

Election briefing November 2019

Social care: the action we need

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- The social care system in England is widely regarded as unfair, complex, confusing and failing to meet growing care needs in the population.
- A comprehensive overhaul of the system is required to ensure a clear and consistent social care 'offer' that can meet the needs of people of all ages and conditions. This should be supported by a fair and transparent funding system that pools the risk of having to pay high care costs across society.
- All main political parties have suggested that they will expand social care services to more people. In order to be able to offer an expanded state-funded care service, a realistic and comprehensive workforce strategy will be needed to combat the chronic recruitment and retention crisis.
- We believe the scale of the workforce challenge has so far been underestimated: our new calculations show that just providing a basic package of care of one hour per day to older people with high needs would require approximately 50,000 additional home care workers now. To provide up to two hours would need around 90,000 extra workers.
- The invaluable support provided by the 8.8 million people that care for friends and family must also be recognised by helping them to balance their caring duties with maintaining a stable income.
- Reform of the system will need to offer long-term stability and certainty to the organisations providing care by establishing a fair and effective system for planning and paying for care.
- The issue of care transcends politics and parliamentary terms. There is now a consensus across all three main political parties that the social care system is in need of reform. The problems are well understood, the options have been exhaustively explored. It is now time for decisive action and strong leadership.

All three major political parties in the 2019 general election have recognised in their manifestos that the social care system is failing to meet the needs of the population and is in need of change. Reform is well overdue.

During the last 20 years, we have witnessed the publication of a series of independent reviews, green papers, white papers, a long-term commission and legislation, each with increasingly urgent calls for action. Yet successive governments have failed to bring about sustainable change. The 2019 election presents political parties with a new opportunity to address the chronic problems in social care decisively and to put the system on a sustainable footing once and for all.

Part of the problem is that social care is **poorly understood by the public** and is often assumed to be part of the NHS. As a result, new proposals for system reform have been met with public disapproval as there is an assumption that any new proposal indicates a reduction from the current offer. These negative public perceptions, which are often fuelled by debate in which the wider problem is reduced to older people having to **sell their homes**, make social care a highly political territory. New proposals are often put forward as part of election campaigns where there is minimal incentive for cross-party cooperation. Yet evidence from **other countries** indicates that achieving wide public support for deep reform of the social care system, even during turbulent political times, is possible.

Social care has leapt to the forefront of the political agenda in the last 12 months, featuring frequently as an issue in the Conservative leadership race. Prime Minister Boris Johnson even used his inaugural speech to promise to “fix social care once and for all”.

The Conservative manifesto stops short of committing to specific proposals or setting out the ‘clear plan’ that has been promised, but it does say that the system needs to “give every person the dignity and security that they deserve.” Labour’s long-standing pledge to introduce a **National Care Service**, eventually offering free personal care to all as part of a phased process, has been reiterated in its 2019 **manifesto** alongside a lifetime cap on care costs, set at an unspecified level. The Liberal Democrats announced an additional £35 billion for health and care, of which an estimated **£12.9 billion would go to social care**, but they do not set out plans for reform.

As such, there is an expectation that social care will feature highly on the to-do list of the next government and that reform will aim to deliver an expanded service to a greater number of people. However laudable this is, any expanded offer will not be deliverable if it is not supported by a radical increase in our care workforce and funding reform.

What's the problem with social care?

The current social care system in England is widely regarded as unfair, complex, confusing and failing to meet growing care needs in the population. A decade of austerity has seen government funding for local authorities halve in real terms between 2010–11 and 2017–18,* which has led to councils tightening the eligibility criteria for care. It is known that there were **20,000 fewer older people** receiving long-term social care services in 2017/18 than in 2015/16, but this is likely to understate the problem – estimates of unmet need go as high as **1.5 million**. A restrictive means test, which has not been adjusted since 2010, means that people with property, savings and income in excess of £23,250 must meet the entirety of their care costs alone – and for many these can be catastrophic. A vision for social care as a service that promotes wellbeing and independence were core to the **2014 Care Act**, yet the system has increasingly become a safety net for those with the very highest needs and the very lowest means.

‘Postcode lottery’ is a phrase frequently, and accurately, attached to social care services. Despite attempts through the Care Act (2014) to create a national set of criteria for eligibility, some local authorities have **struggled** to meet their responsibilities. As a result, the care that is available to people across the country **varies hugely**, leaving people uncertain as to what they can expect from the state.

The distinction between ‘health’ and ‘care’ creates further inequity: someone deemed to have health needs may be able to access care via the NHS’s **continuing healthcare** programme, but someone with personal care needs (e.g. arising from **dementia**) and no medical requirements is subject to the means test. For anyone trying to **navigate** the means test and the eligibility

* National Audit Office (2018) *Social care at a glance*

criteria – often at a time when they (or their family member) are at their most vulnerable – the system can feel labyrinthine.

Constraints on public sector finances in recent years have meant that fees paid by councils to the organisations that provide home and residential care have been cut repeatedly. The predominant approach used for buying services from providers incentivises organisations to provide a bare minimum of services and nothing more. Some **75% of councils** report that these organisations have either closed or handed back contracts in the last 6 months, creating enormous disruption and discontinuity for those receiving care.

There are large shortfalls in numbers of nursing care homes, with significantly reduced bed capacity in some regions – prompting concerns that ‘**care deserts**’ are emerging in some local areas. In order to stabilise their businesses, organisations providing care have become increasingly reliant on charging **higher rates** to people who pay for their own care than they charge councils for publicly funded service users receiving exactly the same service.

But perhaps the most pressing challenge facing social care is the state of the workforce. The sector has high staff turnover and high vacancy rates with low pay, poor working conditions, unstable contracts (**24% of the workforce** are on zero-hours contracts) and the work is often perceived as low status. The organisations that provide care are already struggling to fill the posts needed just to deliver the level of service offered within our current system. This situation will only become even more challenging if aspirations to expand the state offer are to be realised.

What’s the solution?

It is crucial that any reform to social care fundamentally overhauls the entire system and moves away from the one-off piecemeal initiatives that have characterised policy-making in this sector thus far. Any injection of money into the system, while welcome, will need to be accompanied by realistic and sustainable proposals for delivering services to the people who need them both now and in the future.

Our **analysis** of the English social care system, alongside our research into social care systems in other countries, suggests that successful reform needs to focus on four main areas.

Clarity and consistency of offer

Amid much uncertainty in the social care debate, one thing that is certain is that any extended or improved state offer will require more money, so it is crucial that there is public support for change. A positive vision for social care needs to be developed that is based around a system that works seamlessly alongside other public services to promote wellbeing and enable people to live as independent and fulfilling a life as possible – values already enshrined in the **2014 Care Act**. Establishing clarity around exactly what people can expect from state support and who is eligible will be essential in building public support for reform. Ensuring that people understand the balance of responsibility between them and the state will help people to plan for their futures.

Many, including the Labour Party, have called for the introduction of free personal care to the over 65s, which is the system currently operating in Scotland*. Such a development would be **widely welcomed** by those in the sector and would be seen as a significant improvement to the current system. However, it will be important that any offer of free personal care is carefully defined so that people are clear about what is included, who will benefit, and what they may still need to pay for themselves. ‘Personal care’ in Scotland, for example, includes personal hygiene, continence management, food and diet management, assistance with mobility, counselling and support, simple treatments, and personal assistance. But it excludes other services that fall within the wider understanding of ‘social care’ (e.g. assistance with cleaning and general supervision).

Alongside a clear offer, consistency in the assessment of people’s needs and eligibility would help to reduce the high levels of variation across the system which fuel a sense of unfairness. Implementing a standard national test, as used in other countries to determine need for services,† would help to create a fairer and more transparent system and ensure that eligibility is based on their needs, rather than their postcode.

* In Scotland free personal care has also been extended to working-age adults, as of April 2019.

† See Nuffield Trust’s work on the long-term care systems in **Japan** and **Germany**.

Fair and transparent funding

A reformed funding system must address the central problem of catastrophic care costs falling on individuals who have no way of anticipating, or protecting themselves against, these costs. New money needs to be raised in as fair and transparent a way as possible and, crucially, must be sufficient to inject more funds into the system now and in the future.

It will be important to accurately project the level of need to ensure any new system can accommodate the expected growing demand for care as the result of demographic change. Setting out a vision and a clear state-funded offer will also help to generate a realistic estimate of how much a system will cost, both now and in the future.

A substantial **private insurance market** for individual long-term care insurance does not currently exist in England, which means people have no way of protecting themselves from the crippling high care costs discussed earlier. Learning from Germany, where a concerted effort was made to develop a private insurance market, suggests that relying on such an approach as the financial foundations of a care system would be unviable and unsustainable. Instead, in a system with national collective funding, everyone is required to pay in to a central fund so that, if an individual requires care, they are protected against the lottery of catastrophic costs. This provides a level of security to all, and ensures that the whole population has equitable access to care, regardless of wealth.

A number of revenue-raising options are available to policy-makers, but we urge them to choose an approach that is fair, understandable and transparent. Care should be taken to ensure that new revenue-raising approaches do not exacerbate existing inequities between different population groups, regions or generations. We have assessed the main **funding proposals** that have been put forward during the last 20 years and assessed them against four main **tests**:

- Does the funding mechanism **raise extra money** now and in the future?
- Is it **fair**?
- Is it **understandable**?
- Does it **pool risk**?

General taxation is a well-established and well-understood mechanism for raising funding for public services in England that has the potential to

meet several of these tests. A compulsory national/social insurance scheme extending contributions beyond the state pension age also has the potential to reduce the short-term funding gap while protecting most of the population from catastrophic costs.

Any voluntary, optional or individual-based funding model proposed on its own and not in conjunction with other revenue-raising mechanisms would fall short of these tests.

Policy-makers may wish to explore a combination of different revenue-raising options that draw on income and wealth and allow for flexibility as the population's needs change. Learning from other countries* and **public perceptions research** in England suggests that the public are likely to support new contributions if they understand how those charges are levied and they can see what the money will be spent on. **Japan, for instance**, has sought to design a funding system that offers transparency and flexibility by funding it through a mix of specific ring-fenced contributions alongside general taxation and strictly limited service user contributions.

Each of the major political parties has pledged more money into social care. Both Labour and the Liberal Democrats have committed to substantial increases in funding through rises in general taxation. **Labour has promised** £10.8 billion by 2023/24 to close the existing funding gap and would introduce free personal care to the over 65s, and the **Liberal Democrats propose** to inject around **£12.9 billion into the social care system** over five years. The Conservative manifesto pledge to inject £1 billion per year into social care would barely be enough to keep the system standing still, let alone to expand services to all those known to have unmet need. For both the Liberal Democrats and the Conservatives, it is unclear what system reform would go alongside that extra funding. Labour and the Liberal Democrats plan to raise the extra revenue through tax, but the Conservatives have not specified how they would raise it.

On top of additional funding commitments, both Labour and the Liberal Democrats have called for the introduction of a cap on care costs to limit how much people will have to pay for their care over their lifetime. How effective this would be at meeting our four tests strongly depends on the level at which

* See Nuffield Trust's work on the long-term care systems in **Japan** and **Germany**.

it is set. In 2016, after delaying implementation, the government abandoned plans to introduce a £72,000 cap by 2020 (as set out in legislation) because of concerns over affordability. Understanding and calculating care costs over a lifetime is complex and will require a clear state offer: setting a cap on a monthly basis (as is done in Japan), or a weekly basis (as is the case in Wales for home care) may offer greater clarity to people.

A realistic strategy for the workforce

Over the course of the next parliament*, the number of older people (65+) using publicly funded community care is projected to rise by 16%, and the number of working-age adults with learning disabilities using state-funded care at home is expected to rise by 12%.†

In England, the workforce is hardly able to deliver enough care for today, let alone to begin preparing for this future projected need. All three main parties recognise the high levels of unmet need in their manifestos, which suggests that they are committed to delivering services to more people. In order to do so, it is crucial that the current workforce situation is understood and that issues are addressed.

There are already severe and deep shortages of staff within the sector, with the number of existing job vacancies **estimated** to be around 122,000, with an **estimated** 48,500 of those in the home care workforce. To offer more care to a larger population will require a substantial increase in care staff.

Our own analysis has found that there are approximately 163,000 people aged 65 or over in the population who have a high level of need‡ but are currently receiving no help from friends, family or professionals.§ If those people were to receive the average care package of 7 hours per week¶, approximately 50,000

* Assumed to be 2020–2025 if the Fixed Term Parliamentary Act is adhered to.

† Nuffield Trust analysis of PSSRU (2018) **projections data**.

‡ Defined as needing help with three or more activities of daily living (ADLs).

§ As identified in the **English Longitudinal Study of Ageing** (2016/17, Wave 8).

¶ PSSRU figures suggest that the average number of hours of domiciliary care delivered per person is 7 hours per week.

additional full-time equivalent FTE home care workers would be needed.* To offer this group the average home care package currently paid for by local authorities (almost 13 hours per week),† around 90,000 FTE home care workers would be needed.

This calculation has been made assuming that only the average level of home care as currently received would be provided – yet many service users will in reality need much more support (see ‘Methodology’ section on page 14 for more information). The data doesn’t allow us to fully identify the extent to which our estimate includes current job vacancies in the home care workforce, but it does suggest that the scale of the workforce challenge is considerable and greater than previously thought.

Age UK **estimates** that there are up to 1.5 million older people who currently have some level of unmet or under-met need. The true scale of unmet need among working-age adults is unknown, but given that the number of **requests to local authorities** for support from within this population is **rising** and budgets have fallen, it is likely that there is a substantial level of unmet and under-met need, particularly among those who need low-to-moderate levels of support. As our estimate focuses only on older people and only those with high levels of need, it is likely to be a conservative estimate of the staff required. Ensuring that the requirements of all age groups are fully met would require a workforce on a considerably greater scale than is currently the case.

The success of any social care reform depends upon a workforce strategy that not only boosts levels of recruitment and retention of staff to fill current roles by making care work a more attractive profession, but that also offers scope to extend the level and breadth of care services. There is an urgent need for such a strategy to be both realistic and coordinated with other areas of government policy, in particular immigration, employment and support for the huge numbers of friends and family providing care.

* FTE calculation based on existing unmet need as identified in the **English Longitudinal Study of Ageing** (2016/17, Wave 8), PSSRU estimates of average home care received by service users and PSSRU estimates of average hours of care provided by a care worker. Focuses on respondents reporting needing help with three or more activities of daily living who are currently receiving no support, either informal or formal.

† UK Home Care Association estimates suggest the average local authority-funded home care package is around 12.8 hours per week.

A comprehensive strategy would have to address not just **low pay** in the sector, but also poor terms and conditions and the perception that care work has low status. Professionalisation of care workers, including mandatory registration and regulation, has been attracting attention as part of a possible solution. While it may play a part in **improving perceptions** of care work from the perspective of staff themselves, providers and the public, **experience** from elsewhere in the UK suggests it must be accompanied by other strategies. Examples of other strategies include:

- a concerted effort to improve pay and effective enforcement of the national minimum wage or consideration of the **national living wage**
- improved employment security for the many direct care staff on zero-hours contracts
- assurance of access to continuing professional development and progression opportunities
- adherence to agreed shared standards and values.

The main political parties have identified the need for a range of domestic solutions to address these issues. The Conservatives have proposed raising the living wage and have continued to promote their recruitment marketing campaign. However, the effectiveness of the latter on recruitment and retention is unclear and a robust evaluation **is required**. Labour have also proposed to raise and extend the living wage to all workers, alongside paying for travel time, reducing the number of people on zero-hours contracts, and offering access to training. These are laudable ambitions, but will need to be guaranteed through additional funding (for example, for continuing professional development) and will need to be enforced across all employers. Liberal Democrat proposals to create a new Professional Care Worker Body and to require minimum qualifications for 70% of care workers may help to promote registration and skills, but experience from within the UK suggests careful attention is needed to prevent minimum qualifications from acting as an obstacle to recruitment.

Our workforce is dependent on international migration. In London, more than **two in five existing jobs** are filled by non-British care workers. However, current Conservative proposals include the introduction of a new points-based immigration system, which would assign points according to personal and professional characteristics and would aim to restrict migration to those

with only the 'highest' skills and with clear job offers. Such an approach to migration risks exacerbating the workforce challenges in social care, since care work is all too often characterised as 'low skilled'. Many have rightly **taken issue** with this description and pointed out that low pay does not necessarily equate to low skill.

Labour's stance on immigration **recognises** that the visa system "must fill any skills or labour shortages that arise" in our public services, **including social care**. However, detailed proposals for care workers specifically are so far **unclear** and appear to rest on the eventual outcome of Brexit. It is critical that the next government goes back to the drawing board to design a **sector-specific visa** route that works for social care.

Debate about the care workforce will need to include careful consideration of where the balance of responsibility lies between the state and families in providing care. The English system relies heavily on 'informal' care provided by friends or family members, but much of their huge contribution is invisible and based "**entirely on assumptions and implicit expectations.**"

There needs to be recognition of the contribution made by friends and family members and an explicit debate about the extent to which a reformed system could and should either shift more of the responsibility for care to the professional workforce, or provide better support for those who are caring for someone. The reliance of the social care sector on this type of care has far-reaching implications for the future sustainability of the social care system as well as for the wider economy, so failure to address this key issue carries considerable costs.

Carefully calculating the future impact of increased or reduced informal care provision should be an integral part of any reform. Just as political parties have sought to announce **policies** that seek to better support those with children to juggle work and child care, we would urge them to also bear in mind the need to support people balancing work with caring for an older or disabled relative. Measures proposed by the parties to date go some way towards recognising the important unpaid contribution of the friends and family that help provide care. Labour have proposed increasing the Carer's Allowance to match unemployment benefits (as is the case currently in Scotland), while the Liberal Democrats have proposed increasing access to the allowance alongside a state guarantee of regular respite breaks and other carer support packages.

The Conservatives have pledged to extend leave entitlement to carers to one week. Further measures will need to be consolidated in a carers' strategy and dedicated legislation.

Stability for organisations providing care

Reform of the social care system must also take into account the organisations that provide care in this country by building in mechanisms to ensure they are able to continue to reliably provide high-quality care.

Councils most commonly contract organisations to provide care using so-called '**time and task**' payment systems, which specify a minimum number of services that a care worker must deliver during short appointment slots. This approach offers little flexibility for care workers to meet the wider needs of people receiving care and leaves little room for investment or innovation by their organisations. Instead, it drives a system that aims to provide the bare minimum of care. A system that offers longer-term stability and certainty to the organisations providing care could, if well-designed, provide incentives for them to innovate, invest in training and development for staff, and allow them flexibility to deliver services that more closely meet the needs of individuals.

There have also been **calls** for a system that establishes a minimum level of payment for organisations providing care in order to offer them stability. Such a system would need to be sufficiently well-funded to meet this requirement. The payment systems adopted in Japan and Germany,* which offer set fees to care providers according to the level of need of service users, is one potentially suitable approach. Fee negotiations take into consideration future likely cost pressures (such as from wages) and agree fees for a number of years. This arrangement also ensures that different service users are not paying different rates for the same service, as is often currently the case in England, where individuals who are paying for themselves are charged higher fees to subsidise those being paid for by councils.

Without proactive and decisive action in this area, we are likely to see increasing numbers of organisations closing or handing back contracts to councils, leaving more and more people without the care they need and causing huge **disruption** to the care of the most vulnerable.

* See Nuffield Trust's work on the long-term care systems in **Japan** and **Germany**.

Making change happen: Political cooperation driven by strong leadership and public support

Developing proposals is one task, but implementing and sustaining reform is quite another. Social care in England has become a hugely politicised area of public policy, with both **Labour** and the **Conservatives** being burnt badly by the issue in past elections. There is now cross-party consensus that reform is needed. The problems with the system are well-rehearsed and the potential solutions to funding and reform have been extensively explored.

What is needed now is a clear vision and strong leadership to enact actual, rather than promises of, change. Alongside this, attention needs to be paid to how to take the public along in any proposals to ensure that crucial buy-in is secured. Failure to act early in the next Parliament is likely to be seen as a major omission with far-reaching implications for our economy and serious consequences for the most vulnerable in our society.

Methodology

Our calculation of unmet need is based on people who responded to the ELSA survey (2016/17)* indicating that they have difficulties with three or more activities of daily living (the basic activities of life: washing, dressing, eating, toileting, maintaining continence, getting in and out of bed and walking) but were receiving no help at all with these (for example from professional services, neighbours or relatives). This was used to estimate the total number of people aged 65 or over across England in 2016 who were likely to be in this situation. We then used the national average number of home care hours received per person (7 hours per week†) and the average number of care hours provided per full-time equivalent (FTE) home care worker (1,241 per year, which excludes leave, sick leave, training and travel time‡). This produced an estimate of FTE home care staff of 48,731 needed for this population to deliver 7 hours of care per week. If we use the higher local authority commissioned rate of care of 12.8 hours per week, the number of FTE home care workers rises to 87,663. We chose to focus only on those with reported high needs who are not receiving any help at all as a proxy measure of those experiencing severe unmet need. The survey is also only administered on the over 50s so we have not been able to include working age adults. For these reasons, this is likely to be a conservative estimate but offers an insight into the likely scale of the workforce challenge.

* English Longitudinal Study of Ageing, Wave 8 (2016/17) <https://www.elsa-project.ac.uk/>

† Data from 2014/15, PSSRU Unit Costs 2018 <https://www.pssru.ac.uk/project-pages/unit-costs/unit-costs-2018/2014/15>

‡ Nuffield Trust analysis of PSSRU Unit Costs 2018 data: hours spent providing direct care (excluding travel time).

Nuffield Trust is an independent health charity. We aim to improve the quality of health care in the UK by providing evidence-based research and policy analysis and informing and generating debate.

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