Work Possible': Ai-jen Poo on Why Home Care Workers Are Infrastructure Workers | KQED

² <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

³ State of the Adult Social Care Sector and Workforce in England, Skills for Care, 2023.

⁴ <https://commonslibrary.parliament.uk/research-briefings/cbp-7540/>

wider Industrial Strategy and Skills England must recognise this potential and invest to unlock it. This includes ensuring that any Fair Pay Agreement for care workers is accompanied by the funding to make its implementation possible.

- 2.5. Most importantly the availability of a range good care and support services enables people to live how they want to and engage as full members of our society.

3. The impact of inaction on individuals, providers, local government and wider public services

- 3.1. Adult social care is a very diverse sector, catering for a range of needs and ages across a multitude of services that stretch far beyond regulated care services. The majority are SMEs or not-for-profit organisations. In terms of overall composition⁶:

- Over 18,500 organisations provide care and support across 40,000 establishments and almost 60% of these are non-residential in nature.
- 85% of these organisations have fewer than 50 employees and large organisations (250+ employees) make up just 2% of the total number of organisations.
- There are also 65,000 people employing their own care and support staff directly.

- 3.2. The cumulative impact of decades of inaction on adult social care reform, coupled with consistent underfunding has implications beyond the availability and accessibility of CQC regulated services such as care homes and homecare. Many of our members offer a much wider range of services and VCSE activities which positively impact the lives of individuals, as well as the health and wellbeing of entire communities. These services are often dependent on the funding of the core CQC regulated services – underfunding ripples out and starves a much wider cohort of support than local commissioners realise. We do not believe this impact is being properly captured or monitored by local commissioners or central government when procurement and commissioning conversations are taking place, let alone decisions to delay reform.

- 3.3. These diverse services form an ecosystem of care and support for many communities to draw upon when they need them. The majority are preventative in nature – putting in place the support and care people need to live healthy and meaningful lives. They are

⁵ <https://www.livingwage.org.uk/news/real-living-wage-could-boost-uk-economy-£17billion>

⁶ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

instrumental in improving population health outcomes and reducing the burden on the NHS and other public services at an earlier stage.

3.4. The impact of inaction on people drawing on services, providers of services, the social care workforce, local government and wider public services is now obvious

3.5. **Impact on our workforce:**

- There is a vacancy rate of 8.3% (131,000 vacancies) across the adult social care workforce⁷. On the face of it, this is an improvement on recent years thanks in large part to international recruitment, but this is significantly higher than the wider economy. Moreover, the international recruitment route has been increasingly constrained due to government policy since March 2024 (the latest date this data relates to). It is not a sustainable solution.
- Care workers with five or more years of experience in the sector can only expect an hourly rate which is 10p higher than a care worker with less than a year of experience⁸.
- The median rate of pay for care workers sits at £11.00. Care workers therefore had lower hourly rates compared to NHS healthcare assistants who were new to their roles (£11.67) and those with two years of experience (£12.45)⁹.
- The Living Wage Foundation found that 43% of social care workers are paid less than the real Living Wage, rising to 80% in London.¹⁰

3.6. **Impact on people:**

- Unmet and undermet need is growing. There are now 5 million unpaid carers¹¹, possibly reaching as high as 10 million¹², and nearly half a million people are awaiting care assessments, care or direct payments to begin or a review of their care plan.¹³ Healthwatch estimates that as many as 1.5m working age adults are missing out on care and support entirely.¹⁴ It is highly likely that there are millions of people

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ <https://www.livingwage.org.uk/real-living-wage-social-care-living-wage-foundation-policy-paper>

¹¹ <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/unpaidcareenglandandwales/census2021>

¹² <https://www.carersuk.org/policy-and-research/key-facts-and-figures/>

¹³ <https://www.adass.org.uk/wp-content/uploads/2024/07/ADASS-Spring-Survey-2024-FINAL-1.pdf>

with care and support needs that are completely unknown to local commissioners or the wider system.

- The King's Fund has shown that since 2015/16 the gap between the number of requests for support versus number of those successfully accessing care and support has grown significantly.¹⁵
- Our members are seeing people increasingly delay accessing care and support services due to the costs involved until a significant deterioration of their health forces them to or they become eligible for support from the state. This puts burdens on family carers and wider public services as people increasingly present with higher acuity of need. According to the King's Fund, if the threshold for eligibility had increased in line with inflation, in 2022/23 it would have been £7,080 higher.¹⁶
- Despite growing demand for social care, adjusting for age, social care spending per person in 2024/25 will be an estimated 5% lower in real terms than in 2009/10.¹⁷

3.7. Impact on commissioners

- ADASS found 81% of councils are due to overspend on their adult social care budgets.¹⁸ Failure to close the adult social care resourcing gap has left councils struggling to square their legal duty to set a balanced budget with their duty to provide statutory services.
- The lack of action on adult social care reform is clearly having an impact on NHS services. In April 2024, waits for care home beds and home-based care accounted for 45% of delays in discharging people who had been in an acute hospital for 14 days or more, with nearly 4,000 people delayed on an average day¹⁹. This isn't just something impacting older adults. The scandal of people with learning disabilities and/or autism being locked up in inappropriate NHS mental health units continues due to the lack of appropriate community mental health and adult social care support services.

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https://www.healthwatch.co.uk/sites/healthwatch.co.uk/files/20240715%20Missing%20Millions%20Report%20on%20Unmet%20Social%20Care%20Needs%20Final_0.pdf

¹⁵ <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/social-care-360>

¹⁶ <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/social-care-360-access#3.-financial-eligibility>

¹⁷ <https://www.health.org.uk/publications/long-reads/social-care-funding-reform-in-england>

¹⁸ <https://www.adass.org.uk/documents/adass-autumn-survey-2024/>

¹⁹ <https://www.cqc.org.uk/publications/major-report/state-care/2023-2024/access/asc>

3.8. If we are to meet existing and future needs, the current ‘head in the sand’ approach of inaction cannot continue given the demographic changes and poor health challenges we are facing:

- By 2040, the number of people living with major illness could increase by 37%, nine times the rate at which the working age population is expected to grow²⁰.
- The Health Foundation estimates that meeting growing demand for care, enabling more people to access publicly funded care, and improving services could cost an extra £18bn by 2032²¹.
- Skills for Care estimates that, based on growth of the population aged 65 and above, by 2040 the sector may need 540,000 extra new posts (29% growth)²².

3.9. For reform to be successful, the government must acknowledge the neglect shown towards care and support provision and its responsibility to address the challenges as a large proportion (approximately 70%) of care and support is commissioned by the state. The pressures on the workforce are largely being driven by the failure of successive governments to both properly fund and ensure local commissioners commission in a way that enables providers to improve workforce pay, terms and conditions. The government’s own impact assessment on the Employment Rights Bill goes some way to acknowledging this. It states that it expects the cost of a Fair Pay Agreement to fall on local authorities and people funding their own care due to the *“limited room for ASC providers to respond through productivity improvements, erosion of pay differentials, or reduced profits... Increased costs to local authorities could result in greater costs to the Exchequer.”*²³

3.10. The lack of a workforce plan for social care is also a key part of this failure. Attempts to introduce reformed career and development structures continue to fail because care and support providers are underfunded by the state for publicly commissioned care and support. Increases to the National Living Wage, for instance, are not usually met by local commissioners. This constrains employers’ ability to offer more attractive pay, terms and conditions, training and learning & development and to maintain pay differentials

²⁰ <https://www.health.org.uk/publications/health-in-2040>

²¹ <https://www.health.org.uk/publications/long-reads/adult-social-care-funding-pressures>

²² <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

²³ <https://assets.publishing.service.gov.uk/media/671259d59cd657734653d7e5/impact-assessment-establish-a-fair-pay-agreements-process-in-the-adult-social-care-sector.pdf>

which recognise and reward the attainment of additional skills, specialisms, and responsibilities.

- 3.11. The Employment Rights Bill seeks to strengthen worker rights and introduce a process, via an 'Adult Social Care Negotiating Body', to arrive at a negotiated Fair Pay Agreement to improve the pay of care workers. These are important measures to building a stronger adult social care workforce, but these cannot be implemented successfully without proper funding of these measures and the wider sector alongside the long overdue wider reform of the adult social care system. The irony of asking the care and support sector to start to negotiate a Fair Pay Agreement at the same time as requiring them to fund nearly £3bn of additional employer National Insurance Contributions and increases to the National Living Wage is not lost on us.

4. To what extent are the costs of inaction on adult social care reform considered by the Government when evaluating policies, including within the Budget and Spending Reviews? How should these costs be assessed and evaluated.

- 4.1. It is abundantly clear that the cost of inaction on adult social care reform is never considered by the government when evaluating policies, as illustrated by the recent Budget and the clear lack of priority on adult social care reform within its missions and 'milestones'²⁴. This is all the more shocking when we consider it's been less than five years since we emerged from a pandemic which revealed the vulnerability of adult social care due to decades of neglect; there has been no progress on adult social care reform despite promises during and after the pandemic.
- 4.2. The government clearly hasn't recognised the potential of social care to achieve not only its health mission (we note it also appears to be absent from its 10-Year Health Plan), but also its missions to kickstart economic growth, break down barriers to opportunity and move towards a net-zero and environmentally sustainable society. Within its health mission, a strong adult social care system is the key to achieving the shift towards improved population health and wellbeing. This has been described by Ministers as a three-fold shift from analogue to digital, hospital to community and sickness to prevention.

²⁴ <https://www.gov.uk/missions>

- 4.3. Rather, it appears the Treasury does not understand the contribution this sector makes to economic growth alongside population health and wellbeing and repeatedly seems unable to identify and deliver the wide-reaching investment needed for reform, regardless of which political party is in government. If we were to change one thing, it would be to transform the Treasury's view on the true economic and social benefits of investing in adult social care as outlined in section 2 above.
- 4.4. The recent Budget has exacerbated the precarious financial situation of many of our members and has worried them that the government is intending to implement the Employment Rights Bill measures without the funding to make them successful. The decision to increase the employer National Insurance Contributions and lower the associated earnings threshold appears to have been taken without understanding the impact on adult social care providers and the interconnectedness with wider public services or indeed the value of social care in the lives of individuals.
- 4.5. The Nuffield Trust has estimated the additional unfunded costs of the Budget to the sector at £2.8bn next financial year, putting many organisations at risk of closing and ultimately impacting the care and support for thousands of older and disabled people²⁵. From our vantage point, it appears that adult social care cannot have featured in the negotiations between DHSC and the Treasury around the Budget. The sheer imbalance between £21bn for the NHS and £680m for adult social care (not enough to cover Budget measures) drives this home.
- 4.6. The Care Provider Alliance has carried out research to understand what the impact is likely to be from unfunded increases in employer National Insurance Contributions and the lowering of the earnings threshold²⁶. Key findings show that without government support:
- 73% will have to refuse new care packages from local authorities or the NHS
 - 57% will hand back existing contracts to local authorities or the NHS
 - 77% will have to draw on reserves
 - 64% will step back from paying the Real Living Wage (note that many of our members either pay this or aspire to and the budget is undermining that aim)

²⁵ <https://www.nuffieldtrust.org.uk/news-item/will-the-autumn-budget-push-the-social-care-sector-beyond-breaking-point>

²⁶ <https://careprovideralliance.org.uk/press-release-urgent-call-to-address-devastating-impact-of-budget-on-care-and-support>

- 92% of providers who also serve people who pay for their own care will be forced to increase rates for self-funders. Many self-funders will be unable to bear extra costs and may reduce care or rely more on family carers.
 - 22% are planning to close their businesses entirely.
- 4.7. The government should be considering the potential economic benefits of investing in adult social care as outlined in section 2 above, alongside the growing costs of lengthening waiting lists, undermet and unmet need, the workforce crisis and higher acuity of need and pressure on public services outlined in section 3 above when thinking about the costs of inaction. There is an extraordinary contradiction between the government's desire to strengthen workers' rights and boost pay for care workers via a Fair Pay Agreement on the one hand, and the Treasury's expectation that adult social care providers can shoulder the burden of the cost of reform and additional tax without support, as typified by the recent Budget, on the other.
- 4.8. The Spending Review gives the government another opportunity to step-up to meet the challenge of adult social care reform. In doing this, it should also recognise adult social care as a powerful tool in delivering its missions for government and plan for change.
- 4.9. Adult social care is a cross-government policy area and not simply one that is the responsibility of DHSC and MHCLG. In the same way we expect local government and the NHS to work together with providers at a local level to deliver social care services, we should expect central government departments to have joined-up thinking, rather than siloed working.
- 4.10. Adult social care is central to delivering the government's wider policy agenda. Care and support services can be found in every community in the country, with a larger workforce than the NHS, making them a powerful tool in the delivery of the government's missions. We have been urging the government to recognise how important the availability of and access to a diverse range of adult social care and support services is to the wellbeing and overall health of communities and enabling people to live their lives to the full. As such these services are strongly interlinked with range of other policy areas, such as affordable housing, welfare benefits, economic growth, healthcare and employment among others. It is this interconnectedness that is

being missed by the government, especially the Treasury which seems to not understand the importance of social care across the breadth of government policy and ambitions. Siloed departmental budgets must stop. This is truly a cross-government issue.

5. The Pillars of Reform

5.1. We believe there are several things the government needs to do now and over the current parliament if it is serious about reforming adult social care and harnessing the benefits a well-organised and properly resourced system brings for the economy and society as a whole. The full details can be found on our website²⁷ but can be grouped under the following ‘Pillars of Reform’:

- i. **Make social care central to policy making and delivery** - *Thriving and sustainable social care services are essential to the delivery of the government’s missions. There must be a cross-government approach that recognises the importance of social care across several policy areas.**
- ii. **Improve the pay, terms and conditions of the social care workforce**- *Care work is intrinsically skilled and valuable and must be remunerated to reflect this.**
- iii. **Invest in People, Not Profit** - *Adult social care should be for people, not profit.**
- iv. **Create an Industrial Strategy for adult social care** - *Social care is a large employer contributing £68.1bn to the English economy, making it a key sector supporting economic growth and an essential part of our national infrastructure.**
- v. **Support sustainability and decarbonisation in adult social care** - *With over 18,000 organisations providing care and support services in a range of community and residential settings, adult social care is integral to achieving net zero.**
- vi. **Enshrine rights, fairness and choice for people in a national care covenant** - *Co-produce and set out clearly the mutual rights and responsibilities of citizens, families, communities and the state.**

5.2. There are several measures under each of those Pillars we are urging the government to adopt and implement. The Committee should consider setting some of these out as

²⁷ <https://www.nationalcareforum.org.uk/voice/ncf-policy-agenda/>

actions for the government to undertake:

- To commit to, and action, wide-ranging social care reform within the current parliament.
- To take a cross-government approach to the reform of social care, recognising the essential part social care plays in achieving other policy objectives.
- To make sure that the National Care Service offers a clear public identity for adult social care, as recognisable as the NHS and which helps people understand what social care is, does and how to get it.
- To create a duty requiring the government to lay before parliament annual analysis of current and future requirements for social care workers to meet the needs of adults of all ages, regardless of whether they fund their own care or not. This analysis should be used to inform workforce planning and wider policy agendas such as housing for workers, sustainable transport links, education programmes as well as social security and commissioning practice.
- To bring forward funded interim measures, ahead of a Fair Pay Agreement, to boost the pay of care workers. Care workers should be paid at a rate according to their skills and competencies, at a level that is comparable NHS colleagues and ideally above the Real Living Wage.
- Fair Pay Agreements should be underpinned by a reframing of the relationship between central government, local government and providers of care and support. The agreement can only be implemented if it is properly funded in recognition of the statutory duty to provide social care which is an essential public service. Sector trade associations will also need support to develop the infrastructure required to negotiate with Trade Unions and government through the Adult Social Care Negotiating Body.
- To adopt the Adult Social Care workforce strategy which has been developed by a wide range of organisations, people working in and people drawing upon social care²⁸. Use this to deliver a long-term workforce plan for adult social care which models future workforce requirements and seeks to diversify the types of roles available, as well as developing career structures and qualifications.
- To introduce professional registration for all adult social care workers and establish a professional body, such as a Royal College, to represent them.

²⁸ <https://www.skillsforcare.org.uk/Workforce-Strategy/Home.aspx>

- The creation of a 10-year strategy to expand the proportion of care and support provided by not-for-profit organisations.
- A funded national framework for the price of registered and unregistered care which ensures good quality, sustainable care wherever you live and removes the catastrophic costs providers, individuals and families are being expected to pay to subsidise the state.
- The establishment of new data infrastructures and a minimum data set for adult social care which allows insights about care to be harnessed. This could take the form of a Social Care Data Observatory. This must be co-produced with the sector and people, and it must balance data burden with data benefit and clarity on data ownership and access.
- Underpin the establishment of the National Care Service with a National Care Covenant, as outlined in the Archbishops' Report, which is co-produced and sets out clearly the mutual rights and responsibilities of the different parties. This would make clear the role of citizens, families, communities and the state in providing support and paying for it. Any cross-government taskforce or similar must seek this as part of its remit.
- Commit to a strong role for the National Care Service to guarantee universal access to care and support, security against the costs of care, and upholding people's rights.
- Set clear requirements for commissioners to commission in partnership with care and support providers, unpaid carers and people who need services.

5.3. Further measures are outlined under the Pillars on our website.

6. Contact

6.1. If you would like more information about anything raised in this submission or about the wider adult social care sector, please contact:

- Nathan Jones, Senior Policy and External Affairs Lead,
- Liz Jones, Policy Director,

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