

Parliamentary Briefing

How will the Government's social care proposals help older people?

September 2021

Introduction

This briefing responds to reports that the Prime Minister will announce his proposals for reforming and refinancing social care on Tuesday September 7th. It assumes a cap on catastrophic care costs will be central and the attached table shows how it would make things better for older people who need care, and just as importantly how it wouldn't. We also include some questions you may find it helpful to ask, if the opportunity arises.

There is considerable 'devil in the detail' of any cap and the levels at which it and the means test that governs access to it are set really matter. However, the overall comparison between different reform packages in the table holds true regardless. It shows that while a cap deals with some important problems bedevilling social care it by no means tackles them all. It determines how much financial help older people may receive in paying for care, but doesn't bring any more money into a beleaguered social care system, and this latter factor is key.

Age UK's position

The discussion we are having now about reforming social care should have happened at least a decade ago and in the meantime many other countries have raced ahead of us. Today, as the pandemic showed, England's older people are left with a grossly underfunded and understaffed set of services which often fail to meet even their own modest expectations. This cannot be allowed to continue. Now is the moment for fundamental reform and the opportunity mustn't slip away again. It is a once in a generation chance.

Age UK wants a balanced set of measures: we know a cap will be central but this will not be enough for the Prime Minister's promise to 'fix social care' to be considered fulfilled unless at the very least we also see a big injection of cash into councils' care budgets and a serious start at rebuilding the care workforce. Age UK has not been lobbying Government on how the money should be raised, considering this to be a political choice. Our position is simply that as everyone stands to gain from a better social care system, everyone should play a part in funding it, ideally in a progressive way. What's crucial to us is that there's enough extra funding produced as a result, so older and disabled people really see the difference.

Can a cap on care costs fix the social care crisis?



	Option 1 • Cap on care costs	Option 2 • Cap on care costs • £6.1bn fund to ensure system can meet expected growth by 2030/31	Option 3 • Cap on care costs • £8.9bn fund to meet expected growth and improve access to state care by 2030/31 • Social care workforce strategy, incl. registration of the care workforce	Option 4 • Cap on care costs • £14.4bn fund to meet expected growth, improve access to state care and pay more for care by 2030/31 • Formal widening of eligibility criteria for state support • Social care workforce strategy, incl. registration of care workforce • A new deal for informal carers
Enables Government to fulfil their promise to 'fix social care'	X	X	X	✓
Protects people from having to sell their home to pay for their care	✓	✓	✓	✓
Protects people from catastrophic care costs	✓	✓	✓	✓
Increases funding in the system	X	✓	✓	✓
Enables the current system to meet expected growth over next 10 years	X	✓	✓	✓
Enables current system to increase quantity of care on offer (to address gaps in care plans)	X	X	✓	✓
Enables improvements to quality of care services (i.e. sufficiency of services to meet complex needs)	X	X	X	✓
Increases the number of people eligible for some state funding	✓	✓	✓	✓
Improves access to state funded care services with widened needs eligibility criteria	X	X	✓	✓
Enables services to focus on prevention and early intervention	X	X	✓	✓
Addresses short term and long-term workforce shortages	X	X	✓	✓
Enables professionalisation of the workforce, with improved T&Cs	X	X	✓	✓
Promotes innovation in the sector to adapt services for growing and complex needs	X	X	X	✓
Improves state support for informal carers	X	X	X	✓

Questions to explore regarding proposed social care funding reforms

1. Implementation of a cap

The degree to which a cap will provide genuine benefit to individuals in need of care and support depends on a number of factors. The overall level of the cap is just one. The way in which the cap is implemented, what it covers and, critically, how contributions towards the cap are assessed all matter a great deal as well.

Key questions include:

- ***Will people's true 'out-of-pocket' costs count towards the cap?***

Councils typically pay much lower rates to care providers than people paying for their own care. For example, a self-funder in a care home is paying on average 40% more than a council for exactly the same service¹. Councils are able to leverage their position in the market to secure rates that are simply not on offer to private consumers. The fact that self-funders subsidise 'below cost' council rates is an open secret. Without this subsidy many care providers – the majority of which are SMEs – would simply cease to be viable. To be realistic and fair, a cap must count people's true out-of-pocket costs, rather than the notional 'council rate' which would mean a large proportion of people's actual expenditure would never count towards the cap, as well as leave them paying significant 'top ups' (potentially hundreds of pounds a week) even after they have reached the cap.

- ***How will contributions towards cost be assessed under the means test? Will other thresholds and income guarantees be uprated as well?***

Under the current system, individuals still have to contribute to the cost of their social care, even if they are eligible for state support. After disregards have applied, the person is charged from their income over a set weekly threshold. The state guarantees a minimum income after these contributions have been taken - for example, in permanent residential care, this is a '*personal expenses allowance*' of £24.90 and in non-residential care, a single person of State Pension age or over is guaranteed £189 a week. These income thresholds have not been increased to reflect the cost of living in recent years. Furthermore, the current capital threshold of £23,250, under which the person is entitled to local authority financial support, has been frozen at this level since 2010/11. If they had kept up with inflation since 2010/11 it would be nearly £6000 (£5995) higher than it now. To be realistic, thresholds and income guarantees detailed in charging guidance must be uprated to reflect the true cost of living.

- ***Will hotel costs be capped at a reasonable rate?***

It is extremely difficult in reality to disaggregate 'hotel costs' from 'care costs' in a residential care home. The principle that people should continue to pay their living costs makes sense, but it is important that these are reasonable and fair to prevent costs being transferred by stealth from councils to individuals.

- ***Will the level of the cap vary by age?***

The Dilnot Commission originally proposed a variable cap depending on the age at which someone first acquired a need for care and support. The Commission recognised that younger disabled adults, or individuals with life-long care needs, were much less likely to have the opportunity to save or build up assets. Therefore it would be fair to implement a variable cap starting at £0 for people already in need of care and support on turning 18, rising incrementally from mid-life in state pension age.

2. The overall reform package

While a cap on care costs and better means tested support will come as a huge relief for older and disabled people facing crippling bills for their care, alone it will not fix the crisis in social care. Government needs to deliver a comprehensive package of reform if we are to put in place a fair, sustainable social care system, capable of meeting people's needs and ensuring they can live a full and dignified life.

- ***Will this reform package extend the quantity and quality of care on offer to individuals?***

The current care system is stretched beyond its limits. As a result many people receive minimal support, while others have seen their care packages cut back, as councils have had to spread their resources ever more thinly. Age UK estimates that even before the pandemic there were 1.6 million older people living with some level of unmet need for care. The grim

reality is that in many cases people do receive some form of help – either from family and friends or the care system – but that it is simply not enough. Too much of the help on offer is poor quality as well, either because carers themselves are just not given the time to do the job required or because services are poorly resourced. A reform package must ensure councils are properly funded to meet people’s needs and work with the sector to improve the quality of services on offer.

- ***Will this reform package extend social care to more people in need of help and ensure support reaches people before they hit crisis point?***

The other consequence of rising demand and constrained funding is that councils have had to progressively raise the eligibility thresholds for care and support. It is widely acknowledged that people now need to be at a much more acute level of need before they qualify for help. A reform package must reverse this trend, ensuring people have access to care before they reach a critical stage and reinstate preventative support.

- ***Will this reform package improve terms and conditions for care workers? Will it put in place a comprehensive strategy to ensure the care sector has the workforce it needs?***

Terms and conditions for care workers are notoriously poor. In 2019/20 the average annual salary for care workers was just £16,900ⁱⁱ. Nearly 60% of care workers are paid less than the National Living Wageⁱⁱⁱ, while 73% of care workers are paid below the Real Living Wage. The majority of UK supermarkets pay and jobs in sales, retail and cleaning all pay more on average than care work^{iv}. A quarter of the social care workforce are on zero-hours contracts, including more than 50 per cent of the domiciliary care workforce^v. All this goes a long way towards explaining why there are more than 100,000 vacancies in the sector. In domiciliary care, where the majority of people receive social care support, the sector experiences the highest vacancy and turnover rates of any role in care at 10.6% and 38.8% respectively^{vi}.

Ensuring services are remunerated at a rate that allows them to improve terms and conditions as well as invest in training and development of their workforce is essential. A reform package will also need to include plans for fully funded workforce strategy.

- ***Will this reform package ensure informal carers get the support and recognition they deserve?***

The vast majority of care is and always has always been provided on an unpaid basis by families and friends, however in recent years the numbers of people providing a form of unpaid care have risen rapidly^{vii}. Many of these carers are older people themselves, with an estimated 2 million carers over the age of 65, of whom 417,000 are aged 80 and over^{viii} and around two thirds of carers over the age of 60 living with long-term health problems or a disability^{ix}. Carers need and deserve far more support than they currently receive in order to carry on supporting their loved one. Any reform package needs to explicitly acknowledge the vital work they do and set out how the system will provide more to help.

If you would like further information on this issue, please contact Age UK’s Head of External Affairs, Angela Kitching: angela.kitching@ageuk.org.uk or 07825 724 296

ⁱ <https://assets.publishing.service.gov.uk/media/5a1fdf30e5274a750b82533a/care-homes-market-study-final-report.pdf>

ⁱⁱ <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-state-of-the-adult-social-care-sector-and-workforce-2020.pdf>

ⁱⁱⁱ <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Pay-in-ASC-sector-2020.pdf>

^{iv} <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Pay-in-ASC-sector-2020.pdf>

^v <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

^{vi} <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

^{vii} https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Research/The_Health_and_Care_of_Older_People_in_England_2016.pdf?dtrk=true

^{viii} https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Research/The_Health_and_Care_of_Older_People_in_England_2016.pdf?dtrk=true

^{ix} https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/health-wellbeing/age_uk_briefing_state_of_health_and_care_of_older_people_july2019.pdf