

The Health Foundation's supplementary evidence to the Health and Social Care Select Committee inquiry on *social care: funding and workforce*

25 June 2020

About 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 that can be equitably accessed. We learn what works to make people's lives healthier and improve the health care system. From giving grants to those working at the front line to carrying out research and policy analysis, we shine a light on how to make successful change happen.

Supplementary evidence

This submission is supplementary to The Health Foundation's written response to the Health and Social Care Select Committee's inquiry on *social care: funding and workforce*. Our initial response was submitted on Friday 5th June. Our supplementary evidence responds to additional questions asked by the Committee, and provides further detail following Anita Charlesworth's oral evidence to the Committee on Tuesday 9th June. The evidence is split into five sections based on issues being addressed by the Committee.

Consistent with our first written response, our supplementary evidence highlights the long-standing funding and workforce challenges facing the adult social care system, which are currently being compounded by the COVID-19 pandemic. The case for additional funding and reform is compelling and urgent.

1) Numbers of people being supported by the social care system

This section presents data on the number of people in England in receipt of long-term support from their local authority in 2018-19. There are two measures presented: the numbers receiving care at any point during the year, and the snapshot of people receiving care at the end of the year. Numbers receiving care at any point in the year will generally be higher, as throughout the year there will be people who start and stop receiving care for a variety of reasons. Subsequent tables 2.1 and 2.2 use the snapshot of people receiving care at the end of the year when looking at the trend over time. Numbers are generally rounded and will therefore not correspond directly to the published sources.

Table 1.1: Approximate number of people receiving long-term support from their local authority in England, 2018-2019¹

	Younger Adults (aged 18-64)	Older People	Total
Numbers receiving long-term support at any point in the year	293,000	548,000	842,000
Percentage of total	35%	65%	
Snapshot of numbers receiving long-term support at the end of the year	255,000	381,000	637,000
Percentage of total	40%	60%	

Table 1.2: Approximate number of younger adults and older people receiving long-term support from their local authority in England, by setting, at any point in the year 2018-2019²

	Number of younger adults receiving long-term support (any point in year)	% of younger adults	Number of older people receiving long-term support (any point in year)	% of older people
Nursing	7,000	2%	74,000	13%
Residential	39,000	13%	141,000	26%
Community	247,000	84%	333,000	61%
Prison	200	0.1%	200	0.03%
Total	293,000		548,000	

¹ Table 33 and table 38, Adult Social Care Activity and Finance Report, England - 2018-19, NHS Digital, 2019; numbers round so will not match identically with original sources.

² Table 34, Adult Social Care Activity and Finance Report, England - 2018-19, NHS Digital, 2019; numbers round so will not match identically with original sources. Percentages calculated on rounded figures.

Table 1.3: Approximate number of younger adults and older people receiving long-term support from their local authority in England, by setting, at the end of the year 2018-2019

	Number of younger adults receiving long-term support (snapshot at the end of the year)	% of younger adults	Number of older people receiving long-term support (snapshot at the end of the year)	% of older people
Nursing	6,000	2%	48,000	13%
Residential	35,000	14%	102,000	27%
Community	214,000	84%	231,000	61%
Prison	100	0.04%	100	0.03%
Total	255,000		381,000	

2) The changes in numbers of people receiving care at the end of year compared to need for social care (2014/15 – 2018/19)

The data in these tables are based on a snapshot of the numbers at the end of each year. The comparable tables in section 1 are noted in the table titles.

Older people

Table 2.1: Approximate number of older people receiving different types of care from 2014/15 onwards (based on a snapshot of data at the end of the year, comparable to data above in table 1.3). This is the period for which comparable data is available.

Year	Residential care	Nursing care	Community care	Total	Estimated older adults with ADL needs*
2014/15	108,000	49,000	251,000	409,000	1,080,000
2015/16	107,000	50,000	248,000	405,000	1,103,000
2016/17	105,000	49,000	246,000	400,000	1,120,000
2017/18	101,000	48,000	239,000	388,000	1,138,000
2018/19	102,000	48,000	231,000	381,000	1,160,000
Absolute change (2014/15 to 2018/19)	-6,000	-2,000	-20,000	-28,000	80,000
Percentage change (2014/15 to 2018/19)	-6%	-3%	-8%	-7%	7%

*Requiring help with one or more Activity of Daily Living
**Numbers are rounded so may not tally.

Source: Health Foundation analysis of NHS Digital data³

³ <https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report>

Younger Adults (aged 18-64)

Table 2.2: Approximate number of older people receiving different types of care from 2014/15 onwards (based on a snapshot of data at the end of the year, comparable to data above in table 1.3). This is the period for which comparable data is available.

Year	Residential care	Nursing care	Community care	Total	Estimated number of younger adults with severe learning disabilities
2014/15	37,000	6,000	205,000	247,000	244,000
2015/16	37,000	6,000	205,000	247,000	251,000
2016/17	36,000	6,000	213,000	254,000	259,000
2017/18	36,000	6,000	212,000	254,000	268,000
2018/19	35,000	6,000	214,000	255,000	280,000
Absolute change (2014/15 to 2018/19)	-2,000	1,000	9,000	8,000	36,000
Percentage change (2014/15 to 2018/19)	-5%	13%	4%	3%	15%

*Numbers are rounded so may not tally

Source: Health Foundation analysis of NHS Digital data⁴

3) The estimated increase in numbers meeting the criteria for publicly funded social care

Older People

- The Personal Social Services Research Unit (PSSRU) estimate the change in the number of older people meeting the criteria for social care support increased between 2015 and 2020 by 1.1% per year. Between 2021 and 2025, PSSRU projects the rate of growth will be 2.7% per year.
- Assuming a constant annual average growth rate across each period, The Health Foundation estimates an increase of approximately 11%, or 46,000, additional older people being eligible for publicly funded social care between 2018/19 and 2023/24.
- Prevalence rates of disability in old age by age group (65-69, 70-74, 75-79, 80-84, 85+) and gender are assumed to remain unchanged, as reported in the Health Survey for England 2011 to 2014.

Younger Adults

- PSSRU estimate the change in the number of younger adults meeting the criteria for social care support between 2015 and 2020 of 2.5% a year; and project a growth rate between 2021 and 2025 of 1.7% a year.
- Assuming a constant annual average growth rate across each period, the Health Foundation estimates an increase of approximately 30,000, or 11%, additional younger adults will need state support between 2018/9 and 2023/24.

⁴ <https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report>

- Prevalence rates of learning disability by age, gender and physical disability at ages 18 to 30 are projected to change in line with projections to 2030 by Emerson and Hatton (2012); and prevalence rates of physical disability at ages 31 to 64 and of mental health needs remain constant by age and gender.

4) **Forecasts of median hourly pay rates for adult social care workers up to 2023/24**

- On current trends, and assuming that care workers' pay increases match the NHS pay deal for 2017-2020, and increase commensurately up to 2023/24, the median nominal hourly pay rate for care workers would increase from just less than £8 in 2018/19 to £10.81 in 2023/24 (Table 4.1).
- This amounts to an increase of 36%. The annual percentage changes are shown in Table 4.2.
- This would mean that care workers' real earnings are forecast to rise by just above the National Living Wage (NLW), which the **latest OBR forecasts** suggest will increase by approximately 32% between 2018/19 and 2023/24.⁵
- The OBR's forecast of the NLW is based on the commitment in Budget 2020 for the NLW to reach two-thirds of median hourly earnings of the relevant population by 2024.⁶

Table 4.1: Updated forecasts for the median hourly pay rates of adult social care workers in the independent sector in England, 2021/22 – 2023/24⁷

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Median hourly pay (nominal)	£7.97	n/a	£9.10	£9.64	£10.20	£10.81
National Living Wage*	£7.83	£8.21	£8.72	£9.20	£9.77	£10.30

Table 4.2: Annual percentage change forecasts for the median hourly pay rates of adult social care workers in the independent sector in England, 2021/22 – 2023/24

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Median hourly pay (nominal)	3.9%	n/a	n/a	5.9%	5.9%	5.9%
National Living Wage*	4.4%	4.9%	6.2%	5.5%	6.2%	5.4%

⁵ In April 2020, the NLW increased to £8.72 per hour, which was approximately **60 per cent** of the median earnings of employees aged 25 and over, a target set in 2015. The government aims **to increase the NLW further to two-thirds of median earnings and to lower its age eligibility threshold to 21 by 2024**, providing economic conditions allow.

⁶ The actual NLW rate will be recommended by the Low Pay Commission each year in accordance with their remit and the state of the labour market and the economy.

⁷ Skills for Care estimates and Health Foundation pay growth modelling

5) Social care spending – UK scenarios & international comparison

Funding scenarios as a proportion of GDP

- The table below presents estimates of the additional funding as a proportion of GDP⁸, in line with the four scenarios set out by The Health Foundation on the size of the funding gap. Please note these percentages are for the UK.
- This is an illustrative estimate to give an idea of the sense of scale relative to current GDP. Current UK spending on long-term care as a proportion of GDP is approximately 1.45%, based on OECD data (source 8 above).
- It does not involve any modelling of future UK GDP and does not account for the impact of the current COVID-19 pandemic. Assuming this is a negative effect, both the current amount spent on adult social care and these estimates would be higher as a proportion of GDP.
- The estimated proportion of spending on long-term care also includes some health spending as well as adult social care spending. We have assumed the 'health component' would grow in line with the social care spending.
- Estimates are based on a calculation of the additional funding Devolved Administrations would receive if social care spending in England was increased (this has been calculated using the Barnett formula⁹).
- In addition, we assume that this funding is spent on adult social care in Devolved Administrations, in addition to existing funding.

Table 5.1: Estimates of additional funding as a proportion of UK GDP in 2023/24, for The Health Foundation's four social care funding scenarios

Scenario	Additional funding required (£ billion)	Additional funding as a % share of GDP
Meet future demand	2.1	0.05%
Meet future demand and increase pay	3.9	0.14%
Recover peak spending	10	0.44%
Recover peak spending and increase pay	12.2	0.55%

Source: Health Foundation calculations using GDP forecasts from the OBR at the Budget 11 March 2020, sourced from <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2020-quarterly-national-accounts>

International comparison

- The chart on the following page illustrates how the UK spends a lower share of GDP on long-term care than the EU14 average.
- This analysis is based on the OECD's definition of long-term care. The OECD uses an internationally agreed and comparable definition of long-term care which in the UK context includes most adult social care spending in addition to NHS Continuing Health Care and Carers allowance.
- The EU14 is the group of countries who were EU member states prior to 2004, minus the United Kingdom.

⁸ OBR forecasts <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2020-quarterly-national-accounts>

⁹ <http://researchbriefings.files.parliament.uk/documents/CBP-7386/CBP-7386.pdf>

The UK spends a lower share of GDP on long term care than the EU-14 average and other comparable OECD countries

International comparisons based on the OECD's definition of long term care which includes social care

