

## Written evidence submitted by MHA (Methodist Homes) (ASC0100)

**Health and Social Care Committee inquiry: The cost of inaction on adult social care reform**

**Submission by: MHA (Methodist Homes)**

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### About MHA

MHA (Methodist Homes) is one of the largest charity care providers for older people in England and Wales, supporting over 17,000 older people across 80 care homes, 59 retirement living communities and 43 community-based hubs. Our services are part of a wider social care sector that serve as a vital infrastructure for our communities, working closely with families, the NHS and local authorities to ensure that those who need care and support can access it, as well as contributing £68.1 billion gross value added to the economy and the Government's growth mission.

Our response to this inquiry is from the perspective of a care provider, with over 80 years' experience of providing care and support to older people.

We are delighted to make a submission to the Health and Social Care Select Committee on this very important topic, and we would welcome the chance to provide oral evidence from senior and frontline colleagues.

### 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?

As one of the largest charity providers of residential care for older people in the UK, we have seen first-hand the impact that a successive lack of longer-term decision-making has had in not solving the challenges in adult social care for the past decade and more. Short term policy planning, a lack of national oversight, stretched local authorities, the pandemic, the workforce crisis and the cost of living and energy crisis, and the looming changes in the employer National Insurance Contributions, threaten to bring the sector to its knees, with the heart-breaking consequence of struggling to meet the needs of people who need care and support the most.

The reality of these challenges comes in the context of several years of unprecedented financial pressures, including:

- the pandemic which saw our occupancy levels drop significantly
- a recruitment crisis which hugely increased our spend on agency staff
- a cost-of-living crisis, that saw our energy bills triple to £18m in 2022.

On top of this is the long-standing funding gap between the costs of delivering care and the rates that local authorities are able to pay per resident. We work with over 100 local authorities, and in 2024 the uplifts we have received range from 5% to 8.6%. However, this comes on top of a base, that is already lower than our average self-funder rates. Many local authorities did not provide any uplift.

- A residential and nursing dementia home in the West Midlands: 44 residents (out of 79), are LA-funded at £708 a week but it costs £1,284 per week to deliver care. Some referrals to this home would require 2:1 staffing support, so we have had to turn people away.
- A residential/nursing home in Coventry: 22 residents (out of 44) are LA-funded at £918 per week, but it costs £1,708 per resident per week to deliver care.

- A residential dementia home in Northumberland: 19 of 35 are LA-funded at an average of £907 but it costs £1,255 to deliver care (£348 difference per week; £574k total deficit from LA-funded residents across the year).
- The biggest funding gaps are for dementia nursing homes (residential, with no nursing has smaller funding deficits).

In June 2022, we provided cost of care data as part of the wider cost of care exercise, using the LaingBuisson model to identify a 'true fair cost of care' for each of our care homes. What we understand the 'true fair cost of care' to be is that it meets the true cost of good quality, sustainable care, wherever a person lives and enables long term financial sustainability for care providers. It must enable better reward and recognition of our workforce, provides fairness and confidence for people who need care now and, in the future, encourages innovation and investment and recognises the benefits and social and economic value of the not-for-profit sector

Nationally the Care Provider Alliance<sup>1</sup> estimated there to be a £2.9bn chasm between the funding that's made available from central government and the cost of delivering care, based on our experience this has likely increased over the past two years.

We are seeing greater numbers of older people moving to our care homes with higher levels of need and more complex care needs, which inevitably means the cost of care is higher. We support the Government's policy position to support people to live in their own home for longer, and we offer retirement living options for people living independently. But there will always be a need for residential care, and the infrastructure needs to be sustainable, to meet the needs of a growing older population and increasing numbers of people living with dementia.

We acknowledge the stretched and challenging position that local authorities have found themselves in, but if as a not-for-profit provider we are unable to have the costs of care met, it jeopardises the ability to maintain services. It also leads to an inequity of care. Across our services, our care home managers have the regular quandary of either making beds available to local authority funded residents at a price for care that doesn't meet the cost or making them available to self-funders who do pay the actual cost of care. In our experience the least financially sustainable care homes are those with 50% or more LA-funded resident places.

The impact for MHA over the past 18 months, has been the necessity to withdraw from 12 care homes where we could no longer sustain the year-on-year losses being incurred. Then in November 2024 had to [announce](#) the difficult decision to place 14 of our retirement living housing schemes on the market for sale, and to withdraw care services in six of these.

Over the course of recent governments, we have seen adult social care reforms to 'fix social care' fail to come to fruition. This has left MHA and wider sector with a lack of certainty, security, and confidence that there will be meaningful change. For example, we invested much time and effort into the Department for Health and Social Care's fair cost of care exercise in 2022, in preparation for the care cap reforms. We belonged to the working group, we provided information on the cost of care for each our homes, we modelled what it would take for fair pay for our workforce, and all of it was in vain. Notwithstanding the new Government's commitments to a National Care Service, we do feel that currently there is a void in terms of action for social care reform.

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<sup>1</sup> [Care Provider Alliance of the Fair Cost of Care Reports, 2022](#)

As a values-led organisation whose mission is to deliver trusted, high-quality care and support services that enrich the lives of older people, we do not want to be in the position where we are having to withdraw from further vital services. We recognise that this response has focussed on our experiences as a provider, but we know that the challenges we have described ultimately impact on the people in need of care, reducing the choice and quality of care and support for those in need of residential and nursing care.

### **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?**

MHA provides a range of care and support services for older people, from residential care to a range of older people's housing options. This includes a community-based support service, aimed at supporting independence and delaying more formal care needs in locations across the country. This service supports people through befriending and online activities such as dance and exercise classes and assisted shopping and lunch clubs. Co-designed by members of the groups, there is something for everyone. Twenty-seven per cent of members say being part of MHA Communities has prevented them from needing help from social services.

Independent evaluation has found that this service supports older people to feel connected, provide a sense of purpose and reduce their feelings of isolation and loneliness. It provides a point of contact which they trust and who they know is knowledgeable and can assist them in a variety of ways, both emotionally and physically.

We also know that for every £1 invested in our scheme, £6.18 of social value is created.

And yet all our 43 community-based services have increasingly struggled to access funding in recent years, particularly from local authorities. This is despite these services being designed to prevent needs from escalating. We acknowledge the Government's ambition to shift health and social care from "sickness to prevention," but without addressing the financial barriers and competing service pressures across local authorities, we are concerned that prevention will continue to take a back seat to addressing current social care needs.

The pressure on budgets from funders also means that investment in specialist and therapeutic services are stifled.

MHA provides a free, dedicated music therapy service for our residents who are living with dementia in our dementia care settings, through one-to-one and group therapy sessions with the aim to reduce the use of medications that are known to increase the risks of adverse effects including stroke. It is funded through our fundraised income.

A previous systematic review found music therapy to be one of the most cost-effective nonpharmacological treatments for agitation. At MHA, music therapists also advise care home staff on individualised strategies for symptom prevention and management based on their insight about residents gathered from their one-to-one therapy sessions. We know that what the music therapists learn has several positive wider effects on care home staff and their care practice. These include increased insight into residents' personal history, causes of symptoms and remaining cognitive abilities; enhanced communication techniques, using bodily expressions and singing to support residents' emotions and mood. This also enhances their relationship with residents; and increased awareness of changes in residents' health and needs.

We know that music therapy has wide reaching benefits, and we are enthusiastic about increasing its availability across our services, but we are limited by funding. There is little national or widespread funding available to this type of specialist and therapeutic service.

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

#### **Inaction**

As a provider we know that:

- Older people continue to get stuck in hospital, despite investment. Anecdotally we hear stories of people not having the right care packages available to transition out of hospital, both in terms of social care needs being met, but also occupational health needs.
- With increased financial pressures on social care providers, there is reduced choice for older people, where providers may not accept the finance proposed or where services and contracts are withdrawn.
- Those who are self-funding their care, bear the brunt of a two-tier system and face the catastrophic costs associated with that.
- With new funding pressures coming down the line, there is an existential threat to the whole system, which would impact on people who rely on care and support, with knock on effects for the NHS.

#### **With action**

- Increased investment would ultimately increase choice and access to good quality care, through a fairly remunerated workforce, the full costs of care met.
- Wider availability of specialist therapeutic services.
- Investment in prevention to maintain independence through community-based support, but also specialist housing.
- A stable provider system that can innovate.

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

Ultimately the worst effects will be reduced choice and availability for those older people who rely on state-funded care provision.

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

The adult social care sector was estimated to contribute £68.1 billion gross value added (GVA) per annum to the economy in England (up 13.2% from 2022/23).<sup>2</sup>

#### **Supporting local economies**

As an example of how the adult social care sector supports local economies, please see this case study from MHA's services in Teesside:

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<sup>2</sup> [The state of the adult social care sector and workforce in England, 2024](#)

In and around Middlesbrough in Teesside, MHA runs two care homes, Montpelier Manor and Reuben Manor, which currently support 154 people with nursing and/or dementia needs; Hinton Court, a retirement living community for 37 people; and an MHA Communities scheme supporting 122 people in the community with regular befriending calls and activities aimed at maintaining their independence. These services therefore support over 300 people with varying care needs, employing 180 local people (full and part time) with salaries of around £4.3million per year in total, and supporting 30 local volunteers. In addition, the schemes support 10 local businesses including local plumbers, window cleaners and cafes.

**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?**

We welcome the increase in core spending power afforded to local authorities and the allocation of an additional £680 million in the Autumn Budget 2024 for social care. However, with their responsibilities under the Care Act 2014, including support for children’s services, we do not feel reassured that the uplifts afforded local authorities will match the increased full costs of care brought about by the changes to employers’ national insurance contributions. We also question what the basis is for this level of investment, when compared with the £2.9 billion per year funding gap and the estimated £8 billion per year needed for the sector to stand still<sup>3</sup>.

The application of employers’ national insurance contributions could have the unintended consequences of putting the adult social care sector in jeopardy; impact on the availability and quality of care and support for people who need it; impact on families who might have to step in and give up work; impact on the waiting times within the NHS; and impact on the Government’s longer-term ambitions for social care and to improve the terms and conditions of those who work in our sector.

A strong adult social care sector is an absolute necessity to meet the needs of the UK's increasing ageing population, contribute to the growth of the nation and to tackle the pervasive health and economic inequalities that have persisted and been exacerbated by the pandemic and likely furthered by the cost-of-living crisis.

The sector is very much willing to work in partnership with government to build the reforms that are needed, but the sector needs a long-term funding strategy and commitment that recognises the contribution it provides as economic infrastructure to this country.

***December 2024***

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<sup>3</sup> [Health Foundation](#), 2023