

Written evidence submitted by The King's Fund (ASC0093)

The King's Fund submission to the Health and Social Care Select Committee inquiry into Adult Social Care Reform: The Cost of Inaction

The King's Fund welcomes the Health and Social Care Select Committee's inquiry into adult social care reform. We are pleased to contribute to the Committee's call for evidence.

About The King's Fund

The King's Fund is an independent charitable organisation working to improve health and care in England. We have a longstanding interest reform of the adult social care system. This evidence submission is grounded in both policy research and analysis, including our annual data-led review of social care performance, Social Care 360.

Our interest in this inquiry

We wish to contribute to the enquiry from our research and analysis, focusing on areas where we have specific expertise or knowledge that we hope you will find helpful.

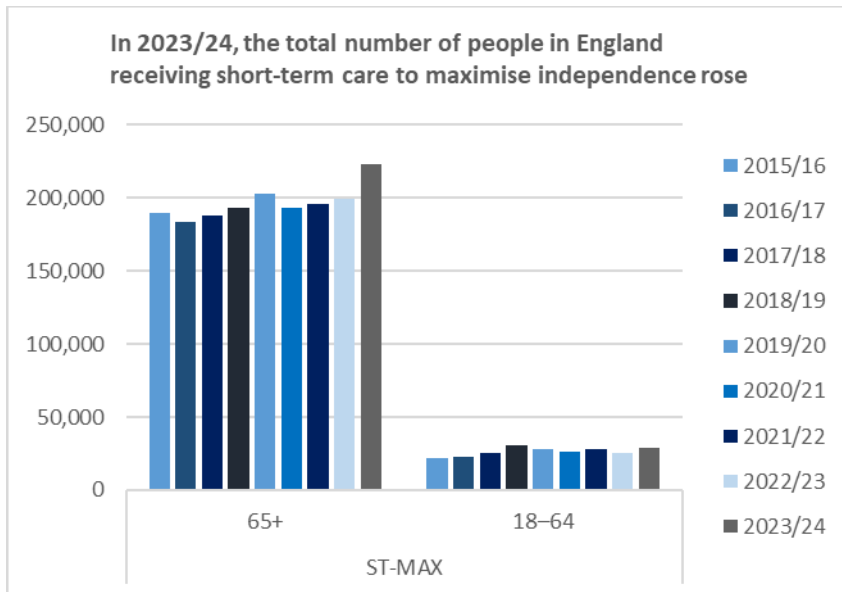
What impact does inaction on adult social care reform have on patients and the public?

1. We identify 8 areas in which failure to introduce adult social care reform and/or the underfunding and operation of the current system impacts the public: eligibility, catastrophic costs, unmet need, quality, workforce, market fragility, integration and unwarranted variation (Bottery 2019). Of these, the first three relate specifically to lack of reform:
 - Eligibility - inaction here means that, unlike the NHS, adult social care is not free at the point of use and is instead means tested. This means that many people either go without the care they need, have to rely on family and friends, have to pay for care themselves. Some may also end up using non-means tested health services such as GPs and A&E services.
 - Catastrophic cost - inaction means that even though many people have to pay for care themselves, there is no limit on how much they may have to pay. This failure to 'pool risk' means that some will pay hundreds of thousands of pounds in personal care costs.
 - Unmet need - failure to reform the means test means that many people have needs that go unmet. Additionally, setting the 'needs test' at a high level also means that many people with social care needs are not able to access publicly funded social care. This 'needs test' barrier has, in practice, been pushed up in recent years because local authorities lack the funds to fully meet all needs.
2. Underfunding of even the current, inadequate systems plays a significant role in three other issues:
 - Quality of care - Underfunding of adult social care by local authorities means that providers are often required to deliver services at quality levels that are insufficient to fully meet people's needs.

- Workforce - Underfunding and a failure to fully recognise the skills of adult social care workers means that – while pay has been increasing in line with the minimum wage - they are underpaid in comparison to other, competing sectors and providers struggle to recruit enough staff. This means that services may not be available for people who need them.
 - Market fragility - Underfunding means that providers struggle to receive fees that fully meet their costs, which are heavily weighted towards staffing and have been increasing because of the statutory minimum wage. As a consequence, some providers hand back contracts or leave the publicly funded market entirely.
3. The social care sector’s unequal relationship with the NHS – in terms of funding, means testing and status in particular - plays a significant role in one other issue:
- Integration - Health and care services are not joined up around the individual. Lack of action on social care is putting significant pressure on the points of interface between health and social care, most obviously in areas such as hospital discharge and inadequate management of long-term conditions.
4. Finally, the unfair funding structure for local authorities, with its emphasis on locally raised revenue, and the failure to adequately oversee delivery nationally has contributed to a further problem:
- Unwarranted variation - there is significant variation in the social care services that people receive. Though much of this variation is unexplained, some part of it is likely to relate to variation in the revenue-raising capacity of local authorities, particularly in poorer areas where need for social care is higher but it is more difficult to raise revenue.

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?

5. The area that suffers the most is prevention, which would help make services for the public more sustainable in the long run. Local authorities say that they would like to introduce more preventative services such as information and advice, crisis resolution, reablement, and digital technology (e.g. remote monitoring), but pressure on budgets means they focus largely on providing immediate services to people with the highest and most urgent needs (ADASS 2024).
6. Similarly, provision of short-term care to maximise independence increased very slowly between 2015/16 and 2022/23 (from 211,000 episodes to 225,000 episodes, though it was encouraging that in 2023/24 the number of episodes increased to 252,000 episodes (NHS Digital 2024). Provision of timely, high quality reablement services can make a fundamental difference to the lives of people, for example after a fall and hospital stay, and should be a key feature of a prevention and community-focused health and care system.



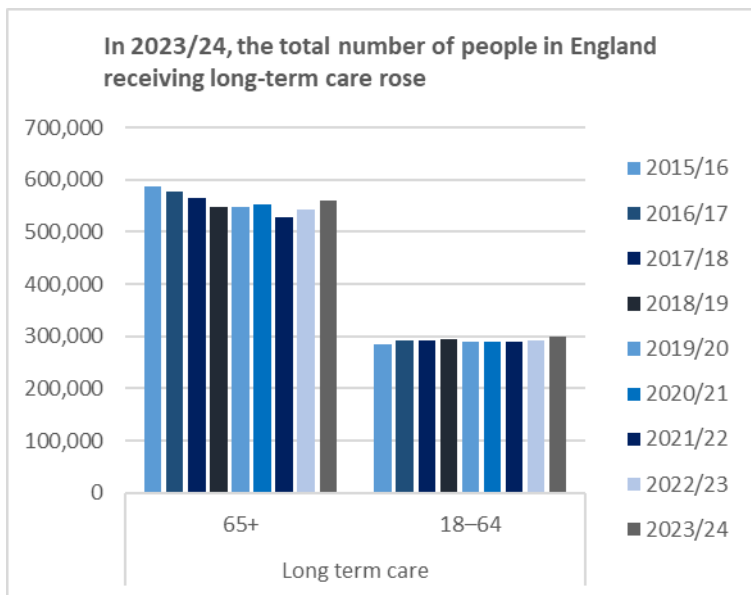
What is the cost of inaction to individuals and how might people's lives change with action on adult social care reform?

- Reform of the means test and/or needs test would allow more people to receive publicly funded social care support, reducing their financial expenditure, limiting their reliance on friends and family, and reducing the risk that they go without services and/or call on alternative free-at-point-of-need services such as GPs and accident and emergency departments instead.
 - Reform of the means test would mean that people with moderate assets – above £23,250 – would receive some support towards their social care support.
 - The introduction of a cap on care costs, which was legislated for in 2015 but has never been implemented, would prevent individuals experiencing 'catastrophic' costs – 1 in 7 people is expected to face lifetime care costs of more than £100,000 and sometimes have to sell their homes to raise this money.
 - Reform of the needs test would mean that people with more moderate needs than the current threshold would receive some support with their social care needs.

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

- The impact is borne most by the people who are not able to access social care but need to. Age UK estimates that 2m older people have some unmet need for social care (Reeves et al 2024). However, the number of older people receiving long-term support from local authorities is still lower than it was in 2015/16, despite a significant increase in 2023/24. The number of older people receiving long-term support has fallen from 587,000 to 559,000 in 2023/24 (4.8%).
- There are no equivalent figures for unmet need for working age adults. However, despite increasing levels of working age disability, there has only been a small increase accessing long-term care, from 285,000 in 2015/16 to 300,000 in 2023/24 (5.0%).

10. The likely effect of need going unmet is pressure in other parts of the health and care system. As well as possible attendance at GP surgeries and A&E departments by people who themselves need care, there is unmanageable pressure placed on unpaid family carers. There are 4.7million unpaid carers in England and it is estimated that 15% provide over 50 hours of care a week.



11. When increases in population size are taken into account, the picture is even starker. In 2015/16, 6.0% of people aged 65 and over were receiving long-term care but by 2023/24 this had fallen to 5.2%. The percentage of the working-age population receiving long-term care was largely unchanged, at 0.9% in both years.

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

12. In 2021, research commissioned by Skills for Care estimated that the adult social care sector in the UK contributed £46.2 billion to the economy, and the level of employment in the sector represents 6% of total employment (Skills for Care 2021).

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?

13. We are not able to say to what extent the costs of inaction on adult social care reform are taken into account within government when evaluating policies. However, there is some evidence around the value of reform. The previous government’s impact assessment in 2022 of its planned reforms showed that by 2031-32 around 115,000 additional older people would have been receiving state support with their care costs, 74,000 of whom would have reached the lifetime ‘cap’ on care costs. An additional 21,000 working age adults would have benefited from the reforms by 2031-32. This would have meant a total of 136,000 additional people benefiting from public-funded adult social care.

14. The financial transfers (i.e. the benefits) to older people and working age adults of this support would have been worth £2.78bn and the additional 'peace of mind' benefits to those who might need care would have been worth £1.19bn.
15. In addition, the government argued that there would be additional non-monetised benefits:
- Encouraging people to take responsibility to plan and prepare for their care in later life.
 - Support for wider government objectives around planning, preparation and prevention.
 - Space for financial services products to develop.
16. The cost of the reforms would have been £3.6bn in 2031-32 (in 2021/22 prices).

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