

# **Voluntary Organisations Disability Group Representation to the Housing, Communities and Local Government Committee's inquiry: long-term funding of adult social care**

**April 2021**

## **About VODG**

VODG is the national infrastructure body representing organisations within the voluntary sector who work alongside disabled people. Our members' work is focused on enabling disabled people of all ages to live the lives they choose. VODG believes that an ambitious, trusted and vibrant voluntary sector that works together plays a unique role in achieving this aim. VODG members work with around a million disabled people, employ more than 85,000 staff and have a combined annual turnover in excess of £2.8billion.

## **1. Introduction**

There are 14.1million disabled people in the UK, representing 21% of the population and 19% of working age adults.<sup>2</sup> In England, 21% of the population reports having a disability. The provision of essential services to disabled people in ways that promote independence, choice and control, as well as supporting their carers is a statutory obligation. The hallmark of a fair and equitable society includes fully meeting people's needs and enabling disabled people to have full choice and control over their lives, and to be included in society.

The funding of social care is a long story of sustained political failure to invest. The government has in its power the potential to rebuild a sustainable social care system that prioritises solutions that work for everyone. The pandemic, as well as the workforce implications resulting from a new immigration system and the UK's exit from the European Union, requires the government to urgently set out not just how it will reform the sector, but how it will put it on a sustainable financial footing – and where that money will come from. VODG believes that government needs to work with the public to secure the mandate, and social contract, between citizen and state, for care and support to all those who need it to enable them to live independent and fulfilling lives. To achieve this also requires government to work cross-party to ensure the reforms are lasting.

VODG notices that much of government's social care policy is narrowly framed in term of the direct provision of services and usually for older people. Crudely, the funding of adult social care and whether older people sell their homes to pay for care. The dominant framing is at the expense of a wider appreciation of the role of

asset-based approaches to care and support and the number of disabled people that are supported to live independently.

VODG therefore welcomes the committee's focus on adult social care and encourages consideration of the issues across the whole sector, of which there are a large number of disability charities operating.

### **How has covid-19 changed the landscape for long-term funding reform of the adult social care sector?**

The coronavirus (COVID-19) pandemic has focussed attention on social care in a way never seen before. It has shone a bright light on long standing systemic issues, including the lack of consistent and sustainable investment in the sector, workforce recruitment and retention challenges, and increasing unmet need, all of which are in urgent need of address. It has also emphasised significant gaps in the government's understanding of the social care market as well as how short-term funding settlements have hampered long-term planning, innovation and investment in care.<sup>1</sup> Throughout the pandemic we have seen the Department of Health and Social Care respond first in relation to care homes for older people, and then, if at all, more widely. Social care for disabled people has, at times, appeared as after thoughts in policy thinking and implementation. It is vitally important for government's approach to shift to an inclusive and balanced consideration for all when considering long-term funding reform. Government cannot afford to ignore disabled people who use social care, and the evidence for current and future demand is compelling.

Research predicts there will be an additional 261,000 working age adults with a mobility, visual or hearing disability and an additional 6,855 working age adults with a learning disability by 2025.<sup>2</sup> The population is also ageing, with the number of people over the age of 65 in England expected to increase by 1.2million (11%) from 2019 to 2025.<sup>3</sup>

The greatest pressure in the social care system is delivering care and support for working age adults, which accounts for 64% of the demographic pressures on adult social care budgets (including 38% relating to services for people with a learning disability), compared to 58% in 2019/20. Older people's services account for 36%.<sup>4</sup> In 2018/19, total expenditure on social care by councils was £22.2billion, but

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<sup>1</sup> National Audit Office (2021) *The adult social care market in England*. <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

<sup>2</sup> Projecting Adult Needs and Service Information (online) LD – Baseline estimates and Moderate or serious physical disability. [www.pansi.org.uk](http://www.pansi.org.uk)

<sup>3</sup> Projecting Older People Population Information System (online) Population by age. [www.poppi.org.uk](http://www.poppi.org.uk)

<sup>4</sup> Association of Directors of Adult Social Services (ADASS) (2020) *Budget Survey 2020*. [www.adass.org.uk/media/7973/no-embargo-adass-budget-survey-report.pdf](http://www.adass.org.uk/media/7973/no-embargo-adass-budget-survey-report.pdf)

expenditure is still below the 2010/11 level, and it does not reflect the increases in population and levels of demand.<sup>5</sup>

Compounding all of these factors, is the impact of COVID-19, of which the severity of the financial impact is still unknown. It is estimated that the social care funding gap, without taking into account the cost pressures resulting from COVID-19 nor the cost of social care reform, could be between £2.1billion and £12.2billion by 2023/24.<sup>6</sup> The cost of meeting increasing demand for services and increasing pay of the adult social care workforce alone could amount to £3.9billion.<sup>7</sup>

The Department of Health and Social Care projects that if current patterns of care continue, around 29% more adults aged 18 to 64 and 57% more adults aged 65 and over will require care in 2038 compared with 2018. Between 2018 and 2038, the total costs of care are projected to rise by 90% for adults aged 18 to 64, from £9.6billion to £18.1billion, and 106% for adults aged 65 and over from £18.3billion to £37.7billion.<sup>8</sup>

COVID-19 has changed the landscape significantly, moving the sector from one subsisting in an already precarious state to one that is reaching a tipping point. Charities have already drawn on their reserves to cover the increased costs associated with delivering support during the pandemic. This situation is not sustainable in the long-term.

Providers face additional costs of more than £6billion as a result of COVID-19 including workforce costs such as PPE, cleaning and additional staffing.<sup>9</sup> These are costs that will need to be met over the long-term. This, alongside the long-standing underinvestment in the sector by central government, means many of the vital care and support services that enable people to live fulfilling and independent lives are under threat, and this will have a direct impact on the lives of disabled people as well as knock-on effect on other public services including the health services.

Increasing levels of unmet need have been exacerbated by the pandemic. Just under a half of directors of adult social services have reported an increase in unmet

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<sup>5</sup> The King's Fund (2020) *Social care 360: expenditure*. [www.kingsfund.org.uk/publications/social-care-360/expenditure](http://www.kingsfund.org.uk/publications/social-care-360/expenditure)

<sup>6</sup> The Health Foundation (2020) *The social care funding gap – our updated estimates and figures explained*. [www.health.org.uk/news-and-comment/charts-and-infographics/social-care-funding-gap](http://www.health.org.uk/news-and-comment/charts-and-infographics/social-care-funding-gap)

<sup>7</sup> *Ibid.*

<sup>8</sup> National Audit Office (2021) *The adult social care market in England*. <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

<sup>9</sup> Local Government Association (2020) *LGA: social care providers face more than £6bn in extra COVID-19 costs*. [www.local.gov.uk/lga-social-care-providers-face-more-ps6bn-extra-covid-19-costs](http://www.local.gov.uk/lga-social-care-providers-face-more-ps6bn-extra-covid-19-costs)

need since March 2020. 11% reported an increase of 6-10%.<sup>10</sup> However, only 4% of directors are fully confident that their budget will be sufficient to enable them to do so; compared to 35% in 2019/20.<sup>11</sup>

The funding provided to local authorities from central government in the form of the temporary and one-off £3.2billion Emergency Funding and subsequent Infection Control Funds, which was aimed at alleviating the financial pressures faced by local authorities during the pandemic, has simply not been enough and falls significantly short of what is needed to address the immediate funding gap as well as look to the future of social care.

The onset of the pandemic has also shone a bright light on the valuable work that social care workers and their organisations carry out across the country to support people in vulnerable circumstances each and every day.

Delivered by over 1.5million people<sup>12</sup>, social care services are a lifeline for many disabled people. COVID-19 has led to wider public recognition of the social care workforce and now is the time to raise the status of those working in the sector and of the services supporting older and disabled people.

Social care is a large and growing workforce, but high staff vacancy and turnover rates remain – and the pandemic has not relieved such pressures. If we are to improve retention rates over the long term, then workforce pay and conditions must be improved so that job seekers see social care as not only a fulfilling career but also one that is financially rewarding. The bedrock to fairly delivered social care services has to be fair pay. To pay more requires additional funding and a professionalisation of social care work so that it can be seen on a par to other valued professions, including those in the health services.

Increases to the national living wage (NLW) and national minimum wages (NMW), have, in principle, always been warmly welcomed by providers. Social care is a labour-intensive sector, and the workforce should be recognised for the essential work they carry out. Indeed, given the impact care staff and the services they provide have on the lives of disabled people, the government should actively seek out solutions that lift disability services out of the low pay sector.

Local authorities expect to spend an additional £1.6billion between April 2018 and March 2021 on meeting the costs of NLW and NMW increases, and this figure does

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<sup>10</sup> ADASS (2020) *Coronavirus Survey Report 2020*. [www.adass.org.uk/media/7967/adass-coronavirus-survey-report-2020-no-embargo.pdf](http://www.adass.org.uk/media/7967/adass-coronavirus-survey-report-2020-no-embargo.pdf)

<sup>11</sup> ADASS (2020) *Budget Survey 2020*. [www.adass.org.uk/media/7973/no-embargo-adass-budget-survey-report.pdf](http://www.adass.org.uk/media/7973/no-embargo-adass-budget-survey-report.pdf)

<sup>12</sup> Skills for Care (2020) *The size and structure of the adult social care workforce in England, 2020*. [www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Size-of-the-adult-social-care-sector/Size-and-Structure-2020.pdf](http://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Size-of-the-adult-social-care-sector/Size-and-Structure-2020.pdf)

not take into account the impact of COVID-19.<sup>13</sup> Increases to the NLW and NMWs need to be properly funded by central government. Furthermore, the implementation of increases must ensure that monies secured to pay for the NLW is cascaded straight to the frontline workforce as reflected in increases in fees paid to social care providers.

While fair and sustainable NLW and NMWs represent an important step towards securing a sustainable workforce, helping to address the recruitment and retention challenges faced across the sector, they also represent significant, unfunded cost pressures for providers, particularly voluntary sector providers which do not recoup these costs through the local authority fees paid to them.

### **How should additional funds for the adult social care sector be raised?**

There is a pressing need for a long-term sustainable funding solution, in order to address the various critical challenges facing adult social care. This is not a new or unexpected challenge. In 2011, the Commission on Funding of Care and Support, chaired by Sir Andrew Dilnot, described the adult social care system as follows<sup>14</sup>:

*“When people then experience the system, many perceive it to be unfair. This is particularly the case when people have to sell their homes, or use up the majority of any assets they have, to pay for care. The current system does not encourage or reward saving, and is poorly understood. People are not prepared, which often leads to poor outcomes and considerable distress.”*

The National Audit Office recently reported that the government’s increasing emphasis on raising permanent funds via increases in council tax through the precept could disadvantage those areas with a lower tax base and a greater demand for local authority-funded provision.<sup>15</sup> When it comes, the government’s policy reforms on the future of adult social care must set out a clear path towards such a settlement, and it must identify a suitable funding solution that could achieve widespread acceptance from the public.

### **Care for working age people**

The need for care for working-age adults is growing fast, but funding options are limited compared to care for older people, because working-age people tend to have fewer financial assets to draw on. For this reason, the state should remain

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<sup>13</sup> ADASS (2020) *Budget Survey 2020*. [www.adass.org.uk/media/7973/no-embargo-adass-budget-survey-report.pdf](http://www.adass.org.uk/media/7973/no-embargo-adass-budget-survey-report.pdf)

<sup>14</sup> Commission on Funding of Care and Support (2011). *Fairer Care Funding*. <https://webarchive.nationalarchives.gov.uk/20130221121529/https://www.wp.dh.gov.uk/carecommissi on/files/2011/07/Fairer-Care-Funding-Report.pdf>

<sup>15</sup> National Audit Office (2021) *The adult social care market in England*. <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

responsible for paying for the cost of all care for those who are without adequate means of their own to pay. There will always be a cohort of people, both working age disabled adults and older people, with insufficient funds or assets to pay for their care. It is vital that increasing and widening the sources of social care funding is not viewed as a reason for cutting funding for state-funded care. This was a key recommendation of the Commission on Funding of Care and Support. Similarly, the Health Foundation and the King's Fund consider a fully tax-funded model as the only plausible solution for care for working-age adults.<sup>16</sup> This does not mean that the issue does not require continued attention, however, and considerable additional funding is required in order to ensure the sustainability of this element of social care provision.

### ***Care for older people***

For older people, a number of approaches to the funding of care might be appropriate. These are not mutually exclusive, nor is the following list an exhaustive one, and it may well be that a combination of approaches is required. Think tanks and academics are well placed to advise on the options in terms of funding older people's care and support. From, for example, free personal care, a cap on lifetime care costs, hypothecated taxation and joint health and social care budgets.

### ***Making effective use of resources***

Whatever approach government adopts for ensuring good funding for disabled and older people, the cost to changing the system may initially sound considerable. However, some of the additional costs can also be mitigated through more effective use of resources. It is widely recognised that adult social care commissioning is in need of urgent reform – damaging competition that focuses on price, and not quality, contracts on care hours rather than outcomes and very little attention given to relationship building between people who use services and providers, and commissioning demonstrate that endless commissioning cycles are not only expensive for all parties but also fail to make the most effective use of the public purse.

### **How can the adult social care market be stabilised?**

For 2019-20 financial year, the Department of Health and Social Care assessed that the majority of local authorities paid below the sustainable rate for care home placements for adults aged 65 and over and below the sustainable rate for home care. The Department does not challenge local authorities who pay low rates.<sup>17</sup>

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<sup>16</sup> Health Foundation and King's Fund (2018) *A fork in the road: Next steps for social care funding reform*. [www.health.org.uk/sites/default/files/upload/publications/2018/Fork-in-the-road-Next-steps-for-social-care-funding-reform.pdf](http://www.health.org.uk/sites/default/files/upload/publications/2018/Fork-in-the-road-Next-steps-for-social-care-funding-reform.pdf)

<sup>17</sup> National Audit Office (2021) *The adult social care market in England*. <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>



Despite the vital work they carry out, voluntary sector providers are disproportionately affected by the reductions in adult social care budgets<sup>18</sup> yet they provide 320,000 or 20% of adult social care jobs<sup>19</sup>. Without adequate funding for their services, nor a long-term sustainable funding plan, voluntary sector providers, and the care and support they provide to disabled adults, are increasingly at risk of being pulled back. This is even more applicable in the COVID-19 landscape, yet their expertise and good practice is essential in responding to and recovering from the pandemic. Fees paid by local authorities to voluntary disability organisations have not kept pace with the costs of delivering care and many providers are questioning how long services can continue without a clear direction in their funding.

The National Audit Office reported that uncertainty over the long-term sustainability of funding has made it difficult for local authorities to plan how much care, and at what price, they will be able to purchase beyond the current financial year, constraining innovation and investment.<sup>20</sup> This uncertainty is, undoubtedly, passed on to providers and leads to significant instability within the social care market.

There is widespread consensus as to how the adult social care market can be stabilised. VODG agrees with the Association of Directors of Adult Social Care Services (ADASS) who call for short-term funding to stabilise the system, a commitment to longer-term funding through a 10-year plan for adult social care, and reform that transforms social care into a pillar of a 21-century welfare state.<sup>21</sup>

The King's Fund also recognises the need for the government to urgently address short-term funding pressures, which have been exacerbated by the pandemic, and goes further to say that this needs to be accompanied by immediate steps to stabilise the fragile provider market, including supporting an increase in the amount local authorities can pay for care.<sup>22</sup>

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<sup>18</sup> Competition and Markets Authority (2017) *Care home markets study*. [www.gov.uk/cma-cases/care-homes-market-study](http://www.gov.uk/cma-cases/care-homes-market-study)

<sup>19</sup> Skills for Care (2020) *The size and structure of the adult social care workforce in England, 2020*. [www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Size-of-the-adult-social-care-sector/Size-and-Structure-2020.pdf](http://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Size-of-the-adult-social-care-sector/Size-and-Structure-2020.pdf)

<sup>20</sup> National Audit Office (2021) *The adult social care market in England*. <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

<sup>21</sup> ADASS (2021) *Press Release: economic recovery must meet the needs of people needing care and support*. <https://www.adass.org.uk/press-release-economic-recovery-must-meet-the-needs-of-people-needing-care-and-support>

<sup>22</sup> The King's Fund (2021) *The road to renewal: five priorities for health and care*. <https://www.kingsfund.org.uk/publications/covid-19-road-renewal-health-and-care?>

Unsustainable social care markets will have further harmful implications for the millions of people who use these services, as well as adding stress on the NHS as demand increases for emergency and hospital services.

### **How can the adult social care market be incentivised to compete on quality and/or innovation?**

Voluntary sector care providers consistently meet gaps in support, not least because austerity, and more recently the impact of the pandemic, has undermined existing statutory provision. Voluntary sector support is at the heart of the communities and their contribution to society is significant above and beyond the delivery of state contracts (ref above and beyond). As providers of not-for-profit care and support services, our members predominantly serve people who rely on the state to pay for their care and have a track record of innovation and enterprise and are an integral part of the solution to improving outcomes in public services.

In order to encourage greater competition on quality and/or innovation, now more than ever, we need robust investment from central government to sit alongside strong local leadership to work hand in hand with the voluntary sector. The financial pressures that local authorities, in particular, have experienced in recent years, as a result of central funding cuts, have put relationships with the voluntary sector under strain. Yet, during periods of financial stringency, strong partnerships are needed more than ever. Procurement and tendering processes that encourage partnership and collaborative working and discourage competitive practices, should, therefore, be strengthened.

Investing in the voluntary sector also means investing in, and keeping money invested in, local communities. However, traditional commissioning and procurement that adheres to a narrow focus on contractual obligations and system-focused care risks overlooking the huge potential gains to people and local areas.<sup>23</sup> Some voluntary sector organisations jump through complex and over-engineered public procurement processes to compete for ever lower priced contracts. The true financial cost and impact on value for money of these procurement activities, sustained by both commissioners and providers, is unknown.<sup>24</sup> Furthermore, short-term competitively tendered contracts, which are becoming increasingly common, are a barrier to the sustained long-term involvement of providers and, crucially, to innovative practice.

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<sup>23</sup> Voluntary Organisations Disability Group (2019) *Above and Beyond: how voluntary sector providers of disability support add value to communities*. [www.vodg.org.uk/publications/above-and-beyond-how-voluntary-sector-providers-of-disability-support-add-value-to-communities/](http://www.vodg.org.uk/publications/above-and-beyond-how-voluntary-sector-providers-of-disability-support-add-value-to-communities/)

<sup>24</sup> Voluntary Organisations Disability Group (2020) *Commissioning for a vibrant voluntary sector: the case for change*. [www.vodg.org.uk/publications/commissioning-for-a-vibrant-voluntary-sector-the-case-for-change/](http://www.vodg.org.uk/publications/commissioning-for-a-vibrant-voluntary-sector-the-case-for-change/)



There also remains a question as to whether the focus should be on incentivising competition on quality and/or innovation versus a focus on incentivising collaboration between organisations and partners – which can be a key driver of innovation. In order to improve adult social care services nationally, stakeholders need to work together locally rather than operate as separate organisations. As such, VODG would encourage the Committee to explore the question as to how the adult social care market, including the NHS, local government, the voluntary sector, and other partners, can be incentivised to collaborate and work together, as opposed to compete, to make the best use of available resources.

To conclude, delays to reform and under resourcing of services cannot continue if we are to build a brighter social care future for the millions of people who use these services every day. The reality is that the country is at a pivotal point of change and a whole system, cross-party approach is urgently needed to build a sustainable funding solution that funds an adult social care sector that is responsive, preventative as well as fit-for-purpose in a post-COVID operating environment.

VODG is poised to work with the committee to demonstrate how government can strengthen the social care sector and collaborate on long-term funding strategies to invest in a better social care future for all.

### **Ends**

For more information or to arrange a further discussion with VODG or our members, please contact [research.policy@vodg.org.uk](mailto:research.policy@vodg.org.uk)