Written evidence submitted by Oxfam GB (ASC0066)

Oxfam GB Submission: Adult Social Care Reform: The Cost of Inaction

Summary

Chronic public underinvestment in care infrastructure, alongside a growing reliance on care provision that prioritises profits over the quality and accessibility of care services leaves disabled, ill and older people without the high-quality care they need; those with unpaid caring responsibilities unsupported; the care workforce underpaid and unrewarded and care services overstretched and inadequate. Any increase in public funding for adult social care will need to take into account the cumulative impact of years of austerity and the shock of the pandemic, but also the ongoing economic crisis and related high inflation.

An issue that is often overlooked but requires urgent reform is the financialisation of and excessive profiteering in the adult social care sector. An increasing number of large private social care providers in the UK are being run by Private Equity or extractive for-profit entities and concerns are growing about the impact on cost, quality of care and working conditions.

Care is central to our society and the economy; indeed, both would fail to function without it. And yet, the role of care and carers continues to be unseen and poverty is a reality for too many people who provide paid and unpaid care. The lack of value placed on care and carers unequally affects those who already experience oppression and exclusion based on class, gender, race, disability and other intersecting identities – making them fall faster into poverty and distress.

It is time for a proactive shift in our economic approach to a model where all care, paid and unpaid, is recognised and valued as a vital social good and a collective responsibility; unpaid care is reduced and redistributed; paid care is adequately rewarded; and all carers have a powerful voice in decision-making.

Three key areas where action is urgently needed to catalyse a shift to a more caring economy include:

1. Investing in care and prioritising quality and access over profits;
2. Ensuring better pay and rights for paid care workers; and
3. Reforming the tax system.

How much is inaction on adult social care reform costing the NHS and local authorities, and what impact does this have on patients and the public?

Age UK estimate that in England today, 2 million older people have some unmet social care needs.[1] The Association of Directors of Adult Social Services calculated that in spring 2023, over half a million hours of domiciliary care were not delivered across the English regions due to staff shortages – equivalent to around £14.7m worth of undelivered care.[2] And Councils in England spent an estimated £7.5 billion placing people in poor quality care homes between 2019 and 2023, including £480 million on those deemed 'inadequate'.[3] Overall, this leaves disabled, ill and older people without the high-quality care they need; those with unpaid caring responsibilities unsupported; the care workforce underpaid and unrewarded and care services, including physical infrastructure, equipment and resources, overstretched and inadequate. Too often the challenges facing patients and the broader public, including both paid care workers and unpaid carers, are intrinsically linked to chronic public underinvestment in care infrastructure, alongside a growing reliance on care provision that prioritises profits over the quality and accessibility of care services.[4] Lack of adequate public investment, compounded by years of austerity, and growing for-profit care provision were highlighted as challenging trends long before the pandemic.[5] But the sharp and rapid increase in care needs due to the COVID-19 crisis (including a backlog in health provision) has put an already struggling care infrastructure under incredible pressure, with long lasting effects.

Any increase in public funding for adult social care will need to take into account the cumulative impact of years of austerity and the shock of the pandemic, but also the ongoing economic crisis and related high inflation. The £600 million of new grant funding for social care for local authorities in the Autumn Budget, while welcome, will not deliver the transformational level of reform adult social care requires. A proposal for a universal quality social care service in England put forward by the New Economics Foundation and the Women's Budget Group in 2022 for example, would cost an additional £19.6 billion per year.[6]

In this context of chronic under-funding, with pressure on local authorities and the NHS to continue to deliver care services while reducing costs, an issue that is often overlooked but requires urgent reform is the financialisation of and excessive profiteering in the sector.[7] Financialisation is the increasing role of

[1] Age UK. (2024). The State of Health and Care of Older People in 2024. https://www.ageuk.org.uk/siteassets/documents/reports-and-publications/reports-and-briefings/health--wellbeing/state-of-health-and-care/state_of_health_and_social_care_24.pdf

[2] The Association of Directors of Adult Social Services. (2023). Spring Survey 2023. https://www. adass.org.uk/media/9751/adass-spring-survey-2023-final-web-version.pdf

[3] The Guardian. (23 March 2023). 'English councils spent £480m on 'inadequate' care homes in four years'. https://www.theguardian.com/society/2023/mar/23/english-councils-spent-480m-on-inadequatecare-homes-in-four-years

[4] Public Services International. (10 May 2022). Care Givers and Takers – How finance extracts wealth from the care sector. https://publicservices.international/resources/publications/care-givers-and-takers--- how-finance-extracts-wealth-from-the-care-sector?id=12877&lang=en

[5] S. Galandini and I. Ferrer. (2020). Make Care Count: Unpaid and Underpaid Care Work Across Britain. Oxfam. https://policy-practice.oxfam.org/resources/make-care-count-unpaid-and-underpaid-care-workacross-britain-620952/

[6] New Economics Foundation and Women's Budget Group. (2022). Universal Quality Social Care: Transforming adult social care in England. https://neweconomics.org/2022/02/universal-quality-social-care

[7] Public Services International. (10 May 2022). Care Givers and Takers – How finance extracts wealth from the care sector. Op. cit.

financial motives, financial markets, and financial institutions in the operation of the economy. For public services, it means models of private ownership that are financed by debt and prioritise shareholder returns, rather than focusing on delivering quality services and taxpayer value. Here, costs (including wages, safe working conditions and the amount of tax paid) are minimised to maximise profit. Assets are often sold off or mortgaged to finance rapid growth and more shareholder payouts, leaving service providers vulnerable to collapse and closure.

An increasing number of large private social care providers in the UK are being run by Private Equity (PE) or extractive for-profit entities and concerns are growing about the impact on cost, quality of care and working conditions. In 2019, The Centre for Health and the Public Interest (CHPI) undertook a forensic study of the accounts of over 830 adult care home companies, including the 26 largest providers.[8] The research found that for the 5 largest for-profit providers (PE owned or backed), amongst the 26 largest care home providers, the level of funding going to profit before tax, rent payments, directors' remuneration, and net interest paid out was £9.06 out of every £100 received, and amounted to £159 million a year. For the 13 largest for-profit providers (Non-PE) the level of leakage was £19.49 out of every £100 received and amounted to £401 million a year.

CHPI also found that debt repayments were a significant area of leakage for some of the 26 largest providers. The problem was especially serious in relation to homes operated by the 5 largest for-profit care home providers which are owned or backed by PE. Collectively their debts amounted to £35,000 for each care bed they owned, and they paid interest costs of £102 per bed per week; this meant that 16% of the weekly fees paid to these providers by local authorities or individuals for residential care was going towards paying off debt. Much of the debt loaded onto the care homes by the largest for-profit providers was owed to related companies that were often based offshore and at high rates of interest i.e. a form of hidden profit extraction which also avoids tax. Across the 26 largest care home providers a total of £261 million of the money they received to provide care went towards repaying debt.

Evidence is emerging of the negative impact of financialisation on the quality of care, care workers and patients. For example, an Oxford University study found that there care homes with high levels of debt saw double the death rate during pandemic.[9] Another paper from the Centre for the Understanding of Sustainable Prosperity focused on worker's experiences of the quality of care and working conditions when investment firms took over their care homes for adults (elderly or those with learning disabilities).[10] Through interviews with sixteen workers recurring themes were identified: worker exploitation (e.g. reducing benefits, understaffing); cuts to the quality of service provided (e.g. rationing medical and sanitary supplies, neglecting maintenance); covering up mismanagement (e.g. falsifying paperwork) and a general prioritisation of profit over care were identified when an investment firm owner took over. These findings build upon other research in the UK into care workers and how they often feel exploited by managers at the expense of the quality of care.[11]

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[8] Centre for Health and the Public Interest. (2019). Plugging the leaks in the UK care home industry. https://chpi.org.uk/papers/reports/plugging-the-leaks-in-the-uk-care-home-industry/

[9] University of Oxford Said Business School. (24 March 2022). Care homes with high levels of debt saw double the death rate during pandemic. https://www.sbs.ox.ac.uk/news/care-homes-high-levels-debt-saw-double-death-rate-during-pandemic-new-research-shows

[10] Centre for the Understanding of Sustainable Prosperity. (2022). Held to ransom: What happens when investment firms take over UK care homes. https://cusp.ac.uk/themes/aetw/wp35/

[11] Horton, A. (2019). Financialization and non-disposable women: Real estate, debt and labour in UK care homes. https://journals.sagepub.com/doi/ 10.1177/0308518X19862580

There is also evidence that financialisation affects the sufficiency and accessibility of the adult care home sector. For example, the Competition and Markets Authority found that investment in upgrading existing or building new care homes is skewed towards areas with a higher proportion of self-funders.[12] These tend to be in more affluent parts of the UK and so those in more deprived areas (which are funded by local authorities) can expect "a continuing deterioration in the quality of the existing care home stock primarily serving LA-funded residents, and an increasing number of closures of care homes". Developers and financialised care home groups tend to work together targeting the opening of homes in wealthier parts of the UK. Without increased public investment and regulation there will be inadequate or insufficient publicly-funded care home spaces for financially vulnerable adults.[13]

What is the cost of inaction to individuals and how might people's lives change with action on adult social care reform?

Every day, millions of people across Britain provide essential paid and unpaid care for disabled, ill and older people. They are the invisible network of support and empathy that sustains our social and economic foundations.

Yet their huge contribution contrasts starkly with the systemic lack of public and institutional recognition and investment in care. This in turn traps many people who are providing and experiencing care in a vicious cycle of poverty and financial – but also emotional – hardship.

The invisibility of care disproportionately harms women, who do the vast majority of paid and unpaid care work, particularly those facing multiple and often overlapping forms of inequality based on class, race, migrant status, disability or other identities. The link between care, poverty and inequalities is not a product of the COVID-19 or the cost-of-living crises; it is a longstanding challenge. In 2020, before the pandemic, Oxfam GB published the Make Care Count paper to highlight the struggles facing many carers across Britain, and how unsupported, underpaid, unequal and unrecognised care was trapping women in poverty.[14] Nearly five years on, the hardship faced by carers and the strain on the whole care infrastructure continues to deepen – made worse by the pandemic and now the cost-of-living crisis, on top of years of austerity.

Inaction on reforming the social care sector further exacerbates the hardship experienced by both paid and unpaid carers.[15] A lack of affordable and accessible support from over-stretched care and health services leaves more and more unpaid carers without essential practical support, with detrimental consequences for their finances but also their own health and wellbeing.[16]

Social care workers are widely underpaid and experience a high level of job insecurity and poor working conditions, including inadequate statutory sick pay and a lack of opportunities for career progression.

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[12] Competition and Markets Authority (30 November 2017). Care homes market study Final report. https://www.gov.uk/cma-cases/care-homes-market-study

[13] The Centre for International Corporate Tax Accountability and Research. (February 2023) Extracting Profits Through Care Home Real Estate. The Billion-Pound Property Speculation Fuelling Britain's Care Crisis. https://cictar.org/all-research/extracting-profits-through-real-estate

[14] S. Galandini and I. Ferrer. (2020). Make Care Count: Unpaid and Underpaid Care Work Across Britain. Oxfam. Op. cit.

15 Carers Week. (2024). No choice but to care. https://www.carersuk.org/media/3dblytnt/carers-week-report-2024-web_final.pdf

[16] Carers UK. (2024). Poverty and financial hardship of unpaid carers in the UK. https://www.carersuk.org/media/dnxerxqv/poverty_financial_hardship_uk_web.pdf

The Trades Union Congress estimated that more than one in four children (28.4%) with care-worker parents were growing up in poverty in 2020–21.[17] Poor pay and conditions are among the driving forces behind the significant recruitment and retention challenges that the sector is facing. This challenge to recruitment and retention has not led to more attractive jobs, rather the labour market is in search of migrant workers who will accept the current conditions, or worse. UNISON has shed light on the growing exploitation and harassment experienced by migrant social care workers when they come to the UK to help fill recruitment gaps.[18] Further, Unseen UK highlighted a 606% increase in the number of modern slavery cases in the care sector from 2021 to 2022 and found that workers who contacted their helpline reported taking on debt, averaging £11,800, to pay for recruitment, visa and travel costs.[19]

Oxfam GB welcomes the government's Employment Rights Bill and hopes once implemented it will begin to address the hardship and exploitation paid care workers experience and lead to better pay, conditions and job security in the sector.

Where in the system is the cost of inaction on adult social care reform being borne the most?

Those bearing the cost of inaction on adult social care reform most acutely are those requiring and providing care. According to Age UK an estimated 2 million people aged 65+ have unmet needs for care and support.[20] This includes hundreds of thousands of people who are unable to complete three or more Activities of Daily Living and receive no help or help that does not meet their needs.

Unpaid carers also bear heavy costs trying to fill the gap of inadequate social care provision. The Joseph Rowntree Foundation found that in 2021–22, poverty rates remained much higher for households with an unpaid carer or a disabled person. The poverty rate for working-age unpaid carers was 28%, compared to 20% for those without caring responsibilities; and it was 31% for disabled people, compared to about 19% for those who are not disabled.[21]

In 2022, a survey by Carers Trust revealed that 91% of carers felt ignored by the government and 70% reported not receiving enough support.[22] More recently, 68% reported being unable to take a respite break from their caring role when needed.[23]

Carers UK's The State of Caring 2024 survey found that 73% of unpaid carers in employment said they had found it stressful to juggle work and care and unpaid women carers aged 18-64 were twice as likely as men to be in part-time work (26% compared to 13%). Before the pandemic, Carers UK estimated that,

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[17] TUC. (2022). '1 in 4 children with care worker parents are growing up in poverty'. https://www.tuc.org.uk/news/1-4-children-care-worker-parents-are-growing-poverty

[18] UNISON. (10 July 2023). 'Migrant care staff in UK 'exploited and harassed' by employers, says UNISON'. https://www.unison.org.uk/news/press-release/2023/07/migrant-care-staff-in-uk-exploited-and-harassed-byemployers-says-unison/

[19] Unseen UK. (2023). Who cares? A Review of Reports of Exploitation in the Care Sector. 2024. https://www.unseenuk.org/reports/care-sector-report/

[20] Age UK. (2024). The State of Health and Care of Older People in 2024. Op. cit.

[21] Joseph Rowntree Foundation. (2024). https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk

[22] Carers Trust. (2022). Pushed to the Edge: Life for Unpaid Carers in the UK. https://carers.org/downloads/resources-pdfs/pushed-to-the-edge.pdf

[23] Carers Trust. (2023). Adult Carer Survey Report 2023: "Unpaid carers are not unsung heroes. We are forgotten, neglected and burnt out". https://carers.org/campaigning-for-change/adult-carer-survey-report-2023

on average, around 600 people a day were leaving paid employment as a result of caring for disabled, ill or older people.[24]

In light of this evidence, Oxfam GB welcomes the government's announcement at the Autumn Budget of the rise in the earnings limit on Carer's Allowance. As a member of the Carers Poverty Coalition, Oxfam GB is also calling on the government to review and reform Carer's Allowance, beyond the issue of overpayments; introduce at least two weeks of paid Carer's Leave and provide long-term funding for adult social care to better support carers and those they care for.[25]

What contribution does adult social care make to the economy and HM Treasury and how might this change with action on reform?

Care is central to our society and the economy; indeed, both would fail to function without it. And yet, the role of care and carers continues to be unseen and taken for granted and care infrastructure remains underfunded and inadequate. Poverty is a reality for too many people who provide paid and unpaid care. Behind each fact and figure are stories of unnecessary hardship and exclusion. The lack of value placed on care and carers unequally affects those who already experience oppression and exclusion based on class, gender, race, disability and other intersecting identities – making them fall faster into poverty and distress. Urgent action, especially at policy level, is needed to create radical shifts in the systems and deep-seated narratives that perpetuate the undervaluation of care, and hence poverty and inequalities.

It is time for a proactive shift in our economic approach to a model that invests in a feminist caring economy – where all care, paid and unpaid, is recognised and valued as a vital social good and a collective responsibility; unpaid care is reduced and redistributed; paid care is adequately rewarded; and all carers have a powerful voice in decision-making.[26]

Outlined below are three key areas where HM Treasury action is urgently needed to catalyse a shift to a more caring economy:

1. Invest in care and prioritise quality and access over profits

A priority of the government should be to reverse the trend of chronic underfunding of our care infrastructure and recognise this underinvestment as a false economy. Investing sufficiently in social care means not just ensuring it is able to survive day-to-day, but also ensuring it becomes a resilient infrastructure that can meet the care needs of disabled, ill and older people; adequately support those providing unpaid care; and guarantee decent work for care workers. Oxfam supports policy proposals that focus on creating universal, high quality care services that recognise the value care workers bring to our society and economy and put the voices and needs of those both giving and receiving care at the heart of decision-making. With regards to social care, increased investment will alleviate the pressures on both paid and unpaid carers as well as the NHS, improve the quality of care for those experiencing it,

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[24] Carers UK. (2019). Juggling work and unpaid care: A growing issue. https://www.carersuk.org/media/no2lwyxl/juggling-work-and-unpaid-care-report-final-web.pdf

[25] Carer Poverty Coalition. (2024). General Election Manifesto 2024. https://www.carersuk.org/news-and-campaigns/our-campaigns/carer-poverty-coalition/carer-poverty-coalition-manifesto/

[26] S. Galandini and C. Spoors. (2024). Valued: Breaking the link between paid and unpaid care, poverty and inequalities across Britain. https://policy-practice.oxfam.org/resources/valued-breaking-the-link-between-paid-and-unpaid-care-poverty-and-inequalities-621592/

help address low pay and poor working conditions, and, in doing so, also help address the economic, gender, race, disability and other intersecting inequalities that underpin the current system.[27]

To ensure that public investment in care infrastructure truly benefits both those providing and requiring care, the government should stop enabling the financialisation of and excessive profiteering in the social care sector by limiting and regulating the role of for-profit care companies. It should instead focus on scaling up and strengthening care systems that are equitable, gender-transformative, universally accessible and free at the point of use.

Where private providers of social care receive public funding, the government should mandate:

- Transparency of providers' finances, including profits, losses, levels of debt, investor returns, where entities are registered to pay tax and ownership to assess viability and suitability of ownership.
- Caps on excess profits and levels of indebtedness and requirements for onshore ownership and contingency plans for providers exiting the market.
- Effective regulation and oversight to monitor quality, sufficiency, workforce conditions, finances, value for money and social value, where non-compliance would ultimately see public funding withdrawn.

The government should simultaneously encourage the expansion of public and non-profit provision, including by abolishing legislation restricting local authority ownership of childcare and social care provision.

2. Ensure better pay and rights for paid care workers

All paid social care workers must be recognised and properly rewarded through fair pay and decent work, including by having their right to engage in collective bargaining respected. Recognising the specific vulnerabilities of migrant care workers, it is crucial that they are protected from abuse and exploitation across all care settings.

Oxfam GB supports the TUC's comprehensive care workforce strategy for England that would be developed with trade unions and care workers.[28] This strategy is based on a set of critical building blocks:

- Worker voices heard and valued, including through sectoral collective bargaining arrangements and the creation of National Partnership Forum.
- Decent pay and conditions for all care workers through a collectively negotiated sectoral agreement on fair pay and decent working conditions, a new sectoral minimum wage of £15 per hour, sick pay, secure contracts and full payment for all time worked.
- Skills, training and progression pathways, with nationally negotiated training frameworks to ensure consistency and quality.

[27] Women's Budget Group. (2023). Why taxation of wealth is a feminist issue: A gendered analysis of wealth in Great Britain. https://wbg.org.uk/wp-content/uploads/2023/10/Report-WAS-Sept-2023-FINAL-3-10-2023. pdf
[28] TUC. (2023). A strategy for the care workforce. https://www.tuc.org.uk/sites/default/ files/2023-08/a-strategy-for-the-care-workforce-23.pdf

- Protection of care workers' health, safety and wellbeing, including by ensuring that staffing levels are based on care and education needs and not arbitrary ratios.

3. Reform the tax system

Reforming the tax system is a fundamental step not only to resource a shift to a caring economy, but also to recognise and redistribute the wealth that is created and sustained by the labour of unpaid and underpaid carers. Tax reform is also necessary to achieve gender equality. The current tax system disadvantages women, as women earn less than men, do a greater amount of unpaid care work and rely more on public services.[29] Tax revenues should be invested to reduce income and wealth, gender, race and other entrenched inequalities, and to strengthen governments' responsiveness and accountability towards citizens. The UK government should implement wealth tax reforms,[30] introduce and strengthen existing windfall taxes, and take action to tackle tax avoidance and evasion in order to effectively tax offshore wealth and assets, including through introducing public country-by-country reporting for all multinational companies operating in the UK.

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[29] Women's Budget Group. (2023). Why taxation of wealth is a feminist issue: A gendered analysis of wealth in Great Britain. Op. cit.
[30] Tax Justice UK. (7 June 2024). Ten tax reforms to raise £60 billion for public services and a fairer economy. https://taxjustice.uk/blog/ten-tax-reforms-to-raise-60-billion-for-public-services-and-a-fairer-economy/