Care England 2021 CSR Submission

Exective Summary:

The Government needs to act immediately to stabilise the adult social care sector in England. At this very moment, the adult social care sector is afflicted by a workforce and funding crisis. Many care providers had hoped that the Government's Build Back Better Plan for health and social care would have remedied such uncertainties, however it has merely generated greater uncertainty. The Government's future spending plans, therefore, really do have the potential to allay the concerns of this 1.6 million strong workforce. In the coming months, Care England pledges to work with the Government regarding this plan and others to ensure the sustainable development of the adult social care sector.

In particular, we would suggest that the following steps are taken to stabilise the adult social care sector in the immediate term:

- Clarity regarding the arrangements and funding of the Government's Build Back Better Plan for health and social care.
- Sensitivity regarding the implementation of the Build Back Better Plan and the unintended consequence it may have within an already destabalised sector.
- Immediate investment and policy change to ensure the sustainability of the adult social care workforce in the winter months.
- The continuation of the testing and infection fund beyond six months, in order to provide certainty to the adult social care sector.
- Adding all care workers to the Shortage Occupation List and reducing the salary threshold in the Health and Care Visa. The Government has taken steps to enable HGV drivers into the country, we would ask why the same urgency has not been attached to the adult social care sector.

Whilst the following steps and commensurate funding to support their implementation are required to secure the adult social care sector in the long term:

- The sector requires a ten-year workforce plan, akin to that of the NHS, where career progression, pay and rewards are identified, something that the Build Back Better Plan fails to do.
- We would urge the Treasury to consult those policy options presented in the Health and Social Care Committee's report[1] to level up pay and reward in the adult social care sector.
- Going forward, the National Living Wage uplift, too, should be fully funded within the context of the publicly funded adult social care sector.
- Sufficient support and funding for sector bodies like Skills for Care. There is a disparity in the funding levels of Health Education England and Skills for Care that needs to be addressed.

[1] Social Care: Funding and Workforce (parliament.uk)

Who are we?

Care England is the adult social care sector's largest representative body. Our members run and manage approximately 4,000 care services, amongst them single care homes, small local groups, national provider and not-for-profit voluntary organisations and associations, as well as private providers. Members provide over 120,000 beds and a variety of services for older people and those with long-term conditions, learning disabilities and mental health problems.

The adult social care sector is made up of a huge range of charitable and independent services which deliver support, care and healthcare for vast swathes of the UK's population. In economic terms the sector accounts for[2]:

- 6% of total employment in the UK.
- The total direct, indirect and induced value of the adult social care sector in the UK was estimated to be 2.6 million jobs (1.8 million FTEs) and £46.2 billion.
- The sector's contribution is almost double the oil and gas industry's contribution of £24 billion to UK GDP, alongside just over 250,000 jobs being supported in total by the UK oil and gas industry – a fraction of the social care sector's employment contribution.[3]
- This comes in addition to the sectors even more substantial contribution to wider society – which is harder to measure but includes better quality and length of life, a healthier workforce and support for the National Health Service.

We estimate that the sector's role in the UK economy is set to grow both as a consequence of an ageing population and a growing learning disability cohort. For example, Skills for Care's data stated that "if the adult social care workforce grows proportionally to the projected number of people aged 65 and over in the population then the number of adult social care jobs will increase by 32% (520,000 jobs) to around 2.17 million jobs by 2035."[4] However, such growth is contingent upon the requisite sustainable long-term funding in the adult social care sector. It is therefore critical that additional investment is made in the sector now, to allow the sector to stabilise after years of underfunding and prepare to meet the increased demand we foresee.

An introduction of those issues currently affecting the sector:

The Covid-19 pandemic has, and continues to have, a wide range of adverse effects upon the adult social care sector, in particular:

- The adult social care workforce is stretched to a degree that has not been seen before as a result of the Covid-19 pandemic. While workforce challenges existed prior to the pandemic, Covid-19 has exacerbated these and created substantial new challenges that go beyond anything the sector has encountered. Action and investment is required immediately to avoid the risk of a collapse in capacity across the sector.

This is against the backdrop of a sector that, even before the pandemic, had suffered from underinvestment. Prior to the pandemic, the Health Foundation noted a "gap of £4.4bn in England in

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[2] The economic value of the adult social care sector – UK (skillsforcare.org.uk)
[3] OGUK Economic Report 2019 (ofgem.gov.uk)
[4] The size and structure of the adult social care sector and workforce in England (skillsforcare.org.uk)

2023/24 to meet rising demand and address critical staffing shortages in the sector."[5] However, the Covid-19 pandemic has merely exacerbated such financial difficulties. Going forward, we therefore require the following:

- The sector requires continued and increased investment in frontline social care services by the Government, in addition to the inward investment the sector generates, to ensure a sustainable system fit for the 21st century.
- This must be coupled with robust, but non-bureaucratic, mechanisms which ensure that funding reaches the frontline, supporting existing services and placements, with a strong audit trail.
- Providers need certainty about funding to invest in wider community development. This investment must be for providers of both state-funded and privately financed care. Investment will allow for innovation in service development; the adult social care sector is immensely diverse, and the needs of service users are best met by a variety of services and service settings. I would suggest bigger focus on investment
- Much of the funding associated with the Build Back Better plan is not expected to make its way to the adult social care sector till 2023 – with no guarantee even then. Thus, the sector requires and immediate funding injection to bridge this gap.

Such actions will lead to the creation of a system that enables the further development of quality provision that allows people in need live with comfort, dignity and choice. Care England firmly believes that people must be empowered to make their own choices regarding their support, particularly where, when and by whom.

The implications and implementation of the Build Back Better Plan:

On the 7th September, the Government published its Build Back Better Plan for health and social care. However, the reforms and their implications for the adult social care sector are a cause for concern, not relief, among the sector. In fact, if implemented without due care, they have the potential to undermine future development and capacity of the adult social care market. Thus, in this submission, we wish to address some of the key issues and what can be done to avert such issues and ensure that the Government's aims and sentiments come to fruition.

Clarity:

Firstly, clarity is still lacking regarding the implementation of the Build Back Better Plan and the funding emanating from it, in particular:

- As part of this Comprehensive Spending Review, we need to see the confirmation of the allocation of funding (including the funding profile from 2022/23 – 2024/25).
- Further detail is needed to understand how the £5.4 billion will itself be split. Including, how much will be allocated to the administrative costs required to implement the cap? Ultimately, such funds need to make their way to the frontline in an efficient manner and not be impeded by local authority bureaucracy.
- Similarly, the Plan also outlines £500 million pounds to go towards training investment into the adult social care sector. Care England would ask how the Government foresees that this fund will be distributed within the adult social care sector? This funding is but a drop in the ocean when juxtaposed with the investment that is invested into the National Health

[5] £4.4bn funding gap projected for social care in England as spending per person falls further behind other UK countries (health.org.uk)

Service. This fund equates to £312 for all adult social care staff in 1 year or just over £100 when spread over 3 years. It is clear that much greater investment in the adult social care workforce is required if we are to resolve the historical difficulties that it has experienced.
- Clarity is needed regarding what the Government sees for the future role of top ups within the future adult social care funding context.

Adult social care fees:

The Build Back Better Plan lays out the following in relation to the development of fees in the adult social care sector:

- "We will ensure that self-funders are able to ask their Local Authority to arrange their care for them so that they can find better value care."

However, this has the potential for local authorities to begin placing self-funders at local authority rates. Something that could potentially undermine the future development of the adult social care sector. Local authority fee rates are themselves, in the vast majority of cases, are completely inadequate and not commensurate with the development and improvement of a sustainable care system. For example, the CMA in 2017 Care Home Market Study said the following:

"Our analysis suggests that about a quarter of care homes have more than 75% of their residents LA-funded, and that these are the ones most at risk of failure or exit because of a funding shortfall. We estimate that LA-fees are currently, on average, as much as 10% below total cost for these homes, equivalent to around a £200 to £300 million shortfall in funding across the UK. This finding is based on an average result – there will already be a proportion of operators that are struggling and at risk of closure." The negative ramifications of local authorities arranging privately funded care has been seen in the context of Northern Ireland where the private market was very much undermined by this practice. Whilst this too, has been seen in the context of the home care market where people have been placed with providers at insufficient rates.

Whilst, if the Government perceives the creation of a fair cost of care rate as a remedy to avert such a reality, then greater clarity is needed regarding the development of this rate. For, at present, the future development of the adult social care market is very much uncertain, which itself may start to be borne out in decreasing levels of investment into the adult social care sector. The implication of the Build Back Better is that money will go into fees, however the current funding attached to the plan is not sufficient to bring the "fair cost of care" up to those levels that are charged in privately funded care. The plan, in turn, has the potential to very much undermine the financial position of those whom rely on privately funded individuals in their care services. Therefore, to make this plan work, it is necessary that local authority fees are substantially increased to cover costs in order that the sector is not made unsustainable as a result of self-funders potentially paying less.

Levels of funding:

After consultation with members, they have stated that, the levels of funding allocated as part of the reforms are by no means adequate in solving the adult social care workforce crisis. Similarly, the Build Back Better Plan by no means addresses those issues surrounding pay and reward that persist in the adult social care sector. Thus, investment is needed at this very moment.

Care England agrees with the Commons Health and Social Care Select Committee's call that: "the starting point for the social care funding increase must be an additional £7bn per year by 2023–24 to cover demographic changes, uplift staff pay in line with the National Minimum Wage and to protect people who face catastrophic social care costs."

Functioning of the cap:

From our understanding, the cap will itself only cover care costs and not accommodation/hotel costs. Thus, to benefit from the cap posited in the Build Back Better Plan a service user will have to be in a care home for between 3-5 years, which is only around 15% of older person residential service users. Thus, we need a clear communications plan to ensure that the public is very much aware of the nature of the cap and its implementation in adult social care.

Top-ups:

Clarity is needed in relation to the future development of top-ups in the adult social care sector, in particular:

- Will top ups be allowed from the persons own funds?
- Currently some LAs interfere with the ability of providers to charge top-ups. Government must be clear that local authorities cannot offer contracts that undermine people's ability to top up. Will such guidance be issued?

National Insurance Employer Contributions:

The increase in National Insurance associated with the rise in adult social care spending will have a real impact upon provider finances. In particular, some of Care England's largest members will be hit with multi-million-pound employer contribution bills as a result of the increase. However, this is simply counter-intuitive when one considers that the increase in National Insurance is surely motivated by a desire to increase the financial sustainability of the adult social care sector. We would ask that the adult social care sector, like the NHS, would be exempted from the increases associated with the National Insurance Employer Contributions. A failure to do so, when this has been done for the NHS, has the potential to really undermine the development of the adult social care sector.

Our pledge:

Ultimately, Care England wants to work with the Government to ensure that these and future reforms are implemented in a way that leads to the sustainable development of the adult social care sector. Thus, in the coming months, we want to work with the Government in the following areas:

- The technical implementation of the Build Back Better Plan.
- Addressing the unintended consequences of some of the key elements that are posited as part of the Build Back Better Plan.
- Thirdly, we are keen to input into the development of the White Paper that the Government has committed to publishing in the coming months. The detail that this elucidates will be fundamental to the sound implementation of the Build Back Better Plan.

The adult social care workforce:

Care England continues to receive evidence from its members that the adult social care workforce reality is worse than it has ever been. Something that is a result of the convergence of a plethora of factors that have the potential to imperil the sector's ability to support the NHS in the winter months, including:

- The implementation of the mandatory vaccination policy in the adult social care home sector, which has been compounded by the policy not being extended to the NHS currently.

- The opening up of the economy has led to people returning to those sectors that they worked in before the Covid-19 pandemic.
- However, these trends too are intertwined with a plethora of longer-term trends within the adult social care sector. For example, many adult social care staff view themselves as undervalued and under rewarded.

These trends and the stories given to us by members regarding the deterioration of the adult social care workforce structure have been borne out in recent Skills for Care data[6]:

- Between March 2021 and August 2021, the vacancy rate in the adult social care sector in England grew from 6.1% to 8.2%.
- Whilst the vacancy rate for particular job roles is even more worrying. For example, the registered nurse vacancy rate stood at 13.4% in August 2021.
- Similarly, the vacancy rate for care workers has risen from a pre-Covid figure of 7.3% to 10.2% as of August 2021.

The short term:

In the short term, there is a fundamental need for the Government to support the sector through this deteriorating workforce position. The Covid-19 pandemic has and continues to show how the NHS will simply not cope without the support of the adult social care sector. A failure to do so has the potential to undermine the following:

- The provision of quality care for some of society's most vulnerable individuals.
- An inability to support the NHS's activities in the winter months, including the implementation of the discharge to assess programme.

In turn, we would urge the Treasury to take the following steps:

- Provide the Department of Health and Social Care the funds necessary to implement a similar reward scheme as Wales and Scotland did (£500 bonus).
- Central government funding should be provided to meet the costs of implementing mandatory vaccination in care homes policy.
- Short-term funding injection to increase the attractiveness of the adult social care sector and fill workforce gaps.
- The funding required to approve the continuation of the Covid-19 related support funds in the adult social care sector. Whilst this too should be for a period of more than three months.
- Key worker housing should be made available for the adult social care sector.

However, these funding injections would also be complemented by the following broader policy actions also being enacted by the Government:

- The vaccination as a condition of deployment policy should be applied to the NHS as well as the social care sector to avoid staff 'jumping ship.'
- Adding all care workers to the Shortage Occupation List and reducing the salary threshold in the Health and Care Visa. The Government has taken steps to enable HGV drivers into the country, we would ask why the same urgency has not been attached to the adult social care sector?

[6] Vacancy information - monthly tracking (skillsforcare.org.uk)

- Waiving the Immigration Skills Charge for care workers, reducing the cost of obtaining the legal Right to Work for care workers.
- Consider exemption from quarantine for live-in care workers arriving in the UK from outside the Common Travel Area, provided they are double-vaccinated, PCR-tested, and without symptoms of COVID-19.
- Review restrictions on movement between care settings of double-vaccinated and tested care workers, assessing relative risks, to limit care workers leaving jobs in social care for employment in the NHS, as is happening at present. This will take the pressure off providers relying on agency.
- Make the DBS permanently free for care workers.
- Reduce the time it takes for DBS checks to be completed for care workers.
- Priority fuel allocation for adult social care staff.

More broadly, a difficult workforce reality is also damaging the financial sustainability of adult social care providers. For, insufficient staff numbers are impeding adult social care providers being able to take in as many admissions and in turn recover from their decreased occupancy.

The long term:

However, as stated, many of the issues relating to the development of the adult social care workforce have by no means arisen overnight. Rather, for a long time, the adult social care sector has been adversely affected by a plethora of negative underlying structural realities. For example, extremely high turnover and vacancy rates when compared with other parts of the economy.

The Treasury has the ability to overturn such realities and create an adult social care workforce that is fit for purpose in the coming decades. In particular, we would urge the Treasury to consult those policy options presented in the Health and Social Care Committee's report[7] to level up pay and reward in the adult social care sector, including:

- £1.4 bn - Ensuring all care staff are paid the Real Living Wage (currently £9.30, and £10.75 in London)
- £3.9 bn - Increase pay - delivering the planned increases in the National Living Wage for care workers with a small pay uplift of 5%, in line with the uplift given to NHS staff [2023–24]
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Going forward, the National Living Wage uplift, too, should be fully funded within the context of the publicly funded adult social care sector. Similarly, whilst the Build Back Better Plan has pledged increased funding for training and qualifications, this will mean nothing without a broader reform package. In particular, without a pay increase you are effectively levelling up the workforce without being able to pay them properly and so they are more likely to leave to a better paid role, namely in the NHS. Ultimately, the sector requires a ten-year workforce plan, akin to that of the NHS, where career progression, pay and rewards are identified, something that the Build Back Better Plan fails to do.

Again, more broadly, alongside these funding injections we would urge the Government to consider the following policy options:

[7] Social Care: Funding and Workforce (parliament.uk)

- Sufficient support and funding for sector bodies like Skills for Care. This disparity is currently evident in terms of the funding levels between Health Education England and Skills for Care. From our understanding, Skills for Care's annual funding from the Government amounts to £26 million pounds versus Health Education England's that runs into the billions.
- The number of student nurses who carry out a placement in a nursing home environment is currently not sufficient and should be increased. Funding should be provided to enable this expansion.
- DHSC actors to work with the social care sector on the creation of a common skills and competencies framework across adult social care and NHS. Again, funding should be provided to enable the creation of a common skills and competencies framework.
- Funding support to address societal and health inequalities within the adult social care workforce.

National Living Wage:

For too long, the Low Pay Commission's recommendations in relation to wages have not been matched by adequate government funding to allow the adult social care sector to implement such recommendations in a sustainable manner. This has, in fact, led to an array of negative effects, including how it has forced some social care providers to decrease wage differentials and in turn their capacity to reward their most experienced staff. Thus, the unnuanced nature of the National Living Wage's delivery cannot persist. In addition, the importance of such considerations is even more acute given the financial burden which COVID-19 has imposed upon the sector.

The Kings Fund concurs saying that: "In order to meet the national living wage commitments, hard-pressed social care providers have had to hold down the overall pay bill in other ways. An increasing proportion of the workforce is now paid at or around that minimum level and the pay differential between care workers with less than 1 year of experience and those with more than 20 years of experience has reduced to just £0.15 an hour."[8] Therefore, we would implore the Government to listen to the Low Pay Commission's own guidance and recognise its own role and responsibility "in the sectors which Government itself funds – social care and childcare – sufficient funding is necessary to meet the cost of the rising NLW."[9] Thus, we would urge the Treasury to make the funds available for the National Living Wage and other wage rates uplift to be funded within the context of the adult social care sector.

The current financial reality of the adult social care sector:

Whilst it is essential to be cognisant of the fact that all the above is happening within the context of a hugely destabilised adult social care sector. As stated, even prior to the Covid-19 pandemic, the adult social care was under excruciating levels of financial stress. However, the Covid-19 pandemic has exacerbated such realities. This too is now being affected by those energy cost and fuel issues currently affecting the nation.

Occupancy issues:

In particular, decreased occupancy rates throughout the adult social care sector continue to have a very real impact upon the financial sustainability of adult social care providers. Something that is elucidated in the CQC and Skills for Care's data releases, for example:

[8] Average pay for care workers | The King's Fund (kingsfund.org.uk)
[9] National Minimum Wage (publishing.service.gov.uk)

- While average occupancy levels increased over summer to approximately 80%, they remain considerably below normal and may fall again.[10]
- Average occupancy for care homes without nursing remains 6% below pre-Covid levels.[11]

In reaction to such falls, at a Public Account Committee oral evidence session, Ian Trenholm, Chief Executive Officer of the CQC, said: "We would typically calculate that, to make a modest margin, a care home would be looking at a 90% occupancy rate. What we saw last year was an 80% average occupancy rate—that is about the level where most care homes would break even. Some care homes are operating below a break-even point and are being kept alive by that support."[12] Whilst an ADASS' Budget Survey they noted that the "reduction in the occupancy of care homes in most areas has increased the likelihood of a significant number of providers, or a large provider, going out of business."[13]

Many adult social care providers have told us that they are very much "walking wounded" and have been kept alive by the Government's support during the pandemic, however they fear that the end of such support may be that straw to break the camel's back. In particular, the Testing and Infection Fund should be extended into the long term. Thus, we would urge the Treasury to consider the implications of ending any financial support for adult social care providers in the future and the implications of this for the development of the adult social care market. Alongside this, the Government should consider the creation of a ring-fenced fund to support providers through the occupancy issues they have and are likely to continue experiencing into the medium and longer term. Lastly, occupancy issues could somewhat be allayed by support being given to local authorities to speed up volume of care and financial assessments they are processing.

Fee rates paid to providers:

Care England members continue to note the inadequate nature of those fee offers being made to them by local authorities and clinical commissioning groups alike in many parts of the country.

- Local authorities: Data given to us by a large provider who operates in over 100 local authorities has found that in 31 of these they have been offered a fee uplift of 2% or less. The fact that such a large cohort of local authorities continue to give fee uplifts that are incommensurate with even meeting the costs associated with the National Living Wage increase is extremely worrying. However, this indictment of local authority commissioning in some parts of the country is furthered when considering the plethora of other costs such fee increases uplifts fail to consider. Such sub-standard fees, in turn, undermine the development of sustainable fee markets and investments in services. Thus, we very much hope the Government gives the requisite funding to ensure that a "fair rate of care" is paid as posited in the Government's Build Back Better plan for health and social care.

Other key issues for consideration:

- A review of the sleep-in policy and determination of a rate and funded via LAs/ICSs.
- Funding to support engagement of the ASC provider sector to work as partners within each ICS.

[10] COVID Insight 6: Designated settings and care home capacity | Care Quality Commission (cqc.org.uk)
[11] Staffing and occupancy - monthly tracking (skillsforcare.org.uk)
[12] Public Accounts Committee
[13] no-embargo-adass-budget-survey-report.pdf

- FNC to properly reflect nursing costs and allow nurses to have parity of pay and terms as in the NHS.

The NHS and adult social care:

The COVID-19 pandemic has emphasised the role of the adult social care sector in supporting the capacity of the NHS. The crisis within the social care sector is fundamentally intertwined with the NHS' future fortunes. The NHS and social care are two interdependent parts of the system; without addressing the issues prevalent within the social care system, there can be no lasting improvement to the NHS. By improving the parity between the NHS and social care sector, costs borne by the NHS and social care sector will be reduced, and access to effective and timely care will be improved.

The Government should seek to create greater parity by better equivalating current social care and NHS staff pay rates, whilst also investing greater levels of resources into social care training/learning. Such steps will enable social care providers to better recruit and retain staff, but also help recognise the value of the work that social care staff do.

The social care sector is treated unfairly in relation to the NHS. This is exemplified in tax benefits. NHS staff are entitled to several tax-related benefits including 'NHS tax credit redemption certificates' which entitles staff to full help with health costs, or the recent pledge by the NHS to cover doctors' tax bills in order to increase workforce capacity during the winter period. The social care sector is privy to no such benefits. Accordingly, Care England, on behalf of its members, has been reviewing and considering potential solutions to the social care sector's severe lack of funding. One such solution is for the Government to review the current VAT regime for nursing and residential care services to change their status from exempted from VAT to "zero-rated." Despite the availability of some zero-rated reliefs, the irrecoverable VAT costs to the sector are high. This solution would bring new money into the front-line as a means of closing the funding gap and can be done so within current legislation.

In future, the adult social care sector should too be considered central in winter planning collaboration. This could be carried out in both COVID-19 and non-COVID times and would actually increase the organisational capacity of the NHS.

Conclusion:

In conclusion, there is a fundamental need for the Government to immediately invest in the adult social care sector. This will enable the adult social care sector to become a sustainable partner in the development of England's economy and society. In particular, in those Red Wall seats where adult social care is so fundamental in the development of local communities and societies.[14] The Covid-19 pandemic has elucidated the fundamental need for the sector to be stabilised. Therefore, we hope that the Treasury closely considers those recommendations laid out in this paper. In the coming weeks and months, Care England would be very keen to meet with Treasury officials and the Chancellor to talk about the role it can play in the positive development of the adult social care sector.

Care England
14 October 2021

[14] health-care-and-cash- -age-uk.pdf (ageuk.org.uk)