Proposed social care reforms in England

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The UK Government has published a number of plans for English social care. From April 2022 payroll taxes will rise by 1.25%. Until 2025 the additional revenue will be allocated mainly to the National Health Service; just £1 in £7 will go to social care. In England, from October 2023 new eligibility rules will raise the assets limits for public funding for care and limit lifetime individual liability for care costs to £86,000 (€102,270). As well as funding the cap on care costs, the new revenue will also fund increases in housing-based support and investment in the care workforce. However, the funding will generate much less than the amounts needed to overcome the crisis in the availability and quality of care; without improvements in recruitment and pay, an acute workforce shortage will also continue.

Description

Despite demographic pressures, a decade of austerity policies has cut English local authority (responsible for social care) budgets by 49%. Eligibility for publicly-funded care has tightened to only those with the highest need; care providers are going out of business or accepting only higher fee-paying private clients; and 1.5 million older people are estimated to have unmet care needs. Currently those with assets over £23,250 (€27,650) must pay the full cost of residential care, creating political concern about older people having to sell their homes (thus reducing inheritable wealth). There is also a major care workforce crisis, exacerbated by the pandemic and Brexit, with an estimated 100,000 vacancies out of a 1.6 million workforce.

During autumn 2021, the UK Government published several proposals for social care (residential and community-based services for working age and older adults). From April 2022, National Insurance Contribution (NICs) rates paid by employees and employers will rise by 1.25%. This "Health and Social Care Levy" will be ring-fenced exclusively for health and care. Until 2025, most will go to the National Health Service (NHS) to tackle a huge post-pandemic treatment backlog, with only £5.4bn (€6.4bn) allocated, over 3 years, to social care.

From 2023 both the lower and upper assets limits on eligibility for public care funding will rise; those with savings up to £100,000 (€119,000) will become eligible for some support. No one will pay over £86,000 (€102,270) for care over their lifetime; once the cap is reached, local authorities will take over all care funding. These measures will cost £3.6bn (€4.3bn).

The remaining £1.7bn (€2.02bn) additional Levy funding will go to implementing a "Ten Year Vision" for social care. This includes £300m (€357m) to develop housing-based care options; more funding for housing repairs and adaptations to help people continue living at home; £150m (€178m) for new technology and digitisation in care services; £500m (€595m) to improve care worker training and career progression (particularly for social care managers) and occupational health; £25m (€30m) for family carer support; and £100m (€119m) to improve planning and promote and scale up innovation.

Further measures were announced in December 2021 to address the acute workforce crisis: a short-term fund to boost staff recruitment and retention over the winter months through redeployment, incentive and overtime payments; a "Made with Care" publicity campaign to boost recruitment; and the designation of care work as a "shortage occupation", to be placed on a "fast track" immigration visa list to facilitate inward workforce recruitment previously hit by Brexit.

Outlook and commentary

The measures introduce the principle that the welfare state carries risk for very high care costs. A further 150,000 older people will receive public funding towards their care costs, on top of the 850,000 currently receiving (some) local authority-funding, while those with assets between £23,250 (€27,650) and £100,000 (€119,000) will qualify for some help. The bulk of the

£5.4bn (€6.42bn) Levy allocated to social care will go to fund these measures, leaving only £1.7bn (€2.02bn) for service improvements. Even the promised £500m (€595m) for workforce development is small for a care workforce of 1.5 million with an estimated 40% annual turnover and 150,000 current vacancies.

Despite initially prioritising the NHS for new Levy funding, the post-pandemic treatment backlog is so large that there are doubts it can be cleared by 2023 and allow the Levy to be reallocated to social care, particularly as the NHS will also continue to experience demographically-driven funding pressures.

The cost of implementing the cap will be high; all social care service users will have to be assessed (and regularly reassessed as needs change) and personal care accounts set up so that eligible costs can be recorded. Only the costs of personal care incurred after October 2023 will count towards the £86,000 (€102,270) cap. Care home residents will still have to pay for accommodation and food, which can be as high as £20,000 (€24,000) a year. Only care that the local authority would have funded will count towards the cap, thus excluding, for example, low level preventive services like shopping and cleaning. Most controversially, the cap is a fixed sum rather than a proportion of assets, so relatively poor people could see all their savings wiped out (apart from the last £20,000 [€24,000]), whereas £86,000 (€102,270) will constitute only some of the savings of asset-rich care users. The cap will therefore disproportionately benefit those with higher assets and exacerbate regional wealth inequality (house values are far higher in southern than northern England).

The changes do not benefit growing numbers of working age people (e.g. with learning disabilities and autism), who currently absorb half of local authorities' care budgets. Unlike wealthy older people they generally have low incomes, no savings/assets and are wholly dependent on publicly-funded care. They will therefore continue to experience tightly rationed and poor quality public care.

Currently many care providers charge higher fees to privately-paying clients to cross-subsidise below-cost local authority fees; residential home self-funders typically pay up to 40% more than local authority-funded residents. There will be no financial support for any "top up" charges imposed by care homes to cover this gap. Without this cross-subsidy, more providers are likely to go out of business in a market that is already struggling with widespread closures.

NICs are regressive. As a payroll tax, most older people will not contribute to the Levy (apart from dividend income). The income threshold for NICs is lower than income tax, so low paid employees, including care workers, will contribute; the increased employers' contribution will also affect the wage bills of struggling care providers.

It is difficult to assess how effective the short-term workforce recruitment and retention measures will be without a significant increase in care worker pay, as care employers will continue to compete with other, less demanding, minimum wage sectors. Workforce shortages are having a serious impact on the availability of both residential and domiciliary care, with a knock-on effect on timely discharges from hospital.

Overall, the proposals fall far short of the measures needed to stabilise and improve a collapsing social care sector. Local authority leaders estimate up to £5.9bn (€7.02bn) more is needed each year up to 2025 to address unmet needs, increase care worker pay and stabilise the residential and domiciliary care provider markets.

Further reading

Association of Directors of Adult Social Services 2021 Spring Survey: https://www.adass.org.uk/adass-spring-survey-21

HM Government 2021 Build Back Better: Our Plan for Health and Social Care CP506 www.gov.uk/official-documents

House of Commons Public Accounts Committee (2021), Adult Social Care Markets: https://committees.parliament.uk/publications

Kings Fund (2021), What will the Government's proposals mean for the social care system? https://www.kingsfund.org.uk/publications/government-proposals-social-care-system

Made with Care recruitment campaign https://www.gov.uk/government/news/famous-faces-urge-people-to-take-up-a-career-in-care

Workforce Recruitment and Retention Fund for adult social care https://www.gov.uk/government/publications/workforce-recruitment-and-retention-fund-for-adult-social-care/workforce-recruitment-and-retention-fund-for-adult-social-care

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