How to Fully Fund Social Care

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SUMMARY

This paper sets out a policy proposal for the Reclaim Social Care campaign to consider.

In summary the paper proposes:

1. Social Care is a distinct part of the welfare state, it has its own purpose and it needs to be organised to reflect that purpose.

2. We should campaign for a fully funded Social Care system, with no means-testing, and paid for by progressive taxation.

3. The current system for funding Social Care is incoherent and the current policy on Social Care funding is completely unfair and unsustainable.

4. After 10 years of Austerity Social Care has been subject to deeper cuts than almost any part of the welfare state, and the costs have been borne by disabled people and families.

5. A better system of Social Care funding must be dynamic and sustainable. Social Care is an investment in community life and funding levels should be based on the outcomes we need to achieve. An initial target for funding will be 2% of GDP.

6. There are at least 12 good reasons why we can and must demand a fully funded Social Care system.

7. Any campaign for Social Care will benefit by using an approach to funding Social Care that builds a wide alliance and encourages everyone to understand that Social Care is a universal service that benefits everyone.
What is Social Care?

Social Care is a vital public service, which is just as important as any other public service. The goal of Social Care is to ensure every member of society can develop and flourish to play their full role as an equal citizen, from birth to death. Nobody should be left isolated, alone, excluded or unable to take their place in community life.

In the UK Social Care is a devolved matter (each of the 4 countries of the UK has a distinct model). For the purposes of this short paper we will concentrate on England, but it is vital that any policy proposals respect the reality of our current constitutional settlement. In addition, there are many seeking devolution for England and the highly centralised nature of Social Care in England is unusual by international standards.

Disabled people and families now rightly expect that they can shape the support they receive around their own lives. In the last least three decades there has been some progress towards shifting power towards people themselves, although much of this has been undermined by Austerity. In terms of the whole system care needs to be given to ensure that the different kinds of decisions are made at the right level, and arguably there are at least 4 different levels relevant to Social Care:

- England (ie. country level)
- Local authority (i.e. sub-regional)
- Community (i.e. neighbourhood)
- Individual or family (i.e. citizen)

However this paper will not explore the issue of the different roles and responsibilities of these different levels. We should just note that issues of equity and resource distribution arise at every level and that effective use of whatever resources are available depends on the principle of subsidiarity - power should only be centralised if decisions at a local level are likely to damage the whole system. This is an important issue for our campaign, but not one that will be discussed in this paper.

It is also important to note that Social Care been split between Children’s Social Care and Adult Social Care. This split has increased the institutional weakness of social care and both forms of Social Care are often seen by policy-makers as subservient to the goals of Education or Healthcare. In this paper we focus more on Adult Social data; but there are good reasons to think that an integrated approach, which put Children and Adult Social Care back together would make more sense than the current divided system.

One of the other complexities of social care is that the people who need Social Care are divided into distinct groups. Often these groups receive different services and Social Care policy has become subject to different narratives and different pressures. Advocacy for Social Care is fractured between many organisations who claim to represent those groups; some of these groups are also service providers, and there is often a tension between the interests of these organisations and the interests of people and families.
The largest group receiving Social Care are disabled people who are over 65 and often policy-makers and the media think of Social Care only in terms of this group, who are usually labelled ‘the elderly.’ However there are other large groups of people who use Social Care, including people with learning difficulties, mental health problems, physical impairments or chronic illnesses. For the purposes of this paper we will refer to everyone who uses Social Care as a disabled person; although we must recognise that many people who use Social Care do not identify themselves as a disabled person and that this a broad and very varied group.
What is fully funded social care?
We propose that Social Care should be fully funded and by fully funded we mean:

1. Everyone gets the Social Care they need
2. The system is universal and free with no means-testing or taxing of disabled people
3. Disabled people who need Social Care get entitlements that are sufficient to enable them to live as equal citizens
4. Social Care staff are paid fairly, not exploited nor pushed on to the lowest possible salary
5. The essential role of family and the wider community is recognised, respected and supported
6. Social Care is funded by progressive taxation, on the same basis as other public services, not linked to some hypothecated income stream, which may or may not be adequate over the long-term
7. The system is subject to regular review and is accountable to disabled people, families, staff and the wider communities they serve and can be monitored against human rights standards

It is perfectly possible for the UK to fully fund Social Care; in fact the failure to invest in Social Care creates multiple problems, which have significant social and economic costs. Most importantly the failure to fully fund Social Care is a failure to recognise the human rights of disabled people.
How is Social Care funded now?

Arguably Social Care has existed in some form for hundreds of years. Many of its function were organised by the Church in the Middle Ages and then by local government after the Reformation. The history of Social Care is also complex, and sometimes very dark. After the new Poor Law of 1834 central government pushed local government into providing care through asylums and workhouses, whose purpose was partly to discourage the poor from seeking relief from poverty and to support the interests of industrialists in suppressing wage levels. Later in the nineteenth century the eugenics movement began to encourage the use of sterilisation, sexual segregation and institutionalisation. Institutions continued to grow in size until the 1970s, when various counter-movements began to challenge these old assumptions and models.

However the shift in provision from institutional models towards something that respects the human rights of all disabled people has remained only partially realised. Today most funding for Social Care is spent on residential care, which is often segregated and institutional in character. Progress towards new models of support and human rights principles has been real, but is far from complete. Social Care has never been regarded as an essential part of the welfare state and the post-War reforms did not seriously address its needs.

This complex history is reflected in the current funding model for Social Care, which is confused, inadequate and unjust:

1. Local authorities are increasingly being left to rely solely on Council Tax and Business Rates to fund Social Care; this is despite the fact that this tax base makes no sense. Areas with a high tax base will often have low levels of need; areas with high levels of need will often have a low tax base.

2. With deinstitutionalisation local government was often asked to take on responsibility for supporting growing numbers of people who were transferred from the care of the NHS. However this policy did not lead to a long-term commitment to transfer sufficient resources to local government to reflect their increased responsibilities. A similar transfer of responsibilities, with inadequate change in the funding base, recently occurred when the Government closed down the Independent Living Fund.

3. Now the NHS is propping up local systems through inadequate improvisations, such as the Better Care Fund. At the same time local authorities must work to redefine the needs of disabled people as medical in order to access Continuing Health Care funds or to transfer people with ‘challenging behaviour’ into Assessment and Treatment Units. This shifting of responsibility between systems that are funded on an entirely inequitable basis, for no good reason, only further undermines the coherence of the whole welfare state.

4. Sometimes other government departments have provided resources for Social Care, in particular the DWP and DCLG, through systems such as Supporting People. As with NHS funding, these streams of funding are in constant flux as one part of government partially subsidies Social Care, while also pursuing its own objectives and protecting its own resources.
5. Finally Social Care is also funded privately. Some people are forced to pay charges to local authorities for the services that are organised for them. Others avoid the statutory system altogether and fund their own care. The extreme inflation of house prices in the UK has left many older disabled people with assets that they can convert into Social Care or which local authorities try to target and use to fund statutory services.

The critical fact is the funding model for Social Care, which has always been inadequate and confused, is now broken beyond repair. We should use this fact to confidently advocate a new model, built on progressive taxation and in parity with other public services.
What is state of Social Care after Austerity?

As part of its Austerity programme the UK Government began a radical programme of funding cuts to English local government in 2010, cutting about 10% each year. These cuts continued after the 2015 and 2017 elections and the current plan is to eliminate all support for local government and leave it reliant on Council Tax and Business Rates.

The two largest functions of local government are Social Care for adults and Social Care for children (the latter is approximately 50% the value of the former). Local government has tried to protect these services from cuts and other local services have often been cut first. Nevertheless the cuts to Social Care have been severe. In 2009 Adult Social Care support 1.8 million people, today it supports 1.0 million, a cut of 44%.

Financially, Adult Social Care spending in England in 2007/08 was £14.7 billion (net), whereas GDP was £1.447 trillion, in other words, Adult Social Care was just over 1% of GDP for the UK. [It is important to remember that GDP here is for the UK, not England.] Net spending in 2018/19 was almost exactly the same at £14.8, whereas GDP is now £2.1 trillion, which is 0.7% of GDP. So the cut in Adult Social Care spending has, in terms of GDP, over 30% and the equivalent in today’s prices of a cut of £6.3 billion.

It is also important to note the severe inefficiency created by these cuts. In 2009 the average level of funding per person was £8,200. Today the average spend per person £14,800, this is an 80% reduction in efficiency. This is because, savings are made by eliminating low cost, community-based and preventive support. It is much harder to make savings in residential or institutional services.

One side-effect of Austerity is that it makes clear that previous models for calculating the need for Social Care and the cost of any reformed policy are all entirely inadequate. The assumption in the past has been that Social Care costs would naturally increase with need. However, despite rising demographic need, the Coalition has ‘successfully’ reduced local government funding. Increased need did not lead to increased cost, because local authorities were able to:

- Limit and control eligibility for Social Care, often by requiring people to be in crisis or by making services so unattractive that people would rather not be supported
- Use charges and means-testing to discourage the use of Social Care and to generate additional income
- Use competitive tendering to outsource services wherever possible to reduce the price of Social Care (a policy which had been in place for more than two decades and which has made the care sector highly compliant and very poor at advocating for those it serves)
- Push frontline salary costs as low as possible (while also allowing inequality in salaries to grow to extreme levels)
- Transfer costs to the NHS both by formal subsidies, like the Better Care Fund, by treating people with complex needs, challenging behaviour or chronic illness as having
‘medical’ rather than social needs and by leaving people in hospital for longer than necessary.

People and communities have paid a terrible price for Austerity, which has led to growing indignity, isolation, institutionalisation, crisis and unnecessary deaths. Ultimately the ‘system’ of Social Care continues to survive - despite the extreme cost reduction that began in 2010. However the primary cost of Austerity has been transferred on to disabled people and their families.

**What will fully funded Social Care cost?**

We need a new way of thinking about what we mean by a fully funded social care system. Instead of treating Social Care as some kind of necessary evil, whose costs must be controlled whatever the human price, we must develop an ecological model that seeks to find the right balance of investment in Social Care to ensure all of the following objectives:

1. Maximise the contribution by disabled people to community life, with full protection for the right to independent living
2. Support the integrity and value of family life, enabling mutual support and a good life for disabled people and for family members (‘carers’)
3. Foster accessible and inclusive communities that can welcome and support each other and where every citizen can find role of value
4. Pay Social Care staff decent wages, acknowledging their value and the value of those they support
5. Move resources out of institutional or segregated services and reinvest funds to support citizen and community development
6. Guarantee parity and cooperation between Social Care and other public services, enabling it fulfil its distinct role without making it subservient others
7. Ensure Social Care is valued and understood by the whole community and there is widespread support for ensuring sustainable investment in it.

Over the life of one Government (5 years) there is no reason why the following objectives could not be achieved:

- Commit to end means-testing for Social Care. This might mean having to fund about **£10 billion** (current cost of privately purchased care) and a further **£1 billion** (income from charging).

- Commit to increase the overall level of support provided. Returning to the level of Social Care available in 2009 (a 44% increase) will cost approximately **£6 billion**.

- Commit to increase the salary levels of support staff, say by 25%, which implies a cost of about **£5 billion**.
• Commit to an increase in progressive taxation to pay for the introduction of a new and improved universal Social Care service. Note that, while this means that the better-off will be paying more in tax they will actually reducing risks and costs for themselves - should they or those they love acquire a disability - at any stage of life, including old age.

• Commit to reduce pay inequalities, capping top salaries and aiming for a salary ratio of 1:3 between direct staff and top management (this will also radically improve efficiency by making more direct support available).

• In total this implies a total cost increase, after 5 years, of £22 billion, bringing the total cost of Adult Social Care in England to about £40 billion or 2% of GDP. This is of course a very rough estimate, and it does not count in savings from cutting out wasteful administration or savings for other public services.

This figure is completely affordable and is funded by providing a clear entitlement to a universal service to people who are currently having to either pay for that service or who should plan to pay for it in the future.

Even more importantly, our approach to funding Social Care needs to change radically. We need to move away from an institutional model where costs are driven by out-of-date or limited service models. Instead we need to see Social Care as investment in community life - an investment built on a partnership between disabled people, families, communities and professional staff.

Why we must fully fund Social Care?

1. Means-testing is very damaging

Government has been unwilling to convert Social Care into a universal service, despite the obvious costs, complexities and injustices of the current system:

• Local authorities can tax disabled people who social care up to 100% of their income, as long as they leave people with an income above the Minimum Income Guarantee (MIG), which is set as low as £71.48 per week (DHSC, 2019). This means Social Care pushes people into poverty.

• The system penalises people on even the most modest income and creates a severe tax on savings. You must pay for all your own care costs if you have savings over £23,500 and part of your care costs if you have savings over £14,250 (DHSC, 2019). (Some argue that taxing excessive house prices is legitimate as a quasi-tax on wealth; however note that this is a very partial wealth tax - which targets only disabled people.)

• Many people have abandoned getting the support they need because they cannot afford to pay the charges (Coalition on Charging, 2008). Families will also spend or transfer savings between themselves in order to protect the eligibility of disabled people with eligible need.
Many people (167,000) have been driven into debt because of local authority ‘charges’ and 78,000 people had had debt management procedures started against them for non-payment (GMB, 2018).

About half of those receiving adult social care have had to spend money need for basic needs (rent, food and heating) in order to afford their social care charges (Waters, 2018).

The charging system costs nearly £70 million to administer (about £0.5 million per local authority).

In essence the system has created a disability super-tax that targets disabled adults, including older people. It fosters poverty, stigma and insecurity, while undermining wider public support and legitimacy. The system is radically underfunded, unfair and it undermines equal citizenship and the wider social fabric.

Essentially - like any non-universal public service - Social Care lacks public support because it does not create clear and universal entitlements that people can be confident will exist should they or those they love need them. The system is still closely associated with institutional solutions which leave people cut-off from community life - not just because of inadequate or serrated services, but also by poverty and shame.

2. The current tax base for Social Care is completely crazy

As central government funding for Social Care diminishes to zero local government is expected to fund Social Care from a mixture of Council Tax and Business Rates. This is clearly incoherent and unjust. The emerging system guarantees injustice: communities with the greatest need are most likely to be in places with the fewest available economic resources. Places like the City of London, which have next to no demand for Social Care will be able to fund almost anything. This is a funding system with no logic.

Also, while there are short-term attractions for forms of hypothecation, special taxes or national insurance, these systems are not wise long-term commitments. They become hostages to fortune and there is no reason why one or more public service should be hypothecated, while others are not. The arguments for hypothecation are short-sighted and stress the perspective of one service, whilst forgetting that that whole system is interdependent. A wise society will be mindful of changing needs, wider social changes and the interrelationship between different systems and society over time.

Funding for Social Care should come from a system of progressive taxation and will change as society and the relevant tax base evolves over time. Wider social change and economic changes are unpredictable and funding for Social Care should not rise or fall on the basis of a special tax base.

3. The UK is failing to meet human rights standards

The UK is bound by international treaty to respect the rights of all its citizens, including disabled people. The current system, which has allowed cuts to be target on social care, has been the subject of severe criticism from human rights bodies, including the United Nations, and it is entirely unfit for purpose.
4. We need to invest in ourselves

Without a fully funded Social Care system we will fail to properly invest in ourselves as a community and without this investment we will miss out on the benefits of:

- Greater social contribution by disabled people
- Reduced costs in other public services (NHS, education, prisons etc.)
- Increased community action and self help

In addition Social Care makes a significant contribution to the local economy, providing a wide range of jobs and enabling disabled people and community groups to manage funds and grow their contribution to the local community (ICH, 2013). Social Care is a large employer, increasing life skills across a wide population, cementing community links and fostering citizen contribution. Social Care enriches community life for everyone.

Unison estimated that 650,000 new social care staff will be needed by 2033 (ref). As technology makes increasing numbers of jobs redundant it should be a priority to make Adult Social Care a positive employment opportunity with decent wages, mandatory training and development opportunities.

5. We need to treat women fairly

Gender inequality is built into the current system. Inadequate funding for disabled people, for staff and for families and impoverishing means-testing harms women much more than men:

- Adult Social Care employs about 1.6 million people, 80% are women
- About 6 million people are proving unpaid care, more than 60% are women

A new deal for Social Care will be a new deal for women and it needs to be based on increasing both terms and conditions for staff and the entitlements of disabled people and carers.

Note also that the benefit system must also be considered when thinking about Social Care. It is estimated that 5 times more care is provided by family and friends than by professional support staff (ref.). Benefits for carers are one important factor in creating the best overall support for community life and human rights. Also there are arguments for restoring the ILF or some other model of individualised funding through the benefit system. All of this reinforces the importance of not treating Social Care as a system unto itself, but as seeing it as part of an ecological and dynamic system.

6. We need parity of investment between public services

One of the most peculiar features of the unwillingness to properly fund a non-means-tested Social Care system is that adult Social Care system is a very small service compared to other universal non-means-tested services:

- GDP is about £2.1 trillion
• Adult social care in England is £15 billion - 0.7% of GDP

• Children social is not means-tested and costs £8 billion - 0.4% GDP

• NHS is not means-tested and costs £125 billion - 5.9% of GDP

• Education is not means-tested and costs £90 billion - 4.2% of GDP

In other words, Adult Social Care is only 6% the size of the combined size of the main universal public services (£238 bn). Yet it is somehow deemed unworthy of being converted into a universal service or of being properly funded. This then creates serious systemic problems across the welfare state as Social Care cannot protect its integrity of purpose or establish a relationship of equality with other public services.

7. We need to respond to changing patterns of need

Over the past two decades or more the case for increasing funds for adult Social Care has often been made on the basis of ‘increasing need’ and in particular the changing age profile of the UK population - crudely, more older people, fewer younger people. This argument has not succeeded in unlocking increased funds for Social Care and it may even have contributed to an unwillingness to address this important public policy issue. It is a mistake to think of Social Care as merely the cost of ageing: the fact that people are living longer and are more able to contribute to society is a fact to be celebrated and even a fully funded Social Care system cannot replace the support and interrelationships upon which family and community life depends.

It is also incoherent to think about a changing demographic profile as only increasing costs. The reality is more complex and more positive. If there are fewer children to support then this may allow resources to be targeted elsewhere. If Social Care is properly funded then people can also be supported to make a greater contribution to help each other meet each others needs. Needs do not always lead to the creation of financial costs; they can often lead to the creation of meaningful community action and cooperation.

The challenge is to ensure that, across a local community, it is possible to move resources (and this does not just mean money) towards solutions that create better outcomes. Sometimes increased funding for Social Care may be the best solution; at other times resources might be better directed towards housing support, further education and environment or other community budgets.

8. We need to better coordinate local services

The organisational integration of health and (adult) Social Care remains a dubious policy goal. It has been a political priority for 50 years, has never been fully achieved and where it has been attempted empirical evidence of its success is lacking (re.). More importantly it is a distraction from focusing on the real needs of the distinct public good that is Social Care (for children and adults).

However if local communities can hold all public services in their area to account and can direct or influence how those resources are allocated then there will be significant
opportunities for greater innovation, community involvement and efficiency. It is not organisational integration and further centralisation that will drive positive change, but subsidiarity and local democratic accountability of all public services - within a secure national framework of rules and rights. Fully funding Social Care makes better local coordination much easier and shifts the focus to identifying the unique contribution to community life of Social Care or other public services.

9. We need to increase public support for Social Care

Currently most people do not understand how adult social care works. They combine a rather contradictory faith that somehow it is part of the universal NHS and at the same time they have a hazy awareness that they may be charged if they need residential care (Gregory, 2014). When, as happened during the election campaign of 2017, Social Care does receive any attention it creates bad news, not so much because of the details of any proposed policy, but because the proposed policy underlines how unfair the current settlement really is.

Political leaders should take heart from the example of Australia where a new system of Social Care, which involved a 50% increase in funding for Social Care. This system was widely accepted and the tax increase that was associated with the change was very popular, because people believed that every Australian would benefit from a new, non-means-tested and properly funded system. This change was also preceded by a campaign - led by disabled people, families and services providers working together - which was called Every Australian Counts (Galbally, 2016).

10. We need to protect the principles of the NHS

The current system of means-testing in Social Care also creates significant risks to the integrity of other universal public services, in particular to the NHS. For example:

• If means-testing can be used to reduce the demand on eligible services then organisations may seek to define healthcare services as social care services to limit demand, or

• If the NHS takes over means-testing systems as part of integration with local Social Care systems then it may also be tempted to adapt and extend means-testing for its more personalised healthcare services.

The NHS and other public services need to be inoculated against this risk by banning means-testing across the whole public sector.

11. We need to increase the efficiency of Social Care

Under investment does not increase the efficiency of Social Care, instead it reduces its efficiency. Local authorities have been increasingly forced to cut low cost, community-based and preventive services because they are forced to prioritise the funding of institutional services for people with the highest needs (Duffy, 2016). Efficient use of resources requires a shift in investment from building-based or segregated services towards community-based solutions (Richmond & Squire, 2017). This is impossible in the
current system. We are locked into a vicious cycle which protects the services that are most economically wasteful and, more seriously, which are associated with increased risk of abuse.

12. We should reintegrate adult and children services

A new funding model of Adult Social Care should be combined with a new model of funding for children’s services (ref. CE).

Despite official policies which promote the integration of children’s Social Care with Education and adult Social Care with the NHS the reality for under-funded local government is that they are increasingly being forced to reintegrate social care itself as they can no longer afford a Director of Adults Social Care and a Director of Children’s Services.

This is as it should be. Social Care needs to be given much more attention in its own right. The social work profession, working with disabled people, families and other social care workers need to be supported to create a coherent public service, built on human rights principles. Integrating adults and children’s services will also help us avoid the current situation where there are various transition crises and failures to support children in care as they become adults (Murray, 2010; Hyde, 2018).

Reintegrating social care for children and adults creates the possibility of a coherent service built around the human rights principles that are central to Social Care. It also increases the opportunity for a more balanced discourse between the major public services - with their distinct cultures and objectives - and the chance of a better appreciation of how communities themselves can develop their own solutions.

Conclusion

Fully funding Social Care will not happened unless a wide coalition is built around the idea and the benefits of the new arrangements are made clear and compelling. Universality is an attractive idea and can win public support, but politicians will need the backing of campaigners and civil society groups to make this compelling. In particular international experience suggests that a positive and liberating vision for Social Care - one built on rights, personal agency and inclusive communities - will be much more attractive than one that focuses on residential care or other more institutional services.

Defining the right level of funding for a fully funded system will always be subject to debate. There are multiple competing interests, not just services as against tax payers, but also the differing and valid perspectives of disabled people, families and communities themselves. The coproduction of a strategy for fully funding Social Care and, much more importantly, the guarantee that these perspectives will be able to hold a future system to account, is probably more important than any initial estimate of the cost of a fully funded system.

For the reasons we’ve explained there are also good reasons to hold out against any ‘special’ funding systems or Social Care specific forms of taxation. The ongoing challenge for Social Care is to be treated as an equally valuable social good - alongside Health,
Education, Housing and Income Security (the other welfare state pillars). Hiving-off Social Care into its own compartment will not solve this problem, instead it will make it worse.

The great strength to the Reclaim Social Care campaign is that it brings together key groups from the disability movement, from the family perspective and from trade unions. This is the ideal alliance for defining and campaigning for a new vision for Social Care. As such our model for fully funded Social Care needs to respect the distinct value of each perspective.

References (incomplete)


Gregory S (2014) Attitudes to health and social care Review of existing research. London: King’s Fund


Independent Age Report

NAO Report

Bunting M, The Guardian, 16/03/16

NOTE - there are many more references to include in this paper and further facts and data can be added to the main argument - I can improve in due course (with a little more time).