

Written evidence submitted by HC – One (ASC0116)

Health and Social Care Committee, Adult Social Care Reform: The Cost of Inaction

HC-One is the country's largest care home provider. We are proud to serve across c.290 communities and c. 15,000 residents, the majority of whom receive publicly funded care. Our colleagues – Britain's largest health and care workforce outside of the NHS – deliver the kindest possible care that supports those in our homes to live their best lives.

- **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?**

Defining reform:

For the purposes of this response, HC-One defines inaction on social care reform as a lack of a funding and delivery architecture which demonstrates a long-term, stable and costed plan for health and care services. This includes individual funding reform and fairness measures, such as that proposed by the Commission on Funding of Care and Support (the Dilnot Commission), efforts to identify and close the gap to the Fair Cost of Care, and reforms to support the social care workforce.

Isolated projects and funding streams have made efforts to improve market conditions, but HC-One believes that the lack of long-term, committed and sustainable public and private investment in the sector has profound implications for those who need care.

Considerable focus has been paid to the cancelling of individual funding reform in Summer 2024. HC-One had hoped that these reforms would be delivered to provide financial security for those who need support, but they would have only been part of the answer for the crisis in adult social care.

HC-One hopes that the Committee uses this inquiry to reflect not only on unfulfilled potential, but on the urgent need to support the adult social care sector to respond to increasing demand and to support wider public services, including the NHS. Alongside this urgent call, HC-One hopes that learnings from the Committee are used to make a case for structural reforms to invest in the future of our care sector.

A lack of long-term planning, the significant gap between publicly funded fees to the fair cost of care, and limited return on investment for providers has resulted in a sharp decline in private investment, particularly in local authority funded care. This is having significant impacts on those who are most in need of support, while the ever-widening gulf between supply and demand is masked by limited care assessments.

The demographics of the UK and increasing complexity of the health conditions of our older population point to an emergent and looming crisis. Poor funding is leading to a lack of care placements for those who need support, too few buildings and beds for them to live in, and an often low-paid workforce with limited pathways and support for development.

Market impacts of lacking reform:

HC-One believes that inaction on social care reform has resulted in significant changes to the care market, limiting patient capital investment which has increased costs, driven pressures on wider public services including the NHS, and increased health inequalities.

Low levels of private and public investment have a particular impact on social care. HC-One are the largest care home provider in the country. We are proud to have invested over £71m improving pay and conditions for our colleagues over the last two years and to be delivering a £93m investment to refurbish and improve our homes, the country's largest investment in publicly funded care settings.

We are also proud of our new-build care homes. We want to go further, and build more care settings, particularly for specialist services, but planning delays inflate costs and a lack of income certainty increases borrowing costs. There is an urgent need for patient capital investment to build the care settings we need, where we need them.

Most major adult social care providers have responded to a lack of support and parity of funding for local authority care by changing their business models to pivot to higher-rate self-funded care beds. This is having a detrimental impact on the market for local authority and NHS care – where needs are most significant.

The impact of this change is also unfairly distributed. Wealthier areas with better-resourced councils and stronger markets for self-funded care are seeing the benefits of new care infrastructure and specialist services.

In contrast, private markets in more deprived areas are limited, and struggling councils are less able to meet demand without limiting essential local services. The result of this is an increase in already significant later-life inequalities. Where you grow old should not determine to such a degree the nature of your care support.

A lack of support has also limited investment in pay and conditions for many, and as a result care is not understood to be the rewarding, supportive career that many know it to be. HC-One are proud to be one of the only major providers with a recognised trade union and collective bargaining. Our investment has brought c.90% of our colleagues to the real living wage or above, but the care sector is notable for low pay and limited benefits.

HC-One and providers throughout care want to do more, building new purpose-built care homes, developing new services to meet the increasing need for complex dementia care, and rewarding our colleagues for the work they do. But we can only do this if supported by a shared understanding of a long-term plan for care and stable, well-regulated environment.

The care sector needs a joined-up, cross-government plan for health and care that is backed up by investment in publicly funded care over longer terms, to reduce the cost of capital, stop the unfair dynamics of care investment, and kick-start the creation of a new generation of purpose-built care homes supporting those with the greatest needs.

- **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?**

Intermediate care pathways, to move from hospitals to communities:

HC-One believes that a lack of appropriate conditions for investment in intermediate care has limited the capacity for NHS and Local Authority commissioners to develop and deliver effective pathways that help people leave hospital.

Investment in step-down care would help all of us who use NHS services by freeing up urgent care beds. In 2023, one in eight people were discharged with step-down intermediate care. Of the c.8,700 people per week who remained in hospital for over 14 days when they were fit to be discharged, almost half (46%) were waiting for intermediate care support. Of those who required bed-based step-down care, 42% were delayed.

Many of those in intermediate care settings will be supported to return home, but some will require nursing placements. Of those ready to be discharged from bed-based intermediate care but facing delays, a quarter (25%) were awaiting a nursing home bed. There is limited emphasis on closing the gap between fees and the cost of delivering care, so nursing home providers will often prioritise higher fee private-pay or longer-term local authority markets over short-term, complex intermediate care placements.

HC-One recommends that social care reform recognises the significant case for public investment in intermediate care pathways, including discharge to assess programmes, standardisation of commissioning across longer terms, and greater wraparound and multi-disciplinary support for reablement services.

By creating stable demand and fostering a well-regulated market for step-down beds, providers would be motivated to invest in new and appropriate intermediate capacity. A more supported sector and more effective reablement will shorten lengths of stay, allow more people to return home, and reduce readmissions.

The preventative role of community nursing and failure to reform recruitment priorities:

Helping people move successfully out of hospital and avoiding hospital admissions in the first place depends upon robust and resourced community nursing. Community nurses help patients across their homes and in care settings to manage long-term conditions and develop the capacity they need to live independently.

ICBs can support community nursing capacity through Continuing Healthcare (CHC) and NHS-funded Nursing Care (FNC). However, these resources are insufficiently used to increase local nursing capacity, in favour of recruiting for urgent and primary care settings.

Additionally, the CHC and FNC should be recognised for their ability to shape the nursing market, creating demand for nurses and capacity that can be used across local health and care services. Greater usage would also support nursing care home placements and the unlocking of delegated healthcare tasks, as homes with limited capacity due to nursing supply challenges can deliver care in partnership with NHS provision.

Vacancy rates for nursing roles in social care are significant, and at the same time demand is increasing with needs becoming increasingly complex. A significant proportion of nursing recruitment is therefore conducted internationally, whilst providers who have been unable to successfully recruit and retain have deregistered homes from nursing to residential care.

HC-One urges investment in recruiting and training nursing colleagues, and for ICBs to recognise the capacity-building and market-shaping influence of Continuing Healthcare (CHC) and NHS-Funded Nursing Care (FNC), and how these can support better integrated care pathways for those who need them.

Reforms to support innovations that respond to changing needs:

As Britain's largest care provider, HC-One delivers a range of specialist services across our c.290 communities, including residential homes, nursing homes, dementia care and our specialist dementia care communities, discharge to assess pathways and postoperative reablement support, alcohol related brain damage, support for those with physical and mental disabilities and those struggling with their mental health. We are pleased to work with commissioners to deliver these and create new lines of support for those who need them.

We want to build partnership between providers and local authorities to evolve models of care with a long-term understanding of need. However, HC-One believe that limited central government ambitions and pressures on funding for commissioning partners result in hesitancy and a lack of financial capacity or potential income to innovate.

For example, HC-One has been proud to design and introduce our Specialist Dementia Care Communities (SDCCs). Based on the latest understanding of person-centred dementia care, SDCCs support those with the complex dementia that causes them distress who would otherwise be unable to live in a care setting and would – in most cases – be held in hospitals and prescribed anti-psychotic medication.

Our SDCCs have piloted a new role for social care, employing assistant psychologists to work therapeutically with residents. Our psychologists observe, record and identify behaviours to identify what might trigger distress in our residents. This information is then used to design bespoke wellbeing interventions that respond to the needs of residents, even those who might feel unable to communicate them.

HC-One's first SDCC in Meadow Bank, Preston, demonstrated a 90% decrease in distress-related incidents, 60% of residents showing improvement in Primary Behaviours of Concern, and 88% improving their Complexity of Need Profile.

HC-One has launched SDCCs in two areas in response to demand for these services, with a plan for more in 2025. However, because of a limited mandate for local authorities to reduce the systemic burdens of adult social care pressures, engagement with and the ability to fund specialist services varies. Many potential

residents who are therefore unable to get the financial support they need spend time in urgent care beds, at a greater cost to the public purse and to the detriment of their health and wellbeing.

We are proud of our productive relationships with commissioners, but pressures on adult social care, short contracting periods, and a lack of shared accountability for the impact of limited provision limit the private investment in responsive and innovative care, to help support those who might otherwise be held in hospitals.

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

Improving the lives of those who need support:

The cost of inaction on adult social care reform is felt most acutely by individuals who rely on care services to live independently and with dignity. Without a stable and costed plan for reform, the social care system remains fragmented, underfunded, and under increasing pressure to meet the needs of an aging population with growing care demands.

HC-One believes that the lack of a coherent strategy in the sector contributes to an environment of instability that directly affects the quality and accessibility of care, leading to poorer outcomes for individuals.

Cutting waiting times for urgent and elective care:

For many people who depend on social care, this means facing prolonged waits for services, often in inappropriate settings such as hospitals. 2023 NHS statistics showed that nearly 46% of those awaiting discharge from hospitals were delayed because of a lack of intermediate care support. A quarter were facing delays waiting for nursing care placements. This delay in receiving appropriate care can lead to longer hospital stays, worsening health outcomes, and increased distress for individuals and their families.

Creating financial burdens:

Inaction also exacerbates financial hardship for individuals who require care but are not able to access the services they need. Many people end up having to rely on unpaid family caregivers, placing financial, emotional, and physical strain on their loved ones. Many leave the workforce, which not only impacts their own livelihoods but also results in significant losses to the wider economy in terms of reduced tax revenue and lower productivity.

The cost of care is also borne by the individuals who need care, who often face the long-term financial challenge of having to release assets to arrange private services or pay for services that are not fully funded by local government. Without reform, people are left with few options, often being forced to make difficult decisions about how to manage their care.

Benefits of system reform:

Action on adult social care reform could profoundly change the lives of individuals by providing more timely access to quality care, reducing delays, and enhancing the care experience. For example, reforms that invest in intermediate care pathways, as [HC-One has advocated for](#), would allow more people to be discharged from hospital to appropriate step-down care, freeing up NHS beds for those who need them and allowing individuals to recover in settings better suited to their needs.

Providing adequate funding for local authority care services would also prevent individuals from having to rely on family members to provide care, offering greater independence and specialist care.

The need for workforce reform:

Reform could also directly (through sectoral bargaining) and indirectly (by fostering the conditions for investment) ensure that care workers are better paid, better trained, and better supported, leading to a more stable workforce that can deliver higher-quality care.

For individuals, this means not only a greater likelihood of receiving care from well-trained professionals, but also improved relationships with care providers, as a more secure and motivated workforce is more likely to provide compassionate, person-centred care.

For example, HC-One's investment in increasing wages to the real living wage and improving our overall offer to colleagues has led to better retention rates and a more satisfied workforce, which directly benefits residents. This has a measurable impact on CQC quality ratings of HC-One homes. ***In a reformed system which encourages well-regulated investment, investment in colleagues would become more widespread across the sector, helping ensure better outcomes for those who need care.***

- **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?**

Perception of burden and low salience:

HC-One believes that adult social care is often considered to be a financial strain on local and national government expenditure. Sir Andrew Dilnot has noted that those who depend upon social care have limited agency to advocate for themselves, claimed, whilst their loved ones are often depleted by the system.

Understanding of how social care works in England and devolved nations is also limited, whilst media representations of health and care are focussed on hospitals and emergency services. As the core touchpoint for the public, parliamentarians as local representatives are also expected to engage with and improve primary care.

HC-One would urge that whole system impacts of limited public and private investment in care, such as significant NHS waiting lists and the associated costs of increasing health inequalities, are considered by the Government.

Pressures on local government:

Additional system effects are also clear. A lack of grant funding to meet increasing costs of delivering care has resulted in adult social care representing an increasingly significant proportion of local government spending. This limits the spending power of councils to develop and deliver a broad range of other services which could also improve the lives and opportunities of those living in their communities.

Regional economic stimulus from care investment:

Additionally, investment in local authority funded care is a significant and direct means to provide a stimulus for more deprived communities. Areas with greater indices of deprivation have more significant local authority social care needs, whilst spending is returned to communities through wages. ***HC-One welcomes the Government's proposed Fair Pay Agreement for social care in this light and hopes that funding to meet increased wages recognises the impact on communities of greater spending power.***

Additional costs from a lack of system support:

In turn, a lack of adult social care has resulted in many turning to unpaid care to subsidise limited public or private provision. Carers UK estimates that 600 people leave work each day due to care commitments, and the impact of considerable economic inactivity is being felt by reduced Treasury receipts and limited growth. The government has made it a priority to help people back into work, and ***HC-One believe that a lack of social care reform on the broader workforce should provide a motivating factor for governments to give due consideration to investment.***

