What’s the problem with social care, and why do we need to do better?

Ruth Thorlby, Anna Starling, Catherine Broadbent, Toby Watt
With thanks for expert advice from:
George Stoye (Institute for Fiscal Studies), Simon Bottery (The King’s Fund), Leonora Merry, Natasha Curry (Nuffield Trust) and Michael Varrow (The Health Foundation).

About this report
Unless stated, all financial data in this report have been adjusted to 2018/19 prices using HM Treasury gross domestic product (GDP) deflators – a whole economy inflation measure of inflation as of January 2019.
Key findings

- The social care system is also 70 years old this year but unlike the NHS, its anniversary will pass largely unnoticed. The fault line established 70 years ago between health care which is free at the point of use and social care which is means-tested, remains a fundamental source of inequity and unfairness today.

- New polling suggests that the majority of the public (56%) think that individuals having to use their housing assets to pay for care is at least somewhat unacceptable, compared to 25% who think it is at least somewhat acceptable.

- Adult social care spending in the UK has fallen by 9.9% between 2009/10 and 2016/2017.

- An ageing population and younger adults with disabilities living longer are pushing up the cost of caring for older and disabled people, placing the social care system under huge strain. Based on current spending, a UK funding gap of £18 billion will open up by 2030/31.

Impact of not enough funding for adult social care in England

- In England the financial thresholds to access social care are 12% lower (in real terms) in 2018/19 than they were in 2010/11, meaning fewer people are now eligible for publicly funded social care.

- About 400,000 fewer adults received social care services in 2013/14 than in 2009/10, as local authorities have had to prioritise funding for people with the most severe care needs.

- The care home market is unstable. According to the Competition and Markets Authority (CMA), care homes that have more than 75% of local authority funded residents are most at risk of failure and a quarter of UK-wide care homes fall into this category.

- There was a 6.6% vacancy rate for the adult social care sector in 2016/17 and particularly high turnover rates for care workers.

- Informal carers continue to absorb the bulk of the pressure – 75% said they had not received any support or service which allowed them to take a break of between one and 24 hours from caring in the last 12 months.

- Cuts in local authority social care spending have led to increased use of A&E services by people aged 65 and over.

Where next for social care?

- Despite 12 green and white papers and five independent commissions over the last 20 years, successive governments have ducked the challenge of social care reform.

- People in need of care will continue to fall through the cracks of a social care system riddled with holes. Attempts to shore up the NHS will be hindered without adequate funding for social care.

- Tackling the challenge of social care reform will require decisive political action and an appropriate funding settlement. Unless this happens we will continue to have a system whose inadequacies undermine the NHS and leave many people without the care they need. Transformation is required to make the social care system fair and sustainable in the future.
Introduction

The NHS is celebrating its 70th birthday, but the anniversary of an equally important service is not being marked in the same way: adult social care. Unlike the legislation that set up the NHS, the 1948 National Assistance Act did not nationalise social care services and create a familiar public institution, nor did it result in services being free at the point of use. Local authorities were obliged to provide accommodation for people who needed it on the grounds of age or disability, but could charge.

Across the UK, more people work in social care than in the NHS, with social care representing 6% of total UK employment,¹ but the services and support delivered in social care are not well known. The public are increasingly aware of the pressures being faced by the NHS, but much less so about the challenges facing social care, and what that might mean if they or a family member develops social care needs.

This briefing sets out the demand and funding pressures facing social care across the UK. It then looks in detail at the impact of these pressures in England and the barriers to funding reform.
What is social care?

Adult social care refers to care and support for people who need it because of age, illness, disability or other circumstances. It ranges from help with essential daily activities, such as eating and washing, to participation in all aspects of life, such as work or socialising. Social care can be provided in people’s homes, to enable independent living or help with recovery after illness and, if home care is no longer an option, provide a safe space for people to live in supported housing, residential or nursing homes.\(^2\)

Social care and support in its broadest sense comes from a range of sources and of these informal help from family and friends is the largest. An estimated 8% of the UK population were informal carers in 2016/17 (5.4 million people), 33% of whom were caring for a parent outside their own household.\(^3\) It has been estimated that carers save the UK economy £132 billion per year.\(^4\) Using England as an example, in 2015/6 informal care was worth almost as much as was spent on the NHS in England. Benefits, such as attendance allowance and personal independence payments, are also a large source of support (see Figure 1).\(^5\)

**Figure 1: Estimates of the value of care for adults 2015–16 (England)**


Formal social care, the next largest source, includes paid care workers who come into the home, or care in a residential home. Some is purchased privately, but some is arranged and funded by public bodies – local authorities in England, Scotland and Wales and Health and Social Care Trusts in Northern Ireland. It is this form of social care that is the main focus of this briefing.

Public social care duties are broad. In England, local authorities have a duty to ‘promote an individual’s wellbeing’, which includes ensuring dignity, participation in social activities, work and education, and control over day-to-day living.\(^6\) Duties in all four UK countries also include preventing the need for social care, supporting carers and taking action where adults are at risk of abuse or neglect (safeguarding).
To get access to publicly funded adult social care in their own home (home care) or in a care or nursing home (residential care), an individual is assessed on their needs (for instance, whether they can eat, wash or get dressed without help), and their financial means. Means tests include an assessment of both income (including pensions and benefits) and assets (for example, savings and in some cases the value of a home).

There are important differences in the way publicly funded social care is accessed across the UK, but in all countries, people face both needs and means tests. As Table 1 shows, most systems use thresholds in assessing assets: individuals with assets above the upper threshold are generally liable for all costs, and below the lower threshold will qualify for full state funding, with cost-sharing in between. One important exception is Scotland, which removed the means test for personal care for people over 65 in 2002, but a needs test still applies (see Box 1).

Table 1: Means testing for social care in the UK as of April 2018

<table>
<thead>
<tr>
<th>Services covered by the means test</th>
<th>England</th>
<th>Northern Ireland</th>
<th>Scotland</th>
<th>Wales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal care</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Nursing care</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Accommodation costs</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

¹ The upper means test of £40,000 applies to those in receipt of residential care. The corresponding number for receipt of home care is £24,000. However, there is a cap on weekly payments of £80, for home care recipients.


For details of the means test and free personal care in Scotland, see Care Info Scotland, www.careinfoscotland.scot/.

Box 1: Free personal care in Scotland

Scotland introduced free personal care in 2002, a policy proposal that had been recommended by the 1999 Royal Commission on Long Term Care.

Under this model all adults over the age of 65 are eligible for free personal care in their own home, if they require assistance with personal tasks such as help with personal hygiene, food preparation and mobility. Under the age of 65 this is means tested, with a commitment from Scottish Government to extend free personal care to those under 65 by 2019. This is distinct from domestic services, such as housework, for which, subject to a financial assessment, they may still be charged.

For those who receive care in a residential setting, the local authority makes a contribution to the cost of their personal care (at a flat rate), directly to the care provider. This payment does not cover their accommodation costs, which are subject to a means test.

See Approaches to social care funding: social care funding options for discussion of strengths and weaknesses of the model.\(^8\)
Funding versus demand for social care in the UK

The level of public spending on adult social care has not kept pace with demand. Adult social care spending in the UK has fallen by 9.9% between 2009/10 and 2016/2017. Differences in needs and generosity have led to differences in spending per adult across England, Northern Ireland, Scotland and Wales. In Scotland, where total spending per head is highest, funding has risen by an average of 0.3% a year in real terms between 2008/09 and 2015/16 (Figure 2). During the same period, funding per head has fallen in England and Wales by an average of 1.6% and 0.8% a year respectively. A consistent time series is not available for Northern Ireland before 2011/12, but since then, spending per head has risen by an average of 1.5% a year in real terms. Prior to this period, funding had grown at a much faster rate across the UK, at an average of 5.7% a year between 2001/2 and 2009/10.

Figure 2: Public spending per head on adult social care in England, Northern Ireland, Scotland and Wales between 2008/09 and 2015/16


Meanwhile, demand has grown, the result of longer lifespans and a growing population. In 1953, there were 200,000 people over the age of 85, but by 2016, 1.6 million people were in this age bracket, an eightfold increase. Old age does not automatically bring social care needs but makes them more likely. A 2017 study estimated that if rates of care needs by age remain constant, by 2025 an additional 71,215 care home places will be required in England alone.11

There has also been an increase in the number of younger adults with disabilities, partly due to falling mortality. For example, life expectancy for people with Down’s syndrome has increased from 23 years in 1983 to 60 years in 2018.12
Using the best available model for calculating future costs, the Institute for Fiscal Studies (IFS) and the Health Foundation recently estimated that pressures on social care in the UK are projected to rise at an annual rate of 3.9%. If the existing budget does not change, this would lead to a funding gap of £18bn by 2030/31.

**Figure 3: Projections of adult social care spending in the UK**

![Spending projections and budget (£bn)](image)


The consequences of these pressures are profound across the UK. In the remainder of this briefing we will focus on England, but many of the impacts of insufficient funding – on the users of social care and their families, local authorities, the providers of social care and the NHS – are felt across the devolved nations.

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a The model has been created by the Personal Social Services Research Unit (PSSRU). For full details of how their model works see ‘Projections of demand for and costs of social care for older people and younger adults in England, 2015 to 2035’, 2015, www.pssru.ac.uk/pub/DP2900.pdf.
Impact of not enough funding for adult social care: England

The current system

Local authorities have long had to prioritise access to their social care budgets in the face of rising demand, but the reductions in central government grants from 2009/10 have accelerated this. The National Audit Office (NAO) has calculated that local authorities have seen a 49.1% real-terms reduction in government funding between 2010/11 and 2017/18, resulting in a 28% reduction in their spending power once council tax is taken into account. This has led to reduced spending on services. Analysis by the IFS has found that, while adult social care spending was budgeted to be 3% lower in 2017/18 than in 2009/10, spending per person on local authority services other than social care, including libraries, youth services, planning and roads, has been cut by 32%.

Local authorities have increasingly prioritised funding for people with the most severe care needs: about 400,000 fewer people received social care services in 2013/14 than in 2009/10. In 2017/18, in order to preserve services for those in greatest need, the Association of Directors of Adult Social Services (ADASS) reported making real-terms reductions in spending on lower intensity services that help prevent people’s needs deteriorating. In 2017/18, only 8.3% of the budget was spent on people whose needs did not cross the national eligibility threshold.

In addition to the tightening of needs eligibility, the financial thresholds that govern the means test have not been updated since 2010/11. Today, an individual with assets over £23,250 (including the value of their home if they need residential care) is not eligible for publicly funded social care and must pay for themselves, even if their needs meet the eligibility threshold. Partial contributions are required if assets are below this level, until the lower threshold is reached (£14,250). Accounting for inflation, these thresholds are 12% lower in 2018/19 than they were in 2010/11. Rising house prices also mean that far more people have assets above the means test if they need residential care: the average property value is now £240,949 in England and in 2016, 62% of properties were owned by the person living in them, compared to 44% in 1961.

In 2016/17, £14.1bn was spent on publicly funded long-term care in England to support 868,440 people in a nursing home, residential home or in the community. As shown in Figure 4, one-third of people receiving long-term support were younger adults (aged between 18 and 64), but the long-term support costs are almost equal for younger adults and older adults, probably due to the higher costs of support for learning disabilities. ADASS expects these cost pressures to grow at a faster rate for younger adults than older adults next year.
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Figure 4: Number of people receiving long term support and the associated cost broken down by age band and primary support reason


Impact on providers of care homes and care in the home

Most local authority funded care described in Figure 4 is provided by independent organisations, many of which also provide services to self-funders. Only 3% of care homes in England are owned by local authorities or the NHS. Successive years of budget restrictions have pushed down the fees paid for local authority funded users to independent care home providers and the agencies which provide care in the home.

This has created gaps between what self-funders pay and what local authorities pay. The Competition and Markets Authority (CMA) estimated an average fee of £846 per week for self-funders in 2016 (equivalent to £44,000 a year), whereas local authorities paid an average of £621 per week. The CMA estimates a £12,000 per year difference (on average) for a place in the same home.

There is also instability in the care home market. If a care home closes, it can be very distressing for its residents to move. According to the CMA, care homes that have more than 75% of local authority funded residents are most at risk of failure and a quarter of UK-wide care homes fall into this category.

Home care agencies are also struggling. Research by the UK Homecare Association in 2016 found that local authorities were paying on average £14.66 per hour for home care, well below the £16.70 per hour the Association reckoned was the minimum that businesses needed to cover their costs in the same year.

c  This financial data has not been adjusted to 2018/19 prices.
d  This financial data has not been adjusted to 2018/19 prices.
Although local authority fees paid to providers have now started to rise again, according to a recent survey from ADASS (2017/18), the care market continues to be unstable: 66% of councils reported that providers had either ceased trading or handed back contracts in the last six months, affecting over 8,000 people receiving care.¹⁶

Despite the pressures, most social care providers deliver good quality care, according to the regulator, the Care Quality Commission (CQC). As of July 2017, the CQC rated 78% of adult services as good and 2% as outstanding. However, services at 303 locations were classified as inadequate, which the CQC estimates affects as many as 16,000 people.²² Nursing homes were the largest concern, with over a third classified as either requiring improvement (28%) or inadequate (3%).

In its analysis of low ratings in England, the CQC found that low staffing levels were an important factor.²² There was a 6.6% vacancy rate for the adult social care sector overall in 2016/17 and the turnover rate was particularly high for care workers, with an annual rate of 33.8%. Factors contributing to this include low pay and career structure, despite the introduction of the National Living Wage in 2015.²³, ²⁴ Nurses are also in short supply, particularly as the sector competes with the NHS for scarce nursing staff. These pressures may be exacerbated by a projected shortfall of more than 70,000 workers to fill social care roles in England by 2025/26 due to the possibility of limited European Union migration after Brexit.²⁵

**Impact on people, families and carers**

Understanding the impact of the reductions in adult social care on people and their families is not straightforward. For those receiving social care from local authorities, the annual national survey suggests that satisfaction with services has held up: two-thirds of service users over the age of 18 (64.7%) said they were extremely or very satisfied with the care and support they received in 2016/17, an almost identical proportion to 2015/16.²⁶ This, of course, only includes people who have successfully accessed local authority services so could mask delays and unmet need.

Other surveys paint a more worrying picture. In a self-selecting survey of nearly 4,000 adult social care users by the Care and Support Alliance (CSA), one in four respondents described difficulties with essential activities, such as getting out of bed or dressing, and personal testimony of paid carers rushing visits and care packages reduced, leading to neglect, isolation and hardship.²⁷ Informal carers continue to absorb the bulk of caring pressures. The biennial 2016/17 national survey of over 50,000 carers, found that 71% of carers who had received some support services for themselves or the person they cared for were extremely, very or quite satisfied. However, 75% said they had not received any support or service which allowed them to take a break of between one and 24 hours from caring in the past 12 months and 67% had not received any support from carers groups or someone to talk to in confidence. 43% of carers reported feeling depressed, 64% reported they had ‘a general feeling of stress’, and 23% said they had developed their own health conditions.²⁸
Local authorities have statutory duties to carers, who are entitled to an assessment to establish whether they need additional support. According to Carers UK, who surveyed over 7,000 carers in England in 2017, 68% of carers reported having had an assessment in the past 12 months, but only 35% felt that the assessment had properly considered their need for support to look after their own physical and mental health.

**Impact on people’s health and the NHS**

The mismatch between demand and funding for social care is likely to have consequences for people’s health. If someone is not eligible for social care funding, has no informal support and is not able (or willing) to pay for care, it may result in potentially avoidable emergencies such as falls, or dehydration leading to a urinary tract infection.

There is no way of currently identifying people with social care needs at person-level in NHS data, which makes it hard to measure this. But analysis by the IFS has suggested a correlation between emergency hospital attendances amongst the over 65s and areas affected by the biggest reductions in social care spending between 2009 and 2015.29 When the Alzheimer’s Society asked hospital trusts for numbers of dementia patients they admitted as emergencies with diagnoses of falls, delirium, chest infections, urinary tract infections and dehydration, 65 trusts reported over 50,000 patients in 2016/17.30

There have also been increasing numbers of people delayed in hospital, even though they are medically fit to leave. In addition to lack of social care many delays are also the result of contractions in NHS community care, community hospital beds and community nursing. In March 2018, there were a total of 154,602 delayed days, 45,457 of which were attributable to social care. Although sustained effort by both the NHS and social care has reduced delays down from their peak (over 200,000 delayed days in October 2016), many people are still experiencing many days of delay compared to August 2010, when the number stood at 110,000.31

A proportion of delays result from confusion and disputes about whether the NHS or social care is responsible for funding. In England, some social care known as Continuing Health Care (CHC) is provided and fully funded by the NHS when an individual is assessed as having a ‘primary health need’.32 Fully funded social care can be life transforming, but CHC has been criticised as an intensely complicated and unfair system with big local variations in access and long delays in decisions that cause distress to patients and their families.33, 34 In 2015/16, 166,000 people were receiving (or assessed as eligible for) CHC at a cost of £3.1bn; with significant local variation ranging from about 1% to 10% of clinical commissioning group (CCG) spend.33, 35 NHS England has asked local NHS bodies to find £855m of savings from CHC by 2020/21 in the context of large growth projections.

**Finding a sustainable solution**

The pressures facing adult social care in England have been recognised by government. Since 2011/12 there have been significant transfers of money from the NHS to social care (for example, through the Better Care Fund) and councils have been allowed to raise council tax to pay for social care, known as the council tax precept. These injections of funds – equivalent to over £2bn in 2017/18 – may have bought some respite for social care services and local authorities, but they have not fixed the problem. The Health
Foundation has estimated that even with this extra funding, which does not improve access or coverage, there will be a minimum funding gap of £1.5bn by the end of the decade.36

The government has also recognised the need for a more sustainable solution: a green paper had been promised on older adult social care funding in summer 2018 (this has now been delayed until the autumn). However, 12 separate government commissions have attempted to reform the system of social care funding over the past 20 years and none has delivered major change.

Currently the system often struggles to provide enough high-quality care for those who are eligible. As a means-tested safety net, it no longer catches enough people (for example, those with care needs and modest means), leaving them to fend for themselves until their needs have become severe and their assets low enough to qualify for help.

It also fails anyone who is unfortunate enough to develop very high care needs, until their assets are depleted. The Dilnot Commission,37 an independent body tasked by the government with reviewing the funding system for care and support in England in 2010, estimated that around one in 10 people aged 65, faced catastrophic lifetime care costs of more than £100,000. Many have dementia and according to the Alzheimer’s Society, they’ll typically pay £100,000 for their care (although many spend more), until their savings run out, their houses are sold and they are picked up by the public system.30

Several actions could be taken to address these issues, but all require additional funding. The King’s Fund and Health Foundation have modelled various options for social care funding reform. In comparison to the £1.5bn required to maintain the current (albeit unstable) level of service in 2020/21, it would cost:

- £7.8bn to provide the same level of access to services as in 2009/10.
- £5.5bn to introduce a cap on total costs (of £75,000) and a more generous means test (from £23,250 to £100,000). This model, similar to a proposal in the 2017 Conservative party manifesto, would mean including the value of people’s homes in the means test for both residential care and home care.
- £7bn to provide free personal care in people’s home, similar to the system in Scotland (see Box 1).

See Next steps for social care funding reform38 for further details, including the relative advantages and disadvantages of the different options.

Although these sums may appear small when compared to the amount spent on the NHS, previous proposals such as those produced by the Dilnot Commission and Barker Commission39 were eventually shelved or ignored on the grounds of cost.

These options do not consider funding reform specifically for younger adults (although their demand pressures are included) who have different financial characteristics to users aged 65 and older. Younger adults will not be included in the upcoming green paper and instead are being considered by a parallel programme of work. Commentators have raised concerns about how these systems will interact particularly for when individuals move between age brackets.40
As reports accumulate on the scale of unmet need, fraying social care services and rapidly growing demand pressures, it is perhaps surprising that so little action has been taken by successive governments. This is partly due to an underlying lack of public awareness and understanding about how the system works. Research conducted for the recent Health Foundation/King’s Fund report reinforced the results of recent public polling: the public are generally not aware how social care is funded, they do not know how to access it and many assume that it will be free because they think they have paid for it through taxation and National Insurance. Many are hostile to the idea of their housing assets being used to pay for it and are unaware that their houses are already included in the means test for care homes. In polling carried out for this report by Ipsos MORI, 56% of people questioned thought that an individual having to use their housing assets to pay for social care was at least somewhat unacceptable compared to 25% who described it as somewhat acceptable.

The system is complex and poorly understood. The public do not like many of its fundamental aspects when they understand it, and believe it is unfair. In the aforementioned polling 44% of people thought the system of means testing for social care was at least somewhat unfair compared to 38% of people who thought it was at least somewhat fair. This underlying lack of knowledge makes it hard for the public to assess any reform proposals when they are put forward, in turn making such proposals easy to attack by political opponents.
Conclusion

Since 1948, there has been huge progress in framing social care as a positive set of ideas, centred around wellbeing and independence, enabling people to live their lives to the full and have control over their care and support. But the restrictions of public funding, coupled with growing demand as people live for longer, have led to a gap between reality and vision. All four UK countries are facing similar challenges, even though their social care systems differ. Users of social care, and their informal carers, are shouldering a great deal of these pressures, and there are increasing indications that unmet social care need is spilling over into health services.

One of the objectives behind the creation of the NHS was, in the words of the 1948 leaflet announcing its creation to the public, ‘to relieve your money worries in time of illness’. The reality facing most people who develop social care needs today is that they are likely to have money worries but are not aware of it in advance. A sustainable solution to social care funding is likely to need an uncomfortable process of public education and of political collaboration.
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References


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To mark the BBC’s coverage of the NHS’s 70th birthday in July 2018, researchers from the Health Foundation, Institute for Fiscal Studies, The King’s Fund and the Nuffield Trust have joined forces for the first time, using combined expertise to shed light on some of the big questions on the NHS.

The Health Foundation

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK. Our aim is a healthier population, supported by high quality health care.

Nuffield Trust

The Nuffield Trust is an independent health think tank. 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.

Institute for Fiscal Studies

The Institute for Fiscal Studies is Britain’s leading independent microeconomic research institute. The goal of the IFS is to promote effective economic and social policies by better understanding how policies affect individuals, families, businesses and the government’s finances.

The King’s Fund

The King’s Fund is an independent charity working to improve health and care in England. We help to shape policy and practice through research and analysis; develop individuals, teams and organisations; promote understanding of the health and social care system; and bring people together to learn, share knowledge and debate. Our vision is that the best possible health and care is available to all.