

# National Care Forum Submission to the Housing, Communities and Local Government Select Committee Call for Evidence on the Long-term funding of Adult Social Care – April 2021

## National Care Forum

### Who are we?

**The National Care Forum (NCF)** is the membership organisation for not-for-profit organisations in the care and support sector. NCF supports its 130 members to improve social care provision and enhance the quality of life, choice, control and wellbeing of people who use care services. We are the voice of the not-for-profit care and support sector. Our members:

- ✓ Provide care and support to around 170,000 people
- ✓ Operate over 9200 services
- ✓ Provide more than 45,000 care home places
- ✓ Employ over 93,000 staff & some 13,500 volunteers

### 1. Social care matters

**1.1** The Coronavirus pandemic has placed enormous pressures on a sector which was already in a state of crisis prior to Covid-19 and which is in desperate need of fundamental reform.

**1.2** A broader point for the context of this inquiry and the current picture of the adult social care market is that we urgently need the government to lay the foundations for social care reform and to invest in social care to ensure that it sustainable in the long term, maximises its contribution to national economic recovery and plays a key role in ensuring that all people with care & support needs are supported to live the best lives they can in the way that they want and are fully included in their communities. As Social Care Future puts it<sup>1</sup>,

*We all want to live in the place we call home with the people and things that we love, in communities where we look out for one another, doing the things that matter to us*

**1.3** Social care matters to the millions who need it, the 1.5m strong workforce and the 25,000 organisations providing it.

Key questions for the call for evidence:

- How has Covid-19 changed the landscape for long-term funding reform of the adult social care sector?
- How should additional funds for the adult social care sector be raised?
- How can the adult social care market be stabilised?

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<sup>1</sup> <https://socialcarefuture.blog/>

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

## 2. Summary

- 2.1** COVID-19 has significantly increased the immediate financial pressures on the adult social care sector. This in turn has shone an even greater spotlight on the importance of finding a long-term funding solution to stabilise, sustain and grow the choice of high quality, resilient and accessible care and support services, for all of those people in need of help now and in the future.
- 2.2** There is an opportunity for the Government to shape its plans for the wider reform of social care to harness the economic benefit that the sector creates.
- 2.3** COVID-19 has highlighted the essential role that **technology** can play in social care. We need support to stimulate further development, complemented by a meaningful investment in the architecture to support the development of a digitally enabled social care sector
- 2.4** We welcome a new duty for CQC in the Health and Care White Paper to assess LA's delivery of their responsibilities under the Care Act 2014
- 2.5** Whichever funding option(s) are chosen, they must assure key elements of intergenerational fairness.
- 2.6** Everyone agrees that adult social care needs reform. See section 5.3 for NCF's guiding principles which must underpin this reform.
- 2.7** The government should invest in adult social care to ensure it has sustainable funding and contributes to economic recovery. We are calling for a Fair Price for Care, to ensure that the true cost of care is paid by the state; this will enable not-for-profit providers to rebalance the prices paid by individuals, ensuring that there is one price for care for all.
- 2.8** There is a real opportunity for Government policy around funding and reform to recognise the enormous potential for not-for-profit care in delivering greater returns to the communities that they serve and to look to incentivise this model of provision through both the reform and funding agenda.
- 2.9** We need a people plan for adult social care - invest in the workforce to create a professionally skilled workforce, properly valued, better paid, with more training and development.
- 2.10** The last question in the consultation is the wrong question to ask. A lack of competition is not the issue. Rather, we suggest that the Select Committee might wish to focus on a different question: **'How does the wider health and care system support**

**innovation and a focus on choice, quality and accessibility?** There are several aspects to answering this question, including putting the voice of the people using care now and in the future at the heart of co-producing care and support solutions for people, how to encourage new models of care, how to improve commissioning practices and how Integrated Care Systems (ICS) need to work to support a diverse, responsive and sustainable sector.

### 3. How has Covid-19 changed the landscape for long-term funding reform of the adult social care sector?

**3.1** COVID-19 has significantly increased the immediate financial pressures on the adult social care sector, highlighting the need for immediate steps by the government to invest in the care sector to meet the **short-term funding challenges**, to ensure access to and quality of care can be maintained.

This in turn has shone an even greater spotlight on the importance of finding a long-term funding solution to stabilise, sustain and grow the choice of high quality, resilient and accessible care and support services, for all of those people in need of help now and in the future.

#### **The picture of the economic impact of Coronavirus on the not-for-profit care sector**

**3.2** At the National Care Forum, as part of our work to feed into the Comprehensive Spending Review in the autumn, we asked members who provide care home services for financial information on costs and occupancy/ demand for 2019/20 – 2020/21 to assess the monetary impact of Covid-19. **The findings showed that, across the board, costs are up significantly, resident numbers are down, overall surpluses will be down by 71% compared 31/3/20, with many slipping into deficit. Grants have assuaged some of the damage, but there is a need for longer-term funding to fill the gap that has emerged because of COVID-19.**

**3.3** Our members, who are all not-for-profit providers of care and support, are experiencing a damaging combination of very big rises in their costs and significantly reduced income due to occupancy levels; equipment costs have risen by 15% and supply costs have risen by 55% (this includes PPE) while occupancy levels are forecast to fall by 9.2% this year (an 8.8% fall in LA funded residents and a 10% fall in self-funders). Waiting lists also give a good indication of demand and the forecast for 2020/21 is that these will be down by 50% compared to 2019/20. We also looked at the impact of increases in costs by calculating an average operating cost per care home place, and while this is, of course, highly variable between organisations, we found it will rise on average by £5k per place.

**3.4** To add a little more detail to the enormous increase in COVID specific cost pressures, the list of these includes:

- unfunded PPE (the free PPE did not arrive until September and it does not cover all COVID related needs)
- enhancements paid to staff to pick up extra shifts
- cohorting staff into bubbles and the restricted movement of staff
- sick pay for multiple periods of isolation as well as for illness
- costs to support individuals travelling to get their vaccinations
- the increased costs of agency staff and block booking arrangements
- the creation of dedicated visitor rooms
- the other additional costs of visiting, creating waiting areas and testing areas, visitor testing and cleaning between visits
- the costs of enhanced IPC measures since the start of the pandemic
- the costs of significant data gathering required by the daily Capacity Tracker and other monitoring and reporting requirements
- eye watering hikes in the cost of insurance for social care providers with access to public liability cover disappearing entirely for some

**3.5** While some of these costs may be met by the Infection Control Fund, by no means all of them will be covered in full and care providers will have to meet these significant costs. Alongside these significant increases in costs, care providers are facing a longer-term challenge of lower occupancy – forecasts from sector experts Carterwood indicate that overall care home occupancy levels will not return to pre-pandemic levels until November 2021 in the best-case scenario and that it actually may take until summer of 2022 to do so<sup>2</sup>.

**3.6** Thinking more widely than care homes, community-based services, such as support services for older people with dementia and people of working age with learning disabilities and autism, have experienced other, equally difficult challenges. Few were able to run as normal, meaning that fewer vulnerable people and their families are getting the support they need. Local authority funding for their services has reduced and income from people who pay for their own community services is also down.

**3.7** Prior to the COVID-19 crisis there was an estimated shortfall of £8bn per year in terms of funding for the sector<sup>3</sup>. The additional costs of COVID-19 have added an estimated £6bn to that bill, just for 6 months from April 2020 – September 2020<sup>4</sup>.

**3.8** See also section 5 which references more detail about our work to understand the woeful levels of fee rate increases from local commissioners that our members are likely to receive for the 2021/22 financial year, which is compounding the financial impacts of the last year.

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<sup>2</sup> <https://www.carterwood.co.uk/light-at-the-end-of-the-tunnel-occupancy-could-return-to-pre-pandemic-levels-by-nov-2021/>

<sup>3</sup> <https://publications.parliament.uk/pa/ld201719/ldselect/ldconaf/392/39202.htm>

<sup>4</sup> <https://www.local.gov.uk/lga-social-care-providers-face-more-ps6bn-extra-covid-19-costs>

## Investment to harness the economic benefit of the care and support sector

**3.9** COVID-19 has brought very significant financial challenges to the whole of the UK economy, beyond our sector, so it is helpful to reflect on the wider economic benefit that the sector can bring. This is rarely highlighted, but in 2018, Skills For Care found that the economic benefit of the sector in England alone was £38.5bn<sup>5</sup>. This combined figure was calculated as follows:

- identifying the Gross Value Added (GVA) directly generated by employers including wages paid to workers filling the many different job roles in adult social care. (£20.3billion)
- then estimating the indirect GVA created by the sector in its supply chain by purchasing services from other sectors of the economy that might include cleaning services or food suppliers to parts of the sector. (£8.9 billion)
- and finally estimating the induced impact of the sector that results from those who are employed directly in the sector and those employed indirectly spending their wages in other sectors of the economy. (£9.3 billion)

**3.10** There is an opportunity for the Government to shape its plans for the wider reform of social care to both harness the economic benefit that the sector creates and seek to meet the unmet need for social care that has been building up during the pandemic.

**3.11** Just over a half of directors of adult social services said they believed there had been an increase in unmet need since March 2020<sup>6</sup>. The King's Fund has shown that this was down to changes to service provision and the confidence people had in accessing what remained due to fears around COVID-19<sup>7</sup>. For instance, care homes temporarily closed to new admissions in many places while wider social care support from LAs fell by two-thirds according to Mencap<sup>8</sup>. Carers UK estimates that there are 4.5 million new unpaid carers as a result<sup>9</sup>. At the same time, LAs reported an increase in referrals to them due, in part, to the breakdown of other services – such as where personal assistants were unable to work or where there was demand to discharge people from hospital<sup>10</sup>.

**3.12** COVID has shown just how important it is that the Government's plans for the long-term funding of social care encompass creating a fairer system, accessible and responsive to all who need it, which harness the economic benefit that the sector generates.

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<sup>5</sup> <https://www.skillsforcare.org.uk/About/News/News-Archive/Contribute-38-billion-to-English-economy.aspx>

<sup>6</sup> <https://www.adass.org.uk/adass-budget-survey-2020-part-one-covid-19-response>

<sup>7</sup> <https://www.kingsfund.org.uk/publications/covid-19-magnified-social-care-problems>

<sup>8</sup> <https://www.mencap.org.uk/press-release/i-dont-know-what-day-it-or-what-weather-outside-social-care-cuts-people-learning>

<sup>9</sup> <https://www.carersuk.org/for-professionals/policy/policy-library/a-recovery-plan-for-carers>

<sup>10</sup> <https://www.adass.org.uk/adass-budget-survey-2020-part-one-covid-19-response>

## Creating an innovation and technological development infrastructure fund

**3.13** COVID-19 has highlighted the essential role that **technology** can play in social care and the significant impact it can make in improving the quality and timeliness of care. We have seen a rapid acceleration of the use of digital technology, both to support the move to more virtual health care support via virtual consultations, virtual home visits/ ward rounds and the expansion of the use of NHSmail, as well as to improve connectivity with family and friends via digital tools.

**3.14** The NCF recently ran an innovative digital project called The Hubble Project, aimed at helping boost the sector's digital maturity by supporting social care providers to showcase the digital technology they were already using to the rest of the sector, offering virtual visits to their 'innovation hubs' via a series of webinars to learn how they introduced, used and evaluated digital technology to improve care<sup>11</sup>.

**3.15** The project has been very successful, providing valuable peer learning across the sector, offering real insight into how the digital tech in place in each hub improves the care provided – and how data from technology can help to provide truly person-centred care, tailored to each individual, to improve overall wellbeing, take early preventative action, spot trends and patterns and improve management decisions. Other benefits of the technology were also explored, from the benefits of going paperless to the power of data and intelligence in service audits and inspections.

**3.16** As leaders in the digital space for the social care sector, we at the NCF would urge the Committee to note that COVID-19 has accelerated the urgency of the need to capitalise particularly on the potential of digital technology with the creation of an infrastructure fund which would enable the sector to seize the opportunity to invest in the rapid adoption of proven technologies, which can enhance outcomes, such as machine learning, assistive technology and predictive analytics. **We need support to stimulate further development, complemented by a meaningful investment in the architecture to support the development of a digitally enabled social care sector.** These combined funds would support councils and support providers to make best use of technology. It would also support bringing evidence based (but currently marginalised) positive models of care and support into more mainstream use. This fund could also be used to develop and rapidly test solutions to particularly challenging care problems.

## New duties and powers in the Health and Care White Paper

**3.17** The Committee will no doubt be aware of the challenges that the Government has faced throughout the pandemic of seeking to direct funding to the frontline of social care and the limitations experienced by having to channel money via LAs.

**3.18** We noted with interest the proposals in the Health and Care White paper to extend the Secretary of State's existing power to directly pay not-for-profit health and care providers to all care providers.<sup>12</sup> We imagine that this has been directly informed by the

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<sup>11</sup> <https://www.nationalcareforum.org.uk/the-hubble-project-digital-innovation-hubs/>

<sup>12</sup> <https://www.gov.uk/government/publications/working-together-to-improve-health-and-social-care-for-all>

very significant difficulties the Government experienced and continue to experience during the pandemic in directing emergency funding to the frontline of social care. We welcome this proposal but note that, of course, that the Health and Care white paper is silent on the wider challenge, which is the wider reform of social care and resolving the systemic problems that exist in current funding and commissioning of social care.

**3.19** The experience of many of our NCF members is that while the emergency funding has been welcome (Infection Control Fund and the Rapid Testing fund), the process of accessing and reporting on this funding to individual local authorities had been mired in bureaucracy and red tape and is often a postcode lottery in terms of interpretations of the grant conditions, the speed of the process and the level/ detail of reporting and auditing required.

**3.20** The Health and Care white paper also proposes to introduce a new duty for CQC to assess LA's delivery of their responsibilities under the Care Act 2014. This is very welcome and long overdue and we look forward to more detail on what exactly this will involve. The National Care Forum has long called for such oversight. Better assurance and oversight of the way LAs commission and fund social care is incredibly important, especially in the context of the CQC draft strategy, which proposes a greater focus of regulation to improve people's care by looking at how well health and care systems are working together and how they're acting to reduce inequalities. We also note the proposal in the Health and Care white paper that the Secretary of State takes the power to intervene where, following assessment under the new CQC duty, it is considered that a local authority is failing to meet their duties.

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

### **4.1 NCF ask: whichever funding option(s) are chosen, they must assure key elements of Intergenerational fairness.**

Many others have rehearsed the different options for how to fund the additional long-term investment in social care, with their pros and cons. These do not need repeating<sup>13</sup>. At the NCF, we believe it is important that the option chosen assures key elements of intergenerational fairness – the way we choose to invest in and pay for care and support (both now and in the future) must balance the burdens and benefits across the generations.

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<sup>13</sup> Some of the more recent examples include: [The Dilnot Commission Report 2011](#), [The Barker Commission 2014](#), [HoL – Social care funding: time to end a national scandal July 2019](#), & [H&SC – Social Care: Funding and Workforce report 2020](#)

## 5. How can the adult social care market be stabilised?

**5.1 Everyone agrees that adult social care needs reform.** Even before the COVID-19 pandemic, there was a consensus that our current social care system was in urgent need of both immediate funding and longer-term funding and reform. Those who use the system know this, as do those working in the system, charities, others providing services as well as think tanks, experts of all descriptions and politicians.

**5.2 Reform will require an ambitious long-term vision.** We do not need another inquiry or commission. These have already been carried out and we have their proposals<sup>14</sup> – it is time for political bravery and moral courage from across the political spectrum. It is time to act.

**5.3** As the National Care Forum, working closely with our diverse membership, building on their unique perspective and experience as not-for-profit providers embedded in their local communities, and in discussion with a wider set of stakeholders, we have developed a guiding set of principles to underpin the reform of social care:

1. It must enable the provision of a choice of good quality, responsive, person centred care for those who need it (both working age and older people)
2. It must be co-produced with the voices of the people who use care now and who will use it in the future
3. It must enable a focus on prevention and address the very serious issue that underfunding has created, forcing the restriction of eligibility to those with the most substantial care needs only
4. It must enable the full principles of the Care Act 2014 to achieve people's independence and wellbeing
5. It must provide fairness and certainty for people who need to use care
6. It must provide proper reward and recognition for staff who work in social care
7. It must be intergenerationally fair
8. It must embody a human rights approach for those receiving care and support and the workforce

**NCF ask: Invest in Adult Social Care to ensure it has sustainable funding and contributes to economic recovery**

**5.4** The social care system immediately needs additional funding of at least £7bn per year in England to simply stand still and deal with demographic changes, the fallout of the pandemic, uplift staff pay with the National Minimum wage and to protect those facing catastrophic social care costs.<sup>15</sup> Longer-term, significantly more per year is required to create a social care system that is sustainable, accessible to everyone that needs it, provides the best care possible and removes the perverse 'cross-subsidy' for private

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<sup>14</sup> Ibid.

<sup>15</sup> As pointed out by [H&SC – Social Care: Funding and Workforce report 2020](#)

funders created by the underfunding of publicly funded care packages. We need a system that enables people to live to their full potential and contribute fully to their communities and wider society.

**5.5** So far, the government has fallen woefully short in addressing funding pressures. The government increased funding to social care by £1bn per annum (split between adult and children’s social care) following the December 2019 General Election<sup>16</sup>. An additional £1bn was promised as part of the Spending Review in November 2020 but only £300m of this was being funded by central government and was again split between adult and children’s social care. The remaining £700m is to be raised by Local Authorities increasing the social care precept.<sup>17</sup>

**5.6** This a fundamentally ineffective and unfair way to fund social care because poorer areas have more people eligible for publicly funded care but less capacity to raise money for it. Further emergency injections of cash into the system through the various iterations of the Infection Control Fund as well as the Rapid Testing Fund and the Workforce Capacity Fund while a welcome sticking plaster, do not offer a sustainable solution to the funding pressures. We were disappointed to see that adult social care was completely absent from this year’s Budget. Urgent action is required to address this.

**5.7** Investment in Adult Social Care will bring many benefits for society beyond improved care for those who need it. In 2018, Skills For Care found that the economic benefit of the care sector in England alone was £38.5bn. Social care is very much a local enterprise, providing local employment in local areas, bringing the economic benefit of local wages spent in local shops and businesses, supporting local supply chains and paying local taxes. It is time for government policy to recognise social care as a vital contributor to the economy<sup>18</sup>.

#### **Address unsustainably low funding for care**

**5.8** As the recent National Audit Office report<sup>19</sup>, the 2017 Completion & markets Authority report<sup>20</sup> and others before them make clear, local authorities have the responsibility for the commissioning of care and support services in their local areas and for shaping their local care market offer. Furthermore, as the NAO report makes clear, the funding for local authorities to do this well has faced very significant cuts. The report finds that

*‘Government funding for local authorities in aggregate fell by 55% in 2019-20 compared with 2010-11, resulting in a 29% real-terms reduction in local government spending*

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<sup>16</sup> [The Conservative Party Manifesto December 2019](#) – Pg 12.

<sup>17</sup> [Spending Review November 2020](#)

<sup>18</sup> <https://www.skillsforcare.org.uk/About/News/News-Archive/Contribute-38-billion-to-English-economy.aspx>

<sup>19</sup> <https://www.nao.org.uk/report/adult-social-care-markets/>

<sup>20</sup> <https://assets.publishing.service.gov.uk/media/5a1fdf30e5274a750b82533a/care-homes-market-study-final-report.pdf>

*power (government funding plus council tax revenue)' and that LA spending on care is also 'lower than in 2010-11 but has begun to rise compared with previous years'<sup>21</sup>.*

**5.9** These financial pressures can drive a wide range of poor commissioning approaches which result in unsustainably low levels of funding for care – shockingly, the NAO report found that:

*'For 2019-20 the Department 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>22</sup>.*

**5.10** The CMA report from 2017 also found that:

*'the current model of service provision cannot be sustained without additional public funding; the parts of the industry that supply primarily local authority1 (LA)-funded residents are unlikely to be sustainable at the current rates LAs pay. Significant reforms are needed to enable the sector to grow to meet the expected substantial increase in care needs'<sup>23</sup>.*

**5.11** The findings within these reports chime with research with our NCF members over recent months. In February 2021, our most recent NCF PULSE Survey found that local authorities do not seem to be able to offer increases in fee rates for 2021/22 that will go anywhere near to compensate the costs of providers. Of those responding to the survey 28% had not yet been offered any fee rate increase and of the 39% that had, just under half of them had had an offer of an increase of less than 2.2% - this is well below the increase in the national living wage and does not leave room for other increases in costs for the coming year<sup>24</sup>.

**5.12** This paints a very stark picture in terms of the ability of LAs to meet people's care and support needs and their ability to pay a fair price for care. Inevitably, commissioning often becomes very cost sensitive and cost focussed, sometimes at the cost of choice, control and the person-centred approach to care and support that we would all want for ourselves or our loved ones. The evidence we have gathered in our NCF PULSE surveys from our members in relation to the fees levels that local authorities are prepared to offer highlights just how significant the financial pressures are within the sector.

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<sup>21</sup> <https://www.nao.org.uk/report/adult-social-care-markets/> p.6.

<sup>22</sup> Ibid, p.8.

<sup>23</sup> <https://assets.publishing.service.gov.uk/media/5a1fdf30e5274a750b82533a/care-homes-market-study-final-report.pdf> p.6.

<sup>24</sup> <https://www.nationalcareforum.org.uk/ncf-press-releases/vaccination-good-progress-but-more-to-be-done/>

## **NCF ask: Investment to achieve a fairer system – a Fair Price for Care**

- 5.13** We need a bold investment in social care to rebalance the fairness between the costs paid by individual people and the costs paid by the state, as well as identifying and meeting unmet need.
- 5.14** The current system puts a huge burden on those who need care and support and are able to pay for their own care and support under the current means testing arrangements. It is fundamentally unfair and creates a huge uncertainty and anxiety about the future costs people may incur and creates a complex system around costs of care at precisely the time when care is needed urgently, often because of a crisis.
- 5.15** This is exacerbated by the unofficial ‘cross subsidy’ effect faced by many people; those who fund their own care are paying higher levels of costs for their care because the state’s commissioning approach is driving down the fees that the state pays for those who cannot afford to pay for their own care – this is resulting in an increase in costs for those who can. Analysis from the Kings Fund highlights that *‘this cross subsidy can be significant: on average, a self-funder’s place costs around 40 per cent more than one paid for by the local authority.’*<sup>25</sup>
- 5.16** The current unofficial ‘cross subsidy’ model means that individuals are paying a significantly higher price for privately funded care as LAs drive down the price they will pay for state funded care. This is deeply unfair and, as we are seeing now, increasingly fragile. As the National Care Forum, we are calling for a Fair Price for Care, to ensure that the true cost of care is paid by the state; this will enable not-for-profit providers to rebalance the prices paid by individuals, ensuring that there is one price for care for all.

### **The not-for-profit sector**

- 5.17** As the voice of the not-for-profit part of the adult social care sector, NCF believes that the not-for-profit model offers greater transparency in terms of governance, finances and accountability, as well as being values-focused. The not-for-profit organisations we represent place a strong emphasis on the long-term sustainability of their care and support services in the local communities they serve, often having deep roots due to their origins and history in local areas, alongside their focus on person-centred care.
- 5.18** Many of the not-for-profit organisations providing care and support are charities or social housing providers, meaning they are not just accountable to the CQC but also the Charity Commission and the Social Housing Regulator. As a result, the organisations we represent, by their very nature, have a very strong culture of accountability, governance, diversity and person-centeredness.

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<sup>25</sup> <https://www.kingsfund.org.uk/projects/positions/adult-social-care-funding-and-eligibility>

**5.19** Not-for-profit care provision ensures that all of the funding from either government or citizens is directed towards the sustainable delivery of high-quality care and innovation, both now and in the future. There is a real opportunity for Government policy around funding and reform to recognise the enormous potential for not-for-profit care in delivering greater returns to the communities that they serve and to look to incentivise this model of provision through both the reform and funding agenda. We strongly advocate more focus on supporting current commissioning and funding arrangements to recognise the benefits and social value of the not-for-profit sector, which will help to reinforce the legislative framework as outlined in the Social Value Act.

**NCF ask: Stimulating the growth of the not-for-profit sector**

**5.20** The recent NAO report states that *‘Independent providers run most care homes; based on market value, 76% of care homes for older adults and adults with dementia are for-profit. Of the remaining 24%, 14% are not-for-profit and 10% are run by a local authority or the NHS.’*<sup>26</sup>

**5.21** We would like to propose to the committee the importance of stimulating the growth of the not-for-profit care sector. Public research done by the NCF during the summer and autumn of 2020 showed that the public has a clear preference for not-for-profit care provision. The public expressed greater confidence in relation to the quality of care and the trust in the organisation delivering it<sup>27</sup>.

**5.22** In addition to this, there have been a number of reports that identify some of the challenges of social care sitting with profit making commercial providers. The research carried out by IPPR in 2019 showed that more than eight out of 10 care home beds are provided by profit-driven companies, including more than 50,000 by large operators owned by private equity firms<sup>28</sup>.

**5.23** Social care delivers public good, much of it funded by the public purse. Primary legislation such as the Social Value Act also exemplifies the importance of using public money to invest in services that support wider community ambitions. Not-for-profit care provision ensures that all of the funding from either government or citizens is directed towards the delivery of care now and in the future. There is a real opportunity for Government policy around funding and reform to recognise the enormous potential for not-for-profit care in delivering greater returns to the communities that they serve and to look to incentivise this model of provision through both the reform and funding agenda.

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<sup>26</sup> <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf> p. 26

<sup>27</sup> NCF Here to Care Campaign, Membership Briefing

<sup>28</sup> <https://www.ippr.org/files/2019-09/who-cares-financialisation-in-social-care-2-.pdf>

## The social care workforce

**5.24** Our society is facing demographic challenges that have a real impact on social care. Skills for Care has shown that the population aged 65 and over is projected to increase between 2020 and 2035 from 10.5 million to 14.1 million. This means that the adult social care workforce will need to grow by at least 32% by 2035<sup>29</sup>. However, Skills for Care has also shown that there are currently 112,000 vacancies in the sector. We cannot continue like this. Our NCF members employ over 93,000 staff across a wide range of care and support services within social care and as not-for-profit organisations they have consistently been strong advocates on behalf of their amazing workforce.

**5.25** The recent NAO report has a clear recommendation that the DHSC:

*'develop a workforce strategy in line with its previous commitments, to recruit, retain and develop staff, aligned with the NHS People plan where appropriate'*<sup>30</sup>.

It notes that stakeholders have consistently:

*'identified the need for central leadership to improve pay and conditions for care workers, and to incentivise improved training and development'*.

We absolutely support this. Public perception polling that the NCF carried out in the summer of 2020 found that three quarters (74%) of adults in England believe care home staff do a brilliant job. It also shows an overwhelming belief that care workers are undervalued (81%) and 80% of adults in England believe that care workers should be paid better<sup>31</sup>.

**NCF ask: Invest in the workforce to create a professionally skilled workforce, properly valued, better paid, with more training and development.**

**5.26** Investing in social care also means investing in the workforce. This will bring a range of strong economic and quality benefits as well as enabling social care employers to pay social care workers what they are actually worth. In one of our recent PULSE surveys<sup>32</sup>, we explored the immense pressures that COVID-19 has placed on the immense on the care workforce and the way in which NCF care providers have responded. The ethos of the not-for-profit employers shone through in the wide range of wellbeing initiatives they have implemented to support their staffs' mental health and wellbeing, from setting up dedicated counselling and employee assistance programmes, to the

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<sup>29</sup> <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>

<sup>30</sup> <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf> p 12. Ibid, p. 56.

<sup>31</sup> <https://www.nationalcareforum.org.uk/ncf-press-releases/here-to-care-2/>

<sup>32</sup> <https://www.nationalcareforum.org.uk/ncf-press-releases/a-stretched-and-underfunded-sector/>

introduction of mental health schemes (typically Mental Health First Aiders) to enhanced 1:1 and financial support.

**5.27** Great care needs great people to provide it. Investment is essential to create a dedicated, fully funded People Plan for Social Care that complements and augments the NHS People Plan. We need to develop a clear career progression, better recognise and value staff, invest in their training and support, and introduce professionalisation and registration where this is appropriate. This will improve our ability to recruit and retain high quality, skilled social care staff with the right values and our ability to grow innovative models of support, as well as to develop and recruit a workforce that reflects and understand the needs of communities being served.

**5.28** The pandemic has shone a spotlight on the social care workforce vis-à-vis the NHS workforce. Both are comparable in terms of numbers but the former is much less supported, rewarded and recognised. This needs to change.

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

### A large and diverse adult social care market already exists

**6.1** The recent National Audit Office (NAO) report on the adult social care market in England provides a helpful overall summary of the large and diverse picture of the adult social care sector:

*Around 14,800 registered organisations provide care across 25,800 locations. In addition to these there are an estimated 3,800 non-Care Quality Commission (non-CQC) registered locations which offer residential services and 8,500 non-CQC registered locations which offer non-residential services. The top 10 providers of care homes and care at home have small market shares. Based on revenue, LaingBuisson estimates the market share of the 10 largest care home providers for older adults is 22% and the market share of the 10 largest care at home providers is just 16%. There are large numbers of small providers. Overall, 75% of care home providers run just one home, accounting for 38% of total beds; 90% of care at home providers operate from one location.*

*Independent providers run most care homes; based on market value, 76% of care homes for older adults and adults with dementia are for-profit. Of the remaining 24%, 14% are not-for-profit and 10% are run by a local authority or the NHS.<sup>33</sup>*

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<sup>33</sup> Paragraphs 1.21 & 1.22 <https://www.nao.org.uk/wp-content/uploads/2021/03/The-adult-social-care-market-in-England.pdf>

**6.2** As the above indicates, there is a wide range of care and support services that currently exist to support people who require care and support including:

- residential care and nursing homes
- extra care housing
- care at home and live-in care
- supported living and supported housing
- personal assistants
- community based services and day services
- family carers and unpaid carers

**6.3** National Care Forum members operate over 9200 services, supporting over 170,000 people via a wide range of the types of care and support services listed above. We can testify, on behalf of our members who provide these services and the people they offer care and support to, just how important this diversity is, so that care and support can be tailored to meet the needs and choices of the individuals being supported, provided where, when and how they need it, rather than being constrained by local authority commissioning and funding pressures. Person-centred care in service design is essential but too often this is not co-created with the people who need it and the providers who offer it.

**6.4** The Competition and Markets Authority report in 2017 looked in detail at the older people's care home market and highlighted a market where 'as of December 2016, there were around 5,500 providers of care homes in the UK operating about 11,300 care homes' and that 'For-profit providers account for 83% of care home beds and the voluntary sector a further 13%. The remaining 4% of care home beds are run by local government or the NHS'<sup>34</sup>.

**6.5** In light of this, a lack of competition is not the issue. Rather, we suggest that the Select Committee might wish to focus on a different question: **'How does the wider health and care system support innovation and a focus on choice, quality and accessibility?'**

**6.6** There are several aspects to answering this question, including putting the voice of the people using care now and in the future at the heart of co-producing care and support solutions for people, how to encourage new models of care, how to improve commissioning practices and how Integrated Care Systems (ICSs) need to work to support a diverse, responsive and sustainable sector.

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<sup>34</sup> Paragraphs 2.20-2.22 <https://assets.publishing.service.gov.uk/media/5a1fdf30e5274a750b82533a/care-homes-market-study-final-report.pdf>

## **Putting the voice of the people using care now and in the future at the heart of co-producing care and support solutions for people**

**6.7** Framing the thinking about social care simply as a ‘market’ risks losing the focus on what social care is designed to do. The voice of the people using care and support services now and, in the future, must play a pivotal role in the design and implementation of any reform plans, including the approach to the long-term funding of social care.

**6.8** Social care plays a key role in ensuring that all people with care & support needs are supported to live the best lives they can in the way that they want and are fully included in their communities. As Social Care Future puts it:<sup>35</sup>

*We all want to live in the place we call home with the people and things that we love, in communities where we look out for one another, doing the things that matter to.*

They expand on their thinking with this:

*Our starting point when making the case for investment and reform should not be ‘social care’ it should be people living their lives well. As well as bringing the desired result to the front of the framing, and permitting us to talk about well-designed social care as the solution rather than the problem, this shift also creates the space to put across a range of different propositions .... By making people living well the starting point, we can bring into view the role of care and support in attending to the social determinants of preventable ill-health.*

**6.9** At the NCF, we strongly support the principles from Think Local Act Personal which should also shape the Committee’s thinking<sup>36</sup>:

*Personalisation is fundamentally about better lives, not services. It means working with people, carers and families to deliver better outcomes for all. It is not simply about changing systems and processes or individualising funding through personal budgets and direct payments, but includes all the changes needed to ensure people have greater independence and enhanced wellbeing within stronger, more resilient communities.*

### **Encouraging New Models of Care**

**6.10** Current commissioning practices and market shaping rarely draw upon the diverse potential of the sector and the voices of both providers and those receiving care and support to shape future models. We, at the NCF, want to see commissioning practices which encourage innovation to develop new models of care – particularly in relation to the adoption of technology-enabled care and the creation of more housing-with-care. Technology-enabled care can give recipients of care more power and choice over their support as well as giving commissioners and providers the data necessary to improve the quality of care. The not-for profit sector is a leader in innovation and the use of digital technology as the not-for-profit model is a real enabler in terms of investing in

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<sup>35</sup> <https://socialcarefuture.blog/>

<sup>36</sup> <https://www.thinklocalactpersonal.org.uk/About-us/>

new ways to improve the overall quality of the care and support, we offer. Many of our NCF members have pioneered the use of new technology in their care settings and care services.

## How to improve commissioning practice

- 6.11** The current funding and commissioning of social care presents real challenges to the individuals who need to use care and support services and their families. The focus of LA and CCG commissioning practice has been to drive down the price of care, using things like Dynamic Purchasing Systems for bidding to provide packages of care, which restricts choice and puts huge pressure on the quality of care available. This commodification of social care has done little to support a truly person-centred approach based on the needs, wants and circumstances of those who need it most.
- 6.12** The funding pressures which LAs are facing exacerbate this problem. All too often, LAs have to procure services based on affordability alone rather than first seeking to understand what the needs and preferences are of those in their area. This often also ignores those who self-fund their own care. This is not the way we would like to see future commissioning work, so we urge that proposals for the long-term reform and funding of social care deliver substantially better approaches to ensuring a diverse, accessible, responsive, high quality local care offer.
- 6.13** Current funding pressures and procurement arrangements inevitably put the focus on those with the most acute need for care, reducing the ability to enable preventative care and an earlier offer of help and support to those for it may well prolong independence and delay the increasing acuity of need. They also underestimate the scale of need in a specific locality. We need a model of commissioning which places those who receive care and support front and centre, alongside the local authorities and the adult social care providers.
- 6.14** Dynamic Purchasing Systems starkly illustrate some of the fundamental commissioning problem within the social care sector. The recent **Transforming Public Procurement Green Paper** proposed a Dynamic Purchasing System+ model<sup>37</sup>. At the NCF, we strongly believe that these systems are inappropriate for the procurement of social care services for vulnerable people. At the root of the problem is the fact that DPSs are designed for goods and intangible products, not the provision of care services which focus on the wellbeing of individuals.
- 6.15** DPSs are now used widely by LAs and CCGs to procure adult social care services but represent some of the worst practice. No matter the weightings given to 'social value' or 'quality', they are designed to get care services as cheaply as possible and ignore any sense of the individual being able to exercise choice and control over their care. They encourage a race to the bottom in terms of cost and quality of care. In our view, they should **never** be used in the procurement of care services. This commodification of social care has done

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<sup>37</sup> <https://www.gov.uk/government/consultations/green-paper-transforming-public-procurement>

little to support a truly person-centred approach based on the needs, wants and circumstances of those who need it most.

### **How Integrated Care Systems need to work to support a diverse, responsive and sustainable sector**

**6.16** The recent Health and Care white paper offers an ICS model intended to present opportunities to join up health and care to bring it closer to the communities and people that need it and improve collaboration between all the partners and providers involved in making that happen.<sup>38</sup>

**6.17** The NCF suggests that the ICS model needs some significant changes to ensure it can deliver a diverse, responsive and sustainable social care sector in local areas. At present, the focus of activity, the governance proposals, the ICS model and the ambition in the white paper are far too health focussed and miss two key elements of the wider local health and care system – those who use it or will need to use it and those organisations that design, create and provide social care.

**6.18** In the NCF's response to the white paper (will be published on Health and Social Care Select Committee website in due course), we suggest a standard national framework and model for the membership of ICSs that mandates and financially supports the involvement of the voluntary, not-for-profit adult social care sector and the people they serve which gives them a clear role in decision-making, governance and accountability. Without this safeguard, there will be a patchwork of local arrangements that will not support the ambition of the ICSs to meet the needs of their population properly in terms of an accessible, diverse, responsive, high quality social care offer. It will be increasingly difficult for care providers to deliver the range and quality of services needed in isolation from being properly embedded in and understanding of context of the wider local system.

**6.19** We would suggest that the following need to be considered when formulating governance arrangements and guidelines for the ICS Health and Care Partnerships<sup>39</sup>:

- Create a defined and funded role for local care associations and provider forums in the partnerships
- Create a defined role for the various residents and relatives' associations
- Intentionally seek out the voices of marginalised people who may not belong to one of these associations on a periodic basis – such as Personal Assistants or unpaid carers.

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<sup>38</sup> <https://www.gov.uk/government/publications/working-together-to-improve-health-and-social-care-for-all>

<sup>39</sup> Adapted from initial thinking around Sustainability and Transformation Partnerships  
[https://careprovideralliance.org.uk/assets/pdfs/cpa\\_publication\\_on\\_stp\\_engagement\\_170915.pdf](https://careprovideralliance.org.uk/assets/pdfs/cpa_publication_on_stp_engagement_170915.pdf)

- If there are no established groupings, there may be the need to invest time and resource, alongside LA partners, to support providers to come together into an association.
- Work with the ten national associations, which make up the Care Provider Alliance which can offer support and advice at a strategic level, each bringing a particular focus and expertise to different parts of the sector.

**6.20** The balance between localism and centralism is a difficult one to strike. Throughout the pandemic, we have seen the best of localism, usually where relationships across social care, health and local authorities are already strong, and we have seen the worst of it, with silo working and multiple barriers to ensuring people get the very best care where and when they need it. ICSs must build on the best and prevent the worst and be held publicly accountable for both.

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