Workforce and Funding Inquiry: NCF Evidence Submission

The National Care Forum (NCF) is the membership organisation for not-for-profit organisations in the care and support sector. NCF supports its 120 members to improve social care provision and enhance the quality of life, choice, control and wellbeing of people who use care services.

Summary of key points:

- Social care is facing **an enormous funding crisis**, which is being exacerbated by the COVID- 19 crisis
- The sector needs **an immediate injection of funding now** and **a long term funding settlement**, which will sit alongside and support the longer term reform of social care.
- The **current funding system is not working well** for those who need to use care and support services or for those who are providing care and support services
- The overhaul of the funding of social care needs to go well beyond the introduction of the Dilnot cap on care costs. As a society, we need **a well-funded, responsive, well-functioning social care system** that works properly with the NHS and health services to meet people's health and care needs as they evolve
- In order to address the workforce issues in social care, the sector needs a fully funded Social Care People Plan. It is essential that the sector is able to rely upon a professionally skilled workforce, properly valued, better paid, with more training and development.
- A **continuing supply of international staff** is a vital part of our social care workforce and the Government's immigration plans need to change to continue to enable a 'transitional solution' that would avoid a cliff-edge scenario for international recruitment to social care while efforts continue to expand the country's domestic workforce.
- The COVID-19 crisis has shone a real spotlight on the **current inadequacies of the current funding infrastructure**, which seeks to pass money to the frontline of social care via local authorities. The experience of our NCF members has told us very clearly that this has not worked very well.
- There are some **key principles** which need to underpin any reform of social care funding – see section 4
- Long term funding reform must enable **a fair price for care** for all those who need to buy it.

1. **What impact is the current social care funding situation having on people who need social care?**

Social care is facing an enormous funding crisis, which has been exacerbated by the COVID-19 crisis. Prior to the COVID-19 crisis there was an estimated shortfall of £8bn per year in terms of funding for the sector. The additional costs of COVID-19 have added an estimated £6bn to that bill, just for 6 months from April 2020 – September 2020.

The funding situation has been exacerbated over the last 10 years, where we have seen sustained cuts to local authority budgets with spending on local public services falling by 17%. As a direct result of the current, prolonged funding crisis we are seeing a big disconnect between the vison of personalised care envisaged in the Care Act 2014 and the reality of the personal experience of care of the millions who use it.

The increasing pressure on local authority (LA) budgets has resulted in a reduction in spending per person on adult social care services by around 12% in real terms between 2010/11 and 2018/19 (taking into account an ageing population). This is resulting in a postcode lottery in terms of access to care and choice of care as LAs grapple with their funding pressures. The ADASS budget survey highlights these pressures and how they have been exacerbated by COVID-19. In particular, they noted the fragile nature of their local social care markets and a concerning rise in the numbers of people with unmet or unknown social care needs by LAs. Moreover, only 4% of respondents to that survey felt that their LA budget would meet their statutory duties this year. The majority of NCF's members are also reporting that they are not getting sufficient financial support from their LAs (see section 4 below).

These funding pressures inevitably puts the focus on the those with the most acute need for care, reducing the ability to enable preventative care and an earlier offer of help and support to those for it may well prolong independence and delay the increasing acuity of need.

The current funding and commissioning of social care presents real challenges to the individuals who need to use care and support services and their families. The focus of LA and CCG commissioning practice has, for many years, been to drive down the price of care, using things like online purchasing portals for bidding to provide packages of care, which restricts choice and puts huge pressure on the quality of care available. This commodification of social care has done little to support a truly person centred approach based on the needs, wants and circumstances of those who need it most.

The current funding system also puts huge burden on those who need care and support and are able to pay for their own care and support under the current means testing arrangements. It is perceived to be fundamentally unfair and creates a huge uncertainty and anxiety about the future costs people may incur and creates a complex system around costs of care at precisely the time when care is needed urgently, often as a result of a crisis. Unlike in the NHS, whether people receive help from the state depends not just on their level of need but also on their wealth. For those who need care and have assets worth more than £23,250, they

will have to pay for it, and this includes the value of their house if they have one and if they need to choose a care home to meet their needs. So, while some older people will live the rest of their lives without needing social care, a significant minority – those with intense care needs extending over many years – may face hundreds of thousands of pounds in costs.

This is exacerbated by the unofficial 'cross subsidy' effect faced by many people who have to cover the costs of their own care as the state's commissioning approach is driving down the fees that the state pays for those who cannot afford to pay for their own care, which is resulting in an increase in costs for those who can. Analysis from the Kings Fund highlights that '*this cross subsidy can be significant: on average, a self-funder's place costs around 40 per cent more than one paid for by the local authority*.'

The overhaul of the funding of social care needs to go well beyond the introduction of the Dilnot cap on care costs. As a society, we need a well-funded, responsive, well-functioning social care system that works properly with the NHS and health services to meet people's health and care needs as they evolve. There is no doubt that this will ease pressures and costs on the NHS, in things like reduced A&E costs and reduced delayed transfer of care costs, but more importantly will improve the quality of life for those receiving care and support

Experience of social care providers during the pandemic has also exacerbated our concerns about the effectiveness of a funding system channelled via LAs. We explore this further in section 4 of this submission, but the reality has been that the funding earmarked by the government to support the frontline of social care in the COVID-19 crisis has simply not been passed on. While we recognise that LAs are facing face significant additional financial pressures including lost revenue and additional COVID responsibilities around shielding and homelessness to name a few, the government explicitly identified social care as a key priority for this funding and it has not materialised. This is not sustainable.

2. What level of funding is required in each of the next five years to address this?

Other contributors will no doubt have done significant modelling work to answer this question, although it may well be that such modelling will not yet have included the enormous costs incurred as a result of the COVID -19 pandemic.

In our view, we need two things – an immediate injection of funding now, just to stabilise the sector and cope with COVID-19 costs, and a long term funding settlement, which will sit alongside and support the longer term reform of social care.

Taking the very urgent, short term, immediate need for funding, there is very good evidence available about the amount of funding needed now, based on the modelling work done by the Local Government Association (LGA) and Association of Directors of Adult Social Services (ADASS), working with the Care Providers Alliance. The LGA and ADASS commissioned Laing Buisson to produce this analysis to help give the Department of Health and Social Care a

detailed estimate of the potential future costs facing the care sector. It found that providers of adult social care services **may face more than £6.6 billion in extra costs** due to the coronavirus crisis by the end of September this year. The joint analysis, for the months April to September 2020, includes:

- Providers (care homes, home care agencies and supported living providers) face potential **increased staffing costs of £1.018 billion**, due mainly to having to maintain safe staffing levels while staff are ill or self-isolating
- **PPE costs will total £4.179 billion** based on PPE usage as required by the current detailed PHE guidance and if some current costs of PPE continue
- There are a further nearly **£700 million of extra costs** around enhanced cleaning of care homes and increased overheads

In total, these amount to £6.606 billion in potential extra costs. These additional COVID-19 costs are exacerbating the previous chronic underfunding of the sector pre COVID, bringing a very serious risk to the continued sustainability of many care providers

Looking at the longer term funding of the social care sector, the conclusions from the House of Lords Economic Affairs Committee in 2019, entitled 'Social Care funding: time to end a national scandal' found that:

'*To restore care quality and access to 2009/10 standards, addressing the increased pressure on unpaid carers and local authorities and the unmet need that has developed since then,* ***around £8 billion a year in additional funding will be required for adult social care****. More will be required in subsequent years as the population of older and working-age people with care needs continues to grow. Roughly half of all public funding for social care is spent on the working-age population*.'

Successive governments have been unable to find a resolution to the long term funding and fundamental reform of the social care system. In the past 20 years there have been numerous failed attempts to find a way forward, including 12 White Papers, Green Papers and other consultations about social care in England as well as five independent reviews and commissions. This cycle of reports, reviews and independent commissions has yet to achieve the change we need and the integration of social care and health that people expect to experience is still a long way off for most. The time for action is now.

3. What is the extent of current workforce shortages in social care, how will they change over the next five years, and how do they need to be addressed?

The latest Skills for Care data shows that current level of vacancies in the social care workforce is at least 122,000, in an overall workforce of 1.5m people. The turnover rate is rising and was

30.8% for directly employed staff in 2018/19, meaning that 440,000 people change their jobs each year and a third of these leave the sector altogether.

According to Skills for Care, the population aged 65 and over was projected to increase between 2018 and 2035 from 10.2 million to 14.1 million in England. If the adult social care workforce grows proportionally to this increase in those aged over 65, we would need to see the workforce increase by 36% (580,000) by 2035. However, the population aged 75 and over is forecast to grow faster than those aged 65-74 and if the workforce increased proportionally to this, then we would need 50% (800,000) more jobs by 2035.

Research to date shows that the social care sector faces a range of issues which are driving the recruitment shortages. There are a number of reasons across the sector which will be well known to the Select Committee, such as low levels of pay, antisocial hours driven by the need for 24/7 staffing, the perception that care work is of low status and unskilled and competition from retail and hospitality sectors where the pay is similar for a role that has less challenge, complexity and responsibility.

Location and the type of social care provided is also important; rural locations can be very hard to recruit to, for both home care and care settings, while more affluent areas have problems recruiting care staff living within easy travelling distance.

The NHS is an important competitor, especially for registered nurses and care workers with the skills and experience to become health care assistants, as our members struggle to compete with NHS terms and conditions of service. And while the National Living Wage has been welcomed, as the basic rate has increased and funding for social care providers to cover wages has not, it has resulted in a reduction in pay differentials between less and more experienced staff.

A recent survey amongst our members reinforces these points. Every respondent to our survey has had trouble recruiting staff over the last 12 months. The majority of respondents reported that they know there are applicants with the required skills they need in the UK but they have trouble recruiting them. They report that the following were often or always an issue when it came to recruitment:

- Too much competition from other employers (this was cited as the biggest issue)
- Job entails shift work and/or unsociable hours
- Low number of applicants with required skills
- Low number of applicants generally
- Low number of applicants with qualifications that are required for the job
- Remote location/transport issues

In order to address the workforce issues in social care, the sector needs a fully funded Social Care People Plan, providing a national strategy for the adult social care workforce which is developed alongside the NHS People Plan. This would give a comprehensive, complementary

workforce plan for both sectors. It is clear that co-ordinated action is needed from central government on this, recognising the interdependency between the health and social care workforce and acknowledging that it is not possible for individual employers to address the workforce problems in the sector. The current situation means that NHS has a significant impact on the social care workforce since, as a major employer funded by the government, it is much more able to provide better pay, terms and conditions, and career progression than social care can afford

It is essential that the sector is able to rely upon a professionally skilled workforce, properly valued, better paid, with more training and development. Great care needs great people to provide it. A dedicated, fully funded People Plan for Social Care that complements and augments the NHS People Plan is the key to delivering this. The social care workforce needs as much support, reward and recognition as our colleagues in the NHS.

The Government should also create a **fully funded registration scheme for care workers** in England. We need to catch up with our colleagues across the UK, where the other nations have all introduced a care worker registration scheme. This will bring professional recognition to our skilled care workforce and give them a stronger voice. Now is also an ideal time **to reform the Apprenticeship Levy**. The apprenticeship system is not working for social care. Immediate reform is needed to make it easier for social care employers to access and use the levy, to address current funding levels for social care training and to provide more flexibility in how it works. The Chancellor's announcement in the financial statement on 7 July of a range of job creation schemes to support the employment of the 16–24 age group also provides an ideal opportunity to think quickly and creatively to understand how this can bring a whole new generation of care workers and future managers into the sector.

A continuing supply of international staff is a vital part of our social care workforce. Workforce data from Skills for Care shows that here were around 250,000 jobs in adult social care held by people with a non-British nationality (8% had an EU nationality -115,000 jobs - and 9% had a non-EU nationality -134,000 jobs). This is around 1 in 6 people in the social care workforce. This has been fairly consistent over the past six years (from 2012/13 to 2018/19). Some regions are more dependent on international staff than others – they make up 38% of the workforce in London compared to just 4% in the north east.

As part of the Cavendish Coalition (a group of 36 health and social care organisations, committed to provide the best care to communities, patients, and residents) we echo the very grave concerns that the current proposals around the Immigration Bill will have a highly damaging impact on the care sector. The Bill, which has cleared its stages in the House of Commons, would see the end of free movement with the European Union in favour of a points-based immigration system that currently does not include social care as the roles do not pass the proposed minimum salary threshold and are not classed as a shortage occupation. This will be a disaster for social care and those who rely on it.

The Government must introduce a 'transitional solution' that would avoid a cliff-edge scenario for international recruitment to social care while efforts continue to expand the country's domestic workforce.

Our members use a wide range of recruitment routes, including local, national and trade press, the use of specialist recruitment agencies, social media networks, specialist websites, word of mouth and referrals from existing colleagues. Some of them have their own HR teams, others don't. Some have close links with their local schools /FE colleges and HE institutions. A huge amount of effort and resource goes into the recruitment of the social care workforce, seeking to find those with the right qualities and values intrinsic to providing excellent care. Until we solve the domestic recruitment conundrum, our international colleagues will continue to be an essential part of our social care workforce.

4. <u>NEW:</u> What further reforms are needed to the social care funding system in the long term?

The NCF believes that there are **seven key principles** that must underpin the reformed social care funding system:

1. It must enable the provision of a choice of good quality, responsive, person centred care for those who need it (both working age and older people)
2. It must be co-produced with the voices of people who use care now and who will use it in the future
3. It must enable a focus on prevention and address the very serious issue that underfunding has created, forcing the restriction of eligibility to those with the most substantial care needs only
4. It must enable the full principles of the Care Act 2014 to achieve people's independence and wellbeing
5. It must provide fairness and certainty for people who need to use care
6. It must provide proper reward and recognition for staff who work in social care
7. It must be intergenerationally fair

There has been significant analysis of the options for how social care should be funded and a range of options have been laid out by others, from making social care free and universal like the NHS, making personal care free, or capping care costs.

Some observations on those options are that the Dilnot proposals to cap the costs of care do not, in and of themselves, address the need for immediate urgent funding now nor do they help with the longer term investment needed, so while they protect some people from catastrophic care costs, they will not provide the whole funding solution.

It is clear that if we are to address the current unfairness and uncertainty of the social care system, there is the need for some risk pooling within a system that protects people from the unpredictability of long term care needs. And in those countries where social care insurance schemes are in place and effective, they are mandated and not voluntary. This seems to be the best way to make this type of scheme work.

The COVID-19 crisis has shone a real spotlight on the **current inadequacies of the current funding infrastructure**, which seeks to pass money to the frontline of social care via LAs. The experience of our NCF members has told us very clearly that this has not worked very well.

The Government has passed £3.2bn to Local Authorities to support the COVID-19 response. While we absolutely acknowledge that LAs face significant additional financial pressures including lost revenue and additional COVID-19 responsibilities around shielding and homelessness to name a few, the reality is that this money has not, generally and consistently, reached the frontline of social care. And yet the government explicitly identified social care as a key priority for this funding.

Through our ongoing engagement with members we know that key messages from them are as follows:

- Some members have had no offers of any type of funding uplift – either annual or COVID related.
- Offers within localities have varied on a provider by provider basis, seemingly viewing the costs of responding to a global health pandemic, including staffing, PPE usage, re modelling of services, through a myopic lens predicated on the commissioning arrangements drawn from previous negotiations. Even where central guidance was produced by LGA and ADASS to move beyond this, recognising that the cost of a face mask is the cost of a face mask, whether you are in Wigan or Wiltshire, we heard that the authorities who took the guidance and administered a straightforward uplift were few and far between.
- Even where a rapid offer was made, it was often limited to a three-month period, ending on June 30th.

ADASS published their budget survey on 18 June, with some hard hitting messages we support about the fragility of the social care sector and the very serious implications for those who need and use care and support services. Despite this, their survey states that LAs had, at the point of response, committed only £518m to providers, and had only actually paid out £194m to social care providers - a mere 6% of the total £3.2bn handed over by the Government. This is not sustainable. It is vital that any reform of the funding of social care addresses the way social care funding reaches the frontline.

While we recognise the very significant financial pressures that LAs are facing, the reform of social care must urgently find a solution that doesn't put authorities in a position of having to make extraordinarily difficult choices, which ultimately limit the distribution of the financial

support that the Government intended to reach the frontline of care, and ensure that services continue to be provided to our most vulnerable citizens.

Creating a fair price for care: Current commissioning processes are not conducive to integrated, flexible, high quality service provision that encourages personalisation and choice, and is not based on a postcode lottery. Commissioning systems, such as electronic bidding portals commodify social care by driving down the fees the state pays, whilst increasing the fees paid by those who self-fund.

Analysis from the Kings Fund highlights that '*the cross subsidy effect faced by those who have to fund their own care can be significant: on average, a self-funder's place costs around 40 per cent more than one paid for by the local authority*.'

Long term funding reform must enable a fair price for care for all those who need to buy it. It must include the key essential components of providing high quality care that supports peoples' wellbeing and choice and also appropriately recognises and rewards the workforce that deliver it.

It is essential that funding reform delivers a fair system which meets the needs and expectations of the 6m people who need to rely on it and one which rewards properly the 1.5m who work in social care.

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