



The state of social care in England, and the case for a comprehensive social care strategy

The Nuffield Trust is an impartial think tank which tries to improve health and care through policy analysis and research. The House of Lords debate on 10 October 2024 on the current state of care, on the case for a comprehensive social care strategy, and on the need for action on unpaid carers will bring these issues to prominence at a crucial time under a new government.

This briefing aims to support Peers by laying out key findings from our research and analysis over several years, including our extensive studies into social care in other countries. It outlines the definition and context of social care, the current range of dire problems, and makes recommendations to address these, building a thriving future for the sector as a vital public service. We suggest urgent, immediate actions as well as the shape of successful reform in the long term, and look at how adult social care can work better with the NHS.

Summary

- Thirty years of inaction, despite endless commissions and reviews, have left adult social care beset by multiple serious problems. Hundreds of thousands of people face unlimited costs, or going without the support that could enable them to live fulfilling lives, resulting in distress and pressure for them and their families.
- These problems are worsening. The waiting list for an assessment of their social care needs has climbed to 400,000. Local authorities are facing overspends and the number of vacant staff posts remains well over 100,000.
- Fixing one problem at a time will not work. Raising wages for care workers without more stable funding will mean bankrupt care agencies or fewer employees. Increasing eligibility for care without addressing workforce vacancies will only mean more people left on waiting lists. Comprehensive reform is needed – implemented gradually, but following a long-term plan.

- The government must begin immediately. There needs to be a stable multi-year funding settlement for councils as promised in the Labour Party Manifesto, filling the immediate black hole in budgets (estimated to be £2bn next year¹), with enough funding to cover a genuine fair pay deal for social care workers. The minimum wage must be properly enforced for care workers.
- The course for reform and improvement must be set by a narrative which shows social care as a pillar of national infrastructure, which enables a better life for millions and a more functional society and economy. A rapid diagnostic exercise similar to the Darzi review for health could build urgency and the case for change. Trust between local and national government, which is shattered, needs to be rebuilt.
- In the coming years, a phased plan should steadily build a strong and thriving social care sector. This needs a clear, consistent and fair division of costs between the individual and the state, and consistency in who qualifies for care. Germany and Japan implemented these at the core of successful reforms.
- The government should then build on a fair pay settlement to create a sector pay scale so that people are rewarded for staying, building skills and experience. As other countries have shown, a national schedule of fees can enable social care providers to stabilise financially, invest for the future, and improve with new ways of working that keep people living full lives.

The current reality in adult social care

Adult social care is an important public service, covering the care and support which enable people facing illness or disability to live the fulfilling lives that they choose. Services include personal care (such as help with dressing and washing) and broader support to take part in social activities or employment.

The NHS provides comprehensive health care free at the point of use for everyone resident in England, but this does not cover the separate service that is social care. Only people who have high enough needs and low enough financial means are able to access publicly funded support for social care. It is accessed via local authorities and paid for by grants from central government, council tax and other local revenue, and charges on users. Variations in council tax and business rates allow local governments in more affluent areas to raise more than others, leading to significant variation in how much they have to spend on social care.

This system is beset by myriad problems. Despite a multitude of inquiries, commissions and reviews, governments have refused to undertake significant reform for over 30 years. This has created many serious weaknesses, leaving gaps in services and in our social fabric. Many are getting steadily worse in the absence of action.

¹ <https://www.local.gov.uk/parliament/briefings-and-responses/briefing-lgas-autumn-budget-2024-and-spending-review-submission>

1. **Declining funding over the last decade:** the decade before Covid-19 saw cuts of 55% to funding to local authorities, reducing spending power by 29% despite an increase of 8% in the population of older people and rising need among working-age adults.² Government funding has been piecemeal and often provided at the last minute, making long-term strategic planning difficult for councils and providers of care. Council budgets in 2023/24 were overspent by £586m, and 90% of Directors of Adult Social Services report that they have little or no confidence of being able to deliver their statutory duties. In 2023/24, 37% of directors said they would be using one-off funding (e.g. reserves) to prop up social care budgets, up from 29% the previous year.³ The LGA is predicting a funding shortfall of £2bn for councils in 2025/26.⁴
3. **Waits:** by March 2024, over 400,000 people were estimated to be waiting for care or for an assessment of their needs. Over 78,000 of them had been waiting over six months for a care assessment.⁵
4. **Unmet needs:** it is difficult to get a reliable measure of unmet need, but Age UK estimate as many as 2 million older people have a need that is not currently being met.⁶ As local authority budgets have been squeezed, the threshold for needs has risen, meaning only those with the highest needs are eligible for care.
5. **Unlimited costs:** repeated attempts to introduce a cap on lifetime costs have failed, leaving people exposed to unlimited costs, without alternative options for insurance. The financial thresholds at which people receive help (the upper being £23,250 of assets and savings) have not been changed since 2010, so as inflation has seen wages and pensions rise, more and more people have failed to qualify. There has been a 10% decrease in the number of older people accessing state funding for long-

² <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

³ <https://www.adass.org.uk/wp-content/uploads/2024/07/ADASS-Spring-Survey-2024-FINAL-1.pdf>

⁴ <https://www.local.gov.uk/parliament/briefings-and-responses/briefing-lgas-autumn-budget-2024-and-spending-review-submission>

⁵ <https://www.adass.org.uk/wp-content/uploads/2024/07/ADASS-Spring-Survey-2024-FINAL-1.pdf>

⁶ <https://www.ageuk.org.uk/latest-press/articles/2-million-older-people-now-have-some-unmet-need-for-social-care/>

term support since 2015/16.⁷ Around 37% of people in care homes pay for care themselves.⁸ There is no reliable figure for ‘self-funders’ in home care.

6. **Pressure on unpaid carers:** as state provision has contracted, increasing numbers are having to rely on unpaid carers – friends and family. The census suggests around 5 million people are unpaid carers, yet there has been an 11% drop in the number of unpaid carers (13,000) receiving direct support between 2015/16 and 2020/21.⁹
7. **Workforce shortages:** as of July 2024, there were 131,000 vacant posts in the adult social care workforce at any one time – a vacancy rate of over 8%. Pay and conditions are not attractive enough. In 2023, median pay hovered around £11.00 per hour (only slightly higher than the national minimum wage at the time of £10.43) and illegal underpayment is prevalent.¹⁰ In 2023, care workers with five years of experience earned on average 6p more than workers with less than a year’s experience. Furthermore, 32% of the care workers are employed on zero-hours contracts.¹¹
8. **Unstable providers:** low fees paid by councils for the people who qualify for public funding create a very fragile provider market. In the spring of 2024, 65% of Directors of Adult Social Services reported having had providers close, cease trading or hand back contracts. To achieve financial stability, many providers resort to charging self-funders more for their care – this has been found to be as high as 41% higher than fees paid for council-funded clients.¹²
9. **NHS interdependency:** beyond its effects on people who work in the sector, those who should be getting support, and their families, this array of problems also has implications for people receiving care from the NHS. Social care is too often perceived as merely a support to the health service rather than a vital service in its own right

⁷ <https://www.nuffieldtrust.org.uk/resource/the-decline-of-publicly-funded-social-care-for-older-adults>

⁸ <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/socialcare/articles/carehomesandestimatingtheselffundingpopulationengland/2022to2023#:~:text=1.-,Main%20points,significant%20change%20since%20last%20year.>

⁹ <https://www.nuffieldtrust.org.uk/research/falling-short-how-far-have-we-come-in-improving-support-for-unpaid-carers-in-england>

¹⁰ <https://www.nuffieldtrust.org.uk/research/national-policy-options-to-improve-care-worker-pay-in-england>

¹¹ <https://www.skillsforcare.org.uk/Workforce-Strategy/Recommendations-and-commitments/Attract-and-retain.aspx#:~:text=Care%20workers%20on%20zero%2Dhours,by%20workers'%20preference%20for%20flexibility.>

¹² <https://www.gov.uk/cma-cases/care-homes-market-study>

with different goals. However, when it is in this state, problems affecting both are inevitable. Waits for social care account for 42% of people delayed over seven days in leaving hospital, and for 46% of those waiting over 21 days. Difficulties in discharge mean no space to admit more patients. Funding pots and policies have tried several times to cover more social care for those leaving hospital, but this piecemeal approach has had limited results: it is difficult to bail out one small corner of a system facing problems as wide as those in social care.

The interdependency works both ways, with financial pressures in the NHS impacting social care. A recent ADASS survey¹³ noted that 48% of Directors of Adult Social Services strongly agreed that there has been an increase in the number of people needing council-funded social care as they were deemed no longer eligible for Continuing Healthcare (an NHS-funded package of social care for those with a primary health need).¹⁴

What is needed immediately

The social care system is in dire need of comprehensive reform. Previous administrations have attempted to improve the system by tinkering around the edges without getting to grips with the underlying dysfunctions. For example, multiple attempts to introduce a cap on costs without introducing a new source of revenue to meet the costs have ended in failure. The new government needs to be mindful that all parts of the system are interdependent and that tweaking one element has implications for others. A long-term plan is required which tackles all the interlocking problems and weaknesses together, based on engaging with every group in the system, including people who draw on care.

However, the first actions to stabilise and improve social care are required immediately. The Autumn Budget on 30 October 2024, and forthcoming multi-year spending review in the spring of 2025, represent an opportunity to provide stability to local government and care providers. Some of this can be done without significant increases in funding.

Narrative: to build public support for long-term reform, the government needs to get the narrative right from day one. Debate around reform in England has invariably framed social care as a ‘cost’ and a ‘burden’, with a focus on the individual and too frequently narrowly defined as being concerned with older people and inheritance. That has immediately reduced

¹³ [ADASS-Spring-Survey-2024-FINAL-1.pdf](#)

¹⁴ <https://www.nuffieldtrust.org.uk/resource/falling-through-the-gaps-a-closer-look-at-nhs-continuing-healthcare>

the relevance of the issue to a small segment of the population. Instead, the government needs to frame social care as a core pillar of national infrastructure alongside health care and education – a collective good and an essential component of society and the economy, worthy of investment, as has been the approach taken in Germany and Japan.¹⁵

Urgency: social care has not yet been afforded the urgency that has been given to addressing the NHS's issues. The Darzi review has been a helpful and rapid scene-setter that has clearly established the challenges. A similar exercise for social care could be a helpful way to make the case for change. However, it should be similarly rapid. There are multiple documents and reviews that could be drawn on to compile this, although data in social care is not as extensive as in the NHS. Social care has lacked the political profile of the NHS historically and that needs to be addressed so that it has parity of policy importance.

Funding: given the financial pressures outlined above, the next budget must not further cut the budgets of councils. At the very least, the current year's budget needs to be matched (including the funding that was diverted from the abandoned charging reforms)¹⁶ and uplifted for inflation.

Funding stability: multi-year funding settlements for councils, as promised in the Labour Party manifesto, would go a long way towards enabling them to plan for the long term and to shape services alongside providers. Sporadic uncertain funding has driven short-termist behaviours and transactional commissioning practices.

Build trust between local and national government. Relationships between national and local governments have been strained in recent years, impacted by funding cuts and onerous reporting requirements. National and local government need to be working towards the same vision. Assurance processes need to be framed around improvement, and be supportive not punitive. National government has a key role to play in setting a productive tone and in helping to share good practice across regions.¹⁷

Workforce support: it is right that government has prioritised a fair pay agreement (FPA) for care workers. Social care is about people and relationships, and its workforce is its biggest asset. Over three-quarters of the public in England believe care workers are paid too little,

¹⁵ <https://www.nuffieldtrust.org.uk/news-item/shifting-the-narrative-building-public-support-for-social-care-reform>

¹⁶ <https://www.nuffieldtrust.org.uk/resource/what-has-happened-to-the-funding-earmarked-for-social-care-reform>

¹⁷ <https://www.nuffieldtrust.org.uk/news-item/local-or-national-what-role-should-the-government-play-in-social-care>

and previous polling suggests the main reasons for public dissatisfaction with social care services are that pay, working conditions and training for social care workers are not adequate.² A FPA must be well-designed, adequately funded and built into wider long-term reforms. Learning from other countries such as Scotland, Wales and New Zealand demonstrates the risks of failure if implementing improved pay without sufficient funding and without long-term planning.¹⁸ New Zealand is a particularly pertinent example, where a pay scale was successfully implemented but was done so on a time-limited basis and with ring-fenced one-off funding. As a result, the agreement has expired and the starting wage for care workers lags behind the economy-wide minimum wage.

Pay is only one element of a good workforce package – reform to terms and conditions; career progression; training and development and the perception of value are also required to establish a stable workforce.¹⁹

Long-term reform

In parallel to immediate stabilisation, the government must start the process of long-term reform. While implementation may need to be gradual, our work in other countries suggests that there needs to be a clear plan which lays out how all components will operate alongside each other. For instance, introducing workforce reforms in isolation risks having unintended consequences for providers.

Lessons from other countries such as Germany and Japan²⁰ suggest that a long-term plan needs to have the following components:

Clarity of offer. To build public support and to aid people’s planning, there needs to be absolute clarity over what someone might expect from a “National Care Service” (NCS), as promised in the government’s manifesto. No country we have studied has an entirely free-at-the-point-of-use care system, but most are clear about the balance between individual and public costs. Countries like Japan and Germany have clarity around offer and also have caps on individual costs administered on a monthly basis. It is important that the National Care Service, if implemented, is well understood by the public – the similarity of its name with the

¹⁸ <https://www.nuffieldtrust.org.uk/news-item/what-can-the-new-government-learn-from-other-countries-attempts-to-reform-pay-in-social-care-o>

¹⁹ <https://www.nuffieldtrust.org.uk/research/new-horizons-what-can-england-learn-from-the-professionalisation-of-care-workers-in-other-countries>

²⁰ <https://www.nuffieldtrust.org.uk/research/what-can-england-learn-from-the-long-term-care-system-in-germany> and <https://www.nuffieldtrust.org.uk/research/what-can-england-learn-from-the-long-term-care-system-in-japan>

National Health Service may raise expectations of a service that's entirely free at the point of use.

Consistency. What care you can access in England often depends on where you live, and eligibility is at the discretion of councils. Having a consistent eligibility process that is implemented across the country, regardless of location, age, condition or whether you have family to support care or not should form a key plank of an NCS. Germany and Japan have a national eligibility process which works well and offers consistency of access. It does not mean that services are uniform or inflexible, but sets a consistent threshold for access.

Stable and diverse provider market. Similar to the tariff in the NHS in England, other countries have introduced national fee schedules on fixed timeframes (for example, three years) to provide certainty of funding and stability of the care provider market. The fee schedules also serve as a mechanism to shape the market, for example incentivising innovative community-based care. We would caution against blanket rules for the market because it is so diverse. 70% of care in England is delivered by small- and medium-sized organisations whose needs and challenges are different from those of large private equity-backed corporations. For the latter, higher barriers to entry and clear rules around risky financial behaviours need to be introduced to help stabilise the market. Other countries have implemented stricter rules about the types of organisations that can enter the residential care market (e.g. Japan²¹ does not allow for-profit organisations, although they are allowed to operate in home care).

Long-term workforce reform. The immediate work on pay needs to be situated within a broader plan for workforce development. This should be viewed as a continuous process with the ambition being to move towards a sector pay scale that rewards and supports progression and development, helps to give the workforce an identity, and demonstrates their value in society.²²

Flexibility. Consistency of national eligibility and benefits needs to be balanced with local flexibility. Local authorities need to be empowered and supported to develop services and adapt to local needs and preferences. Countries where local authorities operate with high levels of autonomy but within clear national frameworks have high functioning care systems (e.g. Denmark and Japan).

²¹ <https://www.nuffieldtrust.org.uk/research/what-can-england-learn-from-the-long-term-care-system-in-japan>

²² <https://www.nuffieldtrust.org.uk/research/national-policy-options-to-improve-care-worker-pay-in-england>

Sustainability. A stable, well-functioning care system cannot subsist on sporadic funding. A sustained and certain source of revenue needs to be identified and sustained into the long term. International experience suggests that individual private insurance options are not viable. Instead, a source of funding is needed that²³:

- Pools the risk by being compulsory and collected at a national level
- Is perceived as fair by the population, in that the burden does not disproportionately fall on one group
- Can be sustained long term, so is not raised through a windfall tax, for instance
- Is understood and familiar to the public, and clearly linked to demonstrable improvements in the system.

The current state of reform


Despite a verbal commitment to extensive social care reform before the election campaign, the winning Labour Party manifesto contained only vague promises, and there has been a lack of tangible action so far. The only specific actions taken on social care to date by the new government have been the indefinite delay to the introduction of a cap on costs, and the reduction of a workforce development fund. So far, all that is known about the government's plans for the sector are:

- To introduce a fair pay agreement: development of the Employment Rights Bill (which will lay the groundwork for this) is underway and DHSC are actively considering options.
- To build a National Care Service: no details on what this will look like are in the public domain.
- A possible Royal Commission or cross-party talks: it is unclear if this is official or not, but it has been mentioned by government ministers as a possibility. While an engagement exercise to help design the NCS (drawing on the plentiful material already available) may be desirable, this needs to be swift and pragmatic. A Royal Commission may not be the most appropriate vehicle for this. Cross-party agreements in the UK's very oppositional political system carry many risks for delay or derailment: if a party later walks out, will reform be stopped?

²³ <https://www.nuffieldtrust.org.uk/news-item/what-principles-should-underpin-the-funding-system-for-social-care>

Rhetoric during the Labour's party conference suggested that social care reform is still a commitment, but the lack of action to date is causing concern among stakeholders.

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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