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Call for Evidence: Adult Social Care Reform – the cost of inaction

Call for Evidence - Committees - UK Parliament

I am a Professor of Human Resource Management in the Centre for Decent Work and Productivity at Manchester Metropolitan University. My research focuses on creating good and decent work, with a particular emphasis on the adult social care sector in England. My response to the Call for Evidence addresses the question of the consequences of inaction on adult social care reform for the adult social care workforce, for those who draw on adult social care services and for the National Health Service (NHS).

People at the Heart of Care and *Next Steps to Put People at the Heart of Care* (DHSC, 2022, DHSC, 2023) are white papers published by the previous Conservative government that recognised both the need for adult social care reform and the vital role of building workforce capacity within this. Both noted the chronic shortages of adult social care staff, with vacancy rates running at around 9% and staff turnover approaching 30% per annum (SfC, 2024a). They sought to address these in various ways that centred largely on training, qualifications and career pathways (e.g. DHSC, 2024). While there has been some delivery against this, but also some move away from initial commitments, the white papers failed to address wider terms and conditions of employment for the adult social care workforce e.g. pay and employment security. This most likely results from the majority of adult social care being delivered by private and voluntary sector providers who have autonomy in pay setting and employment processes. This raises the question of how effective the white paper provisions are likely to be in tackling issues that build workforce capacity given the low paid and insecure work in the sector (SfC, 2024a). While the proposed sector-wide Fair Pay Agreement contained in the Employment Relations Bill could address these issues, concerns are raised by recent announcements that revoke plans to introduce charging reform and increase investment in the sector, and these are set out in more detail in what follows.

Without charging reform and additional investment, the sector will continue to be worryingly underfunded. This will have implications for local authorities that commission care from private and voluntary sector providers. First, local authority fees do not adequately cover the cost of care that is publicly funded and this will continue, with many providers continuing to cross-subsidise from those who self-fund their care. Providers may choose to withdraw from provision of publicly funded care and prioritise self-funded care, causing market instability and compromising care delivery. This is problematic for those receiving publicly funded care. It is also problematic for the workforce. In a sector where more than two thirds of provider costs are spent on wages (SfC, 2021), the low fees paid by local authorities to providers influence pay levels. This relationship is set out in detail in our recent study into variation in pay in adult social care (Atkinson et al., 2024b). A small but positive relationship between local authority fees and pay levels is evidenced in statistical analysis (that this is not larger may result from aggregate local authority fee datasets, which lack nuance). Interview data show that providers report a substantial influence of local authority fees in driving low pay, which are typically little above the National Living Wage (Atkinson et al., 2024b). There is also a lack of variation in pay i.e. in many providers, there is often a single flat rate of pay for care workers and another, only slightly higher flat rate for senior care workers. Pay progression is absent and there is no incentive to gain skills, qualifications, and experience. Second, local authority commissioning

processes largely rely on framework/spot commissioning rather than block commissioning. This creates instability of revenue for providers, particularly in care delivered at home. This risk is typically passed on in the widespread use of zero-hours contracts for a high proportion of this workforce (Atkinson et al., 2024a). Our study evidences the negative relationship between low pay, insecure employment and other statutory minimum level terms and conditions of employment e.g. sick pay, holiday entitlement and pension provision, on retention (Atkinson et al., 2024b). Recruitment and retention difficulties create workforce shortages and an intensified work experience for care workers, leading to poor working experiences.

These challenges are well-recognised and responses are set out in the recently published adult social care workforce strategy for England (SfC, 2024b). This evidences, for example, that using the NHS Agenda for Change Bands 2 and 3, typically used for NHS healthcare workers, for care workers will be cost neutral over a 15 year period. Significant upfront investment will, however, be required. Some local authorities have also established strategies to address workforce issues. Cornwall's workforce strategy, for example, sets out an ambitious plan of action but recognises that a number of the required actions, including higher pay and pay progression, can only be achieved if action is taken at national level (Atkinson et al., 2024a). Similarly, Hemmings et al. (2024) set out a number of options for addressing pay in the sector, amongst which are raising pay through a sector wide minimum wage and pay progression mechanisms. Reform that creates greater investment is urgently needed.

While additional investment will be challenging in the current national economic context, it could have many potential benefits. Adult social care is a sector that makes a substantial contribution to England's economy. Skills for Care's (2021) analysis evidences, for example, that the sector contributed £25.6 billion in Gross Value Added (GVA) in 2020/21. Later figures suggest a growth of 13.2%, so it is a sector that continues to grow. The same report also estimates that an additional £6.1 billion investment would lead to a £10.7 billion return on investment. It is, therefore, a sector that merits additional investment in economic terms. It is also one that benefits additional investment in social terms. The cost of inaction on reform is substantial to both care workers and people who draw on adult social care services. Care workers experience low pay, insecure work, and a stressful working environment. Improved pay and conditions of employment are much needed to improve their working experiences. In a workforce of around 1.5m (SfC, 2024a), investment could make a great difference to their lives. It could also make a great difference to the lives of those drawing on adult social care services. Using Francis and Netten's (2004) dimensions of care quality, research has shown that workforce shortages reduce the continuity, reliability and flexibility of care (Atkinson and Crozier, 2020, Atkinson et al., 2016, Atkinson et al., 2018). That is, a vulnerable group receiving often intimate services might interact with many different workers, might have visits missed and/ or delayed and might experience workers who are insufficiently trained to meet their care needs due to high turnover levels. All of this negatively affects their lived experiences.

Finally, it is widely acknowledged that for the NHS to operate effectively, an efficient and effective adult social care system is needed. Both have a vital role in preventing ill health and enabling economic activity. An effective adult social care system could also reduce 'bed blocking' in NHS hospitals and release capacity back into the workforce through enabling people who are delivering unpaid care to return to work. Investment to create effective and complementary health and care services is urgently needed.

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