

Communities and Local Government Committee
Adult Social Care Inquiry
Submission by the National Pensioners Convention

Introduction

1. The National Pensioners Convention (NPC) is Britain's largest pensioner organisation representing around 1.5m older people, active in over 1000 affiliated groups across the UK. The NPC is run by and for pensioners and campaigns for improvements to their income, health and welfare.
2. Over the last few years it has become widely accepted that the existing social care system suffers from a number of inherent problems; namely its complexity and subsequent lack of public awareness, the unfairness of means-testing, a postcode lottery of funding, the unfair financial 'surcharge' placed on self-funders and little support for family carers. In addition, there are concerns surrounding the standards and quality of care services such as the 'flying' 15 minute visits, the training, remuneration and employment conditions of the care workforce and the lack of a robust and effective regulation and monitoring of care providers. The system is therefore in urgent need of radical and far reaching reform.

Background

3. The Care Act was passed in May 2014 and has been widely seen as the government's response to this crisis. However, this approach has effectively been looking in the wrong direction when it comes to tackling fundamental issues such as chronic underfunding, poor quality services and the rights of those in care to be treated in a dignified way.
4. At the heart of the problem is the false separation of medical care funded by the NHS through taxation and social care that is provided largely by local authorities in the community and means-tested. Over the last 30 years there has been a systematic attempt to redefine illnesses affecting old age as "social" rather than "medical"; resulting in thousands of frail elderly people with complex health problems being removed from receiving free NHS medical care and moved into the community – either in their own home or in a residential home – to receive social care. This has led to the perverse situation where those suffering from Alzheimer's disease are classed as needing social care rather than medical treatment and routinely left to fund themselves under a means-tested system. Effectively, successive governments have turned the clock back – first to the pre-WWII situation of making local authorities responsible for the care of the chronic sick and aged, and then offering them limited access to means-tested services largely provided by private companies or the voluntary sector.
5. The NPC believes that it is therefore time for a longer-term, fairer and more sustainable solution: a National Health and Social Care Service (NHSCS) funded through general taxation and free at the point of use, along the lines of the NHS model.

The ‘perfect storm’ facing social care

6. The committee’s inquiry into adult social care is extremely timely, given the various factors that have created a ‘perfect storm’ which threatens the entire system. Essentially these elements include:
 - Severe cuts to funding; of a service that was already widely seen as the Cinderella of the care system
 - Growing demand, accompanied by a tighter rationing of services and a reduction in the number of people receiving support
 - The decline of support and preventative services in the community, leading to an acceleration of illnesses and conditions putting greater strain on the NHS and care services
 - A funding model of many private care providers that is unsustainable
 - Rising costs of care, including the need to pay staff the Living Wage
 - The accumulation of continued failure by successive governments to adequately address these problems, including the recent decision to delay the introduction of a cap on care costs and the limited effect of the recent 2% council tax precept
7. Since 2011, government cuts have resulted in a £4.6bn reduction in social care budgets in England, which represents a real terms net budget cut of 31%, with 40% of all savings coming from cuts to frontline services. This has inevitably led to increasing numbers of older people being denied access to care and support¹.
8. The latest figures from the Health and Social Care Information Centre show there were over 1.8 million new requests for help in 2014/15, but of those, 520,000 got no help at all and 575,000 were re-directed to charities or phone helplines. The shocking reality is that only 144,000 people actually received publicly funded, long-term help².
9. As a result of the cuts, more than a million older people in England now have at least one unmet need for social care, compared to 800,000 in 2010³. This means they receive no help from their local authority, family or friends. For example, around half of those older people who have difficulty bathing or getting dressed without help are receiving no support. This puts extreme pressure on unpaid carers, especially older carers who are struggling to do their best and care for their loved ones, whilst suffering from their own health problems. Currently one in five people aged 65 and over carry out a caring role and this figure is likely to increase over the coming decades.
10. According to the Office for National Statistics, over the next eight years the number of over 85s is expected to grow by a third, and it is this older age group that are most at risk from dementia and other disabling health problems.

¹ Health and Social Care Information Centre; “Personal social services: expenditure and unit costs, England – 2014-15, Final release: national expenditure,” Health and Social Care Information Centre 2015

² <http://www.itv.com/news/2015-10-06/more-than-half-a-million-people-miss-out-on-adult-social-care-after-years-of-budget-cuts/>

³ Forder and Fernandez (2011) The cost of Social Care for older people: the importance of unit cost growth. PSSRU analysis for Age UK, 2011

Disability-free life expectancy is also rising more slowly than life expectancy – meaning that people are likely to be living in older age for more years with a disability than ever before. Demand for services is therefore going to increase.

11. Cuts in support for preventative and community-based services have also had an impact on the health and care system. For example, state spending on meals on wheels has halved in the last three years and approaching two-thirds fewer older people now receive them at home. A similar pattern can be seen as regards day care (including day centres) and whilst spending on aids and adaptations has increased by 7% in the last three years, fewer people are benefitting.
12. But the problems in the care sector are not simply about the amount of funding in the system. The BBC recently reported that around 5000 care homes – a quarter of all establishments were at risk of closure because they carry too much debt, and many of the owners have claimed this is because they are unable to afford the new Living Wage for staff and cope with cuts in the amounts that local authorities are willing to spend on their services. However, the deeper problem is the nature of the financial model these companies have adopted.
13. According to The Centre for Research on Socio-Cultural Change (CRESC), many large care home chains are rife with dubious financial engineering, tax avoidance and complex business models that shift risk and costs from care home owners to staff, the state and private payers. For example, when Four Seasons went bust, it was purchased by private equity firm Terra Firma and now consists of 185 companies registered in numerous jurisdictions, including multiple tax havens. Ironically, the same owners of this company have lamented the lack of state funding for the sector. CRESC suggests that given the large amount of public money going into the sector, it is necessary that the business models and financial practices of its recipients are open to greater public scrutiny and accountability⁴.
14. Recent figures show that care home bills have risen by an average of £2,400 in just two years⁵ and one million families have been forced to sell their home in the past five years to meet the cost of paying for residential care⁶. Research by the Association of Directors of Adult Social Services (ADASS) also suggests the £16bn budget for social care is likely to be cut by a further £800 million by service directors in the current financial year. ADASS point out that in the three years since the austerity programme began, £2.68bn in “savings” have been made by adult social care, concluding that “without additional investment from that already planned, an already bleak outlook becomes even bleaker”⁷.
15. When the government announced it would save £6bn by deciding not to implement the cap on social care costs until at least 2020, many expected that at least some of that money would find its way into the sector. However, none of this

⁴ CRESC, Where does the money go? Financialised chains and the crisis in residential care, 2016

⁵ www.telegraph.co.uk/health/elderhealth/10274530/Care-home-bills-rise-by-2400-in-two-years.html

⁶ www.telegraph.co.uk/finance/personalfinance/10283259/Elderly-care-crisis-claims-a-million-family-homes.html

⁷ ADASS, “Social care funding: a bleak outlook is getting bleaker”, www.adass.org.uk/index.php?option=com_content&view=article&id=914&Itemid=489

saving has been allocated to social care and public resources are increasingly focused on those with the greatest needs.

16. Yet there is clear evidence that older people who pay for their own residential care are subsidising the state. In 2012/13 local authorities paid an average £492 in real terms for a care home place a week, compared to an overall average cost of £538 paid by self-funders; who make up the majority of all residents⁸.
17. Given these very serious, and in many cases, long-standing problems associated with the social care sector, it is damning that successive governments have been unable or unwilling to tackle them. Although most councils took advantage of the freedom to add up to an additional 2% council tax precept to pay for social care, the move raised just £380m of the £2bn which had been predicted. It was also clear that the least income was generated in the poorest areas where the need for social care was greatest.
18. The policy clearly failed, but more serious was the government's decision to scrap the proposed £72,000 cap on residential care costs, within weeks of winning the 2015 general election. Prior to the announcement, the Institute and Faculty of Actuaries (IFoA) reported that pensioners would be in for "a bit of a shock" if they thought the care cap was going to help them pay their care bills and calculated that the £72,000 limit was likely to benefit just 8% of men and 15% of women⁹.
19. However, the truth about the care cap was revealed in May when Health Secretary, Jeremy Hunt appeared before the select committee and admitted that one reason for shelving the proposal was because a private insurance market couldn't be created to go with it. In fact, he said the entire policy had been "designed" to encourage life insurance firms to enter the market. Put simply, the centre piece of the 2014 Care Act was little more than a sham.
20. However, what is extremely worrying is that because the social care system has long been the Cinderella service of the welfare state, it has encouraged low expectations from those who it is supposed to support. Many individuals have modest desires about what help they might get when entering the system. Many feel they are receiving less support than they need – or are trying to muddle through without any help or guidance. That is why we need a different approach.

The case for a National Health and Social Care Service

21. The latest evidence from the British Social Attitudes survey, conducted by NatCen Social Research, asked the public how social care should be funded¹⁰. Almost half, 48% said the government should meet the cost of care through taxation. A further 22% said there should be a limit on how much an individual

⁸ Laing and Buisson; "Care of older people: UK market report 2013/14," Laing and Buisson 2015

⁹ <http://www.theactuary.com/news/2014/05/ifo-majority-of-pensioners-wont-hit-social-care-cap/>

¹⁰ How does the public think we should fund social care?, Richard Humphries, King's Fund Blog, 25 February 2016

should pay, whilst only 25% favoured the current system. This majority view also chimes with the most recent independent analysis of the issue.

22. The King's Fund has called for a wider debate about how to fund social care that goes beyond the Dilnot recommendations¹¹ and the Barker Commission has identified at least some areas where social care should be free at the point of delivery¹². Former health minister, Dr Dan Poulter has also called on the government to tackle the funding crisis in care by using a hypothecated part of national insurance to foot the bill¹³.
23. Fundamentally, society has to consider why the responsibility for funding the care of older people rests with the individual, rather than on society as a whole in the same way that the NHS, education and defence are financed. Of course there is the artificial divide between medical and social care and the urge to move older people out of hospitals and into the community as quickly as possible, but there is also the expansion of the hugely profitable private sector, whose aims are beginning to look incompatible with the needs of vulnerable pensioners. The answer must therefore lie in the creation of a publicly funded National Health and Social Care Service (NHSCS), free at the point of delivery, that can provide high quality and comprehensive care that meets individual needs.
24. The Wanless Social Care Review of 2006¹⁴ summarised the amount of money in circulation in the adult social care system at that time as follows:
 - £8bn spent by local authorities (largely funded through central government grant)
 - £1.6bn was recouped through means-tested charges on individual users
 - £3.7bn was paid through tax-funded disability benefits (Attendance Allowance and care component of Disability Living Allowance)
 - £3bn was spent by the NHS on the long-term care of older people
 - £3.5bn was spent privately in residential and nursing homes
25. This gives an existing total spend on social care of £19.8bn including the NHS contribution. A more recent House of Commons Library calculation also showed that in 2011/12 total net expenditure on social care for the over 65s would be £7.4bn – very near the Wanless figure for the amount local authorities spend on social care.
26. A NHSCS would not only change the way in which social care was funded, but also address the issues of quality and standards. Care would be paid for through taxation – rather than being means-tested, and in addition, it would seek to professionalize the social care sector with improved training, staff conditions and regulation.

¹¹ King's Fund, *Paying for Social Care: Beyond Dilnot*, www.kingsfund.org.uk/sites/files/kf/field/field_publication_summary/social-care-funding-paper-may13.pdf

¹² A new settlement for health and social care, Barker Commission, September 2014

¹³ www.theguardian.com/society/2016/aug/27/uk-needs-new-tax-to-save-nhs-social-care-from-collapse

¹⁴ Securing Good Care for Older People, Wanless Social Care Review, King's Fund 2006

27. As a step towards this we could provide free domiciliary and residential care to all existing users, and in addition an improved NHSCS could also take account of the following unmet needs:

- Provision of services for those older people who have low or moderate care needs and are currently excluded from the system
- Improved terms and conditions for care staff
- Improved regulation and monitoring

28. The total cost of such a social care system could therefore be estimated to be nearer an additional £10bn – or around 1% of total government spending. If however, a comprehensive NHSCS was truly inclusive, it could be argued that there would be significant savings from other areas of care expenditure that could help to reduce the tax bill.

29. The choice we face as a society is to therefore find the additional funding by diverting existing spending from one area to another, accepting the need to pay additional tax – if necessary through income tax, national insurance, inheritance tax, a levy on wealthy estates or a combination of the various options. In this way the cost and risk of social care would be shared appropriately across those who are best able to pay, whilst removing means-tested care and the postcode lottery of charges, alongside the need to sell one's home to pay for care.

Conclusion

30. The challenge of an ageing population will clearly demand that society provides for their needs, even if it means reordering the priorities for public spending. There is no evidence that today's workers are not willing to pay sufficient taxes to fund the kind of system that they wish for their parents and themselves as they get older.

31. Throughout the ongoing debate on the future of social care, it is vital that any proposal is judged against certain key principles, namely:

- That services are delivered free at the point of need
- Funding is shared across society as a whole and not based on either pensioners paying for pensioners or just those individuals that are affected
- Services offer more than the current system; widening access and improving the quality of care, especially in the area of dignity and safeguarding

32. Almost twenty years ago in 1997, the British Geriatrics Society produced a series of expectations and recommendations for the care of older people. Their proposals stated that health and care services should aim to: "Enable older people to lead as full and independent a life as possible as active members of the community; provide comprehensive health and social service to support people in their own homes; ensure dignity is preserved and distress minimised at all times, ensure training and high professional standards are established and maintained by all staff."¹⁵

¹⁵ Standards of Medical Care for Older People, British Geriatrics Society, February 1997

Whilst current social care policy has in no way met this aim, it is still an ideal for which society should continue to strive.

**National Pensioners Convention
Walkden House
10 Melton Street
London
NW1 2EJ
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