

## Written evidence submitted by The Society of Later Life Advisers SOLLA (ASC0084)

### Response to The Health and Social Care Committee Call for Evidence on its inquiry into the costs of not reforming adult social care.

#### Adult Social Care Reform: The Cost of Inaction

##### Call for Evidence - Terms of Reference

To inform its inquiry, the Committee is now accepting written evidence submissions that respond to the following questions by 11 December 2024.

- 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?
  - What NHS and local authority service reforms are not happening as a result of adult social care pressures, and what benefits are patients and the public missing out on?
  - What is the cost of inaction to individuals and how might people's lives change with action on adult social care reform?
  - Where in the system is the cost of inaction on adult social care reform being borne the most?
  - What contribution does adult social care make to the economy and HM Treasury and how might this change with action on reform?
  - 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 evaluate
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#### The Society of Later Life Advisers SOLLA

The Society of Later Life Advisers, SOLLA is a well-established not for profit organisation that helps people navigate their finances in later life which can include advice on care funding. SOLLA's accredited financial advisers understand the issues those who need to fund their own social care face and how taking advice can make a difference by helping people use their assets in the best possible way to fund their care. SOLLA members also include a wide range of affiliates who are not financial advisers and can help with legal matters, finding care, moving from, or adapting the family home to ensuring that benefits such as attendance allowance are claimed. The directors at SOLLA are available to contribute further to the work of the Health and Social Care Committee.

##### ***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?***

There is little controversy about the scale of the problem in social care, the system that helps older and disabled people with day-to-day tasks like washing, dressing, getting out of bed, eating and medication.

There are as many as 500,000 people waiting for care. Council budgets are stretched, some teetering on the edge of bankruptcy, in part because of care costs. As the population ages, thousands upon thousands of people are stuck without the care they need, and thousands more stuck in hospital because there is not the support, they need at home.

The OBR made it clear in its 2022 fiscal sustainability report that based on the current population projections (a rapidly ageing society), either taxes need to rise by, or spending needs to reduce by 10.8% of GDP. This compares to current social care spending of 1.2% of GDP, expected to increase to over 2.4% of GDP by 2070.

Since social care and social security benefits are funded on a pay-as-you-go basis, from general taxation, there are no reserves, such as a sovereign wealth fund, to meet future deficits, even though the OBR forecasts in 2022 estimated that government spending or taxation would need to change by 10.8% to have a long-term sustainable budgetary effect.

This is discussed further in: *UK social care reforms: when they eventually come, will they help anyway?* | The Actuary February 2023. And in the ABI paper '*Prepare for Care*'

Set against the fact that 4 out of ten adult care providers reduced services in 2023 due to cost pressures, it is not clear how far councils and social care employers will be compensated for the 1.2 %-point rise in employers NIC's next April that was announced in the October Budget. The NHS itself will be exempt from those increased costs but, as things stand, not-for-profit organisations including some care charities providing public services will have to pay. What NHS and local authority service reforms are not happening as a result of adult social care pressures, and what benefits are patients and the public missing out on?

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***What NHS and local authority service reforms are not happening as a result of adult social care pressures, and what benefits are patients and the public missing out on?***

This issue lies outside our area of expertise

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

Labour in its manifesto noted that social care is vital to achieving their goal that everyone lives an independent, prosperous life. But hundreds of thousands of people suffer without the care they need for a dignified life. The sector needs deep reform: there are inconsistent standards, chronic staff shortages, and people are not always treated with the care, dignity, and respect they deserve.

Lack of sustainable care means that people are thrown back onto their own and their family's resources. For single people frequently the call for assistance goes unheard. Britain is a lonely nation. CSJ polling finds that nearly six in ten adults feel lonely at least some of the time. This equates to thirty-two million people. Over one in five adults (22 per cent) say they feel existentially lonely, a fundamental separateness from other people and the wider world. Loneliness is a public health emergency. The effects of loneliness and social isolation have been shown comparable to smoking, obesity and physical inactivity. Often, where early health interventions would save a lot of personal grief and downstream health costs, this does not happen, and eventually things deteriorate into costly chaotic emergency health interventions.

There was no mention in the Budget of Social Care for older people, apart from the announcement that the weekly earnings limit for Carer's Allowance will be increased to the equivalent of 16 hours at the National Living Wage per week, from £151 to £196 weekly. Indirectly the £1.3b uplift in local government grant funding, £600k of which was for social care, may have a minor impact, but the budget did not include details of any changes in government limits on how much councils can raise council tax and the adult social care precept.

The recently published local government finance settlement 2025-26 still needs some clarity and the fact that this call for evidence was not held following these announcements is indicative of a lack of joined up Government that has plagued this issue for the last 25 years.

Many families are forced to take up the slack in Social Care provision by providing informal care. But this is not without cost to themselves and society at large, Carers UK estimate that round three million unpaid carers are in paid employment and an estimated six hundred people give up work to care every day. Women are more likely to be working part-time because of caring responsibilities for older relatives, and the paucity of childcare availability only compounds the problem. Unpaid carers are more likely to be "working below their potential" in lower paid jobs than their qualifications or have not taken promotion. More pointedly in terms of this question, according to an NHS Staff Survey one in three NHS employees is an unpaid carer, with all the impact that must have on both their full-time capacity for work, in terms of absences and their own physical and mental health.

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

There can be no doubt that many social care providers face real peril following the recent budget, and council finances are in a terrible state. Adult social care has endured decades of under investment and consequent slow decline in terms of both funding and quality, while both demand and costs have risen. The human costs of this broken system constantly in crisis are enormous and whether state or self-funded the costs as always end up at the feet of the service user or their representatives. It is hard to separate the actual direct impact on either of these groups as the actual cost of care, accommodation plus healthcare, is impossible to determine because, as it is a widely accepted custom and practise that self-funders are obliged to pay more than the actual costs of their care so as to subsidise state funded patients – the actual extent of this cross subsidy varies from locality to locality and is yet another facet of the social care landscape shrouded in mist and confusion.

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

The rapidly ageing society introduces intergenerational issues with the current form of care funding. This means that the working population will spend an increasing proportion of their income on supporting the older population than previous generations. Is that fair and is it sustainable? At what point could it lead to a need to reduce state funded benefits to avoid a negative impact on the competitiveness of the UK economy?

The OBR estimates that the old age dependency ratio in the UK is expected to increase from 29% today to over 50% by 2070. All else being equal this could lead to spending on social care and social security increasing from 40% of income tax and National Insurance contributions today to about 65% by 2070.

There are numerous ways to create a sustainable social care funding system that are fair from an intergenerational perspective. The UK could learn lessons from how other countries such as Japan,

Singapore, Germany, and France have tried to tackle the problem where social insurance schemes for social care have been implemented. For further discussion of this topic see: *Age old questions – six countries' differing approaches to social care* | [The Actuary](#)

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How should these costs be assessed and evaluated?***

Outside our area of expertise

***December 2024***