

Written evidence submitted by Bluebird Care (ASC0063)

Adult Social Care: The Cost of Inaction

Submission of Evidence by Bluebird Care

About Bluebird Care

Bluebird Care, one of the UK's leading providers of home care and live-in care services, operates across a network of 220 franchised businesses, with 10,000 care professionals supporting 20,000 people to remain safe and well at home.

As a franchised care provider, we are able to maintain the scale of a national provider while garnering local insights. As we operate in 220 communities, we see the value of social care in reducing pressures on the NHS, and giving people better quality of life at many stages in their life. The evidence we have submitted therefore relates both to our interactions with health and local authority care services, and our own evidence gathering exercises.

We are proud to be able to maintain our high standards while navigating the challenges that social care reform seeks to address, but without action we, like other providers, will become increasingly challenged and limited in the scale and pace at which we can invest in care services and professionals. We therefore welcome the current call for evidence into the human and financial cost of inaction in social care. Below, we outline key thematic insights into the financial and human costs of inaction in the social care sector.

1. Financial Pressures and Workforce Challenges

The social care sector is heavily dependent on its workforce, with 70% of a provider's revenue directly funding care professionals. However, rising costs from National Insurance Contributions (NICs) and Living Wage increases puts significant strain on providers to go above and beyond for their staff, and inhibits growth opportunities.

Current Costs and Risks

- **Cost Burdens:** The recent budget announcements have added a 4–4.5% increase in average operational costs, pushing total wage-related expenses to 74% of revenue for Bluebird Care's network. We always prioritise investment in our care professionals, and will support

our franchise partners to meet this increase. However we know that smaller providers and those with majority Local Authority funding will face significant challenges in meeting this while maintaining high standards and regulatory excellence if there is no action to provide greater sustained financial support.

- **Recruitment Costs:** We pride ourselves on our below-average turnover rate. However, across the sector the rate of retention is far too low, resulting in significant wastage. Average recruitment costs are £3,000 per person for a successful hire. Given the majority of those leaving care leave within their first three months, this can cost organisations more than £5 million per year. Even a 1% reduction in turnover could save an individual provider hundreds of thousands of pounds per year – which could be reinvested into skills and training, or technological innovation to reduce pressure across the healthcare system.

Human Cost

- **Staffing Levels:** While Bluebird Care has maintained full service delivery to date, the cost of inaction risks further staffing shortages across the sector, which would force providers to hand back care packages to councils. This risks creating "care deserts" where access to care is severely limited, particularly in economically disadvantaged areas.
- **Lost Workforce Opportunities:** British nationals continue to leave the care sector due to low wages and challenging working conditions. Without intervention, the sector will fail to meet the projected need for an additional 500,000 care workers by 2040.

Tackling recruitment and retention would also improve continuity of care for those who rely on services, and ensure that highly skilled individuals were staying in the sector, and contributing more to their local economy, for longer. The cost of inaction to meaningfully tackle turnover rates therefore has potentially vast human and financial consequences.

2. Barriers to Growth and Innovation

Bluebird Care is committed to innovation and expansion but faces significant constraints under current funding models.

Impacts on Expansion

- **Growth Delays:** The current funding model in social care, combined with the impact of the rise in Employer National Insurance Contributions and Real Living Wage rates, means that we are unable to expand our services across the UK as quickly as we would like or at the scale we would like. We know that other providers share this tension. Across the sector this reduces the ability to bring high quality regulated care services to underserved communities to meet rapidly rising demand.

- **Investment in the Sector:** As the provision of care becomes more expensive, and support for the sector remains constrained, the opportunities for fresh investment in the sector stagnate or fall away. This limits opportunities to bring a full range of affordable, accessible, high-quality care options to the whole of the UK.

Innovation Compromised

- **Technical Advancements:** At Bluebird Care, we are proud of our programme of technology-supported care and technological innovation. Our planned upgrades to technical platforms, such as those supporting hybrid care, have been delayed to manage operational costs and ensure we are still rewarding our dedicated care professionals.
- **Training and Development:** We are continuing to invest in the upskilling of our workforce, including in dementia specialisms. We are proud to be contributing to the provision of high-quality dementia care at home. Nonetheless, if demand continues to rise without action to upskill care professionals to meet it, there will be increasing human and financial cost. This includes cost to the NHS as people are forced to resort to distressing and costly emergency interventions for people whose dementia has not been safely treated or managed in a familiar environment.

3. Care Delivered Below Cost

The disparity between local authority funding and the true cost of care creates systemic challenges that ripple through the sector. We would welcome the introduction of a national framework for the commissioning of services based on a calculated fair cost of care. We also believe that, at a minimum, Local Authority fee rates should be increased in line with the wage rate and Employer National Insurance Contribution increases, and that this should be embedded as an annual minimum uplift.

Local Authority Funding Gap

- Only 1% of publicly funded care is delivered at the "true cost of care" which is estimated to be £28.53–£30.58 per hour. This gap leads to unsustainable care delivery and forces privately paying care seekers to shoulder the burden of the cost of inaction. This further limits capacity for sector innovation and growth.

Wider Systemic Risks

- Our scale, quality monitoring and oversight capacity, and longstanding track record of excellence means that we will always prioritise quality care delivery. However, we know that some smaller providers will be forced to cut corners to stay afloat and we risk seeing an increase in regulatory issues and failures of service across the sector.

- Without sufficient funding to offset wage increases and support the sector, smaller providers may exit the market entirely, leading to reduced care availability and higher pressure on the NHS.
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4. Delayed Hospital Discharges

Home care providers like Bluebird Care play a pivotal role in facilitating earlier hospital discharges, but staffing and funding challenges restrict their capacity to do so.

Impact on NHS Pressures

- Bluebird Care regularly enables hospital discharges, preventing "bed blocking" and ensuring patients can recover safely at home. However, the challenges to scaling services due to funding and staffing limitations reduces the capacity of this vital support to the NHS.
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5. The Role of International Recruitment

Without the sector-wide investment in raising the profile and reward in care, providers continue to seek workforce capacity from outside the UK leading to further reliance on overseas capacity. Visa sponsorship schemes have been critical in addressing workforce shortages, particularly after COVID-19. Bluebird Care currently supports approximately 1,000 sponsored care workers across the UK.

Risks of Policy Changes

- Further changes to sponsorship rules or restrictions on international recruitment would severely impact Bluebird Care's ability to meet care demands, risking service interruptions across the network.
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Recommended Actions

1. **Establish a Fair Cost of Care Framework:** Ensure local authority funding reflects the true cost of care, allowing providers to deliver high-quality services sustainably.
2. **Expand Workforce Retention Efforts:** Increase funding for workforce pay and career development to reduce turnover and make care a more attractive career option.
3. **Support Innovation:** Provide grants or subsidies for providers to invest in technology, training, and expansion, enhancing care quality and efficiency.
4. **Prioritise Integration:** Embed home care providers into NHS discharge pathways to reduce hospital pressures and create smoother transitions to community-based care.

5. **Sustain International Recruitment:** Maintain and improve access to visa sponsorship schemes to address immediate workforce shortages.
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Conclusion

Bluebird Care remains committed to investing in quality care, workforce development, and innovation. However, the current financial and systemic constraints limit the sector's ability to scale services, innovate, and attract the workforce needed to meet growing demand. Without urgent action, the cost of inaction will result in severe consequences for providers, clients, and the broader health and social care system.

Bluebird Care urges the Government to address these challenges through meaningful action, ensuring that providers can continue to deliver the high-quality care that communities depend on.

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