Executive Summary

The care crisis

- Numbers accessing care services have fallen by half a million since 2008/9 (a drop of 30%).
- Yet the population continues to age – the over 80s have risen by 800,000 in the last decade.
- We estimate that approximately 1.86 million people over the age of 50 in England (1 in 10) have unmet care needs – an increase of 120,000 people (or 7%) since 2006/7.

Assessment of changes outlined in 2015 Spending Review

- Our analysis of data from 326 local authorities, shows that the councils with the highest concentration of older people and unpaid carers will be the ones that will bring in the least amount of money from the 2% council tax precept.
- Even if proposals bring £3.5bn into adult social care (which is highly unlikely), this will still only mean that spending on care returns to 2015 levels by the end of the parliament.
- This would imply an overall fall in expenditure on care as a proportion of GDP putting us firmly at the bottom end of the OECD league table with Central and Eastern Europe.

Increased reliance on unpaid carers and rising unmet need

- There are already around 1.5 million people providing over 50 hours per week of unpaid care.
- Reductions in formal care services will put a greater burden on unpaid carers who are typically middle-aged women. This could threaten to undo some of the progress made in raising female employment rates over the last 20 years to the detriment of the wider economy.
- Unpaid care can also put a significant strain on the individual providing it, yet carers receive little support for what they do. Carers Allowance is currently set at just £62.10 per week for those providing at least 35 hours of care a week – that’s less than £2 per hour of care provided.
- Without greater support, both financial and technical, greater unpaid caring could risk an erosion in the quality of care provided.
- But those who have a family to support them may be the lucky ones. We estimate there are approximately 4.3 million people aged 50+ in England who are living alone (that’s roughly 1 in 5 middle aged and older people living on their own).
Introduction

The International Longevity Centre – UK (ILC-UK) is a futures organisation focussed on some of the biggest challenges facing Government and society in the context of demographic change. The ILC-UK is part of the International Longevity Centre Global Alliance, comprised of 17 partners across the globe.

We ask difficult questions and present new solutions to the challenges and opportunities of ageing. We undertake research and policy analysis and create a forum for debate and action.

Our policy remit is broad, and covers everything from pensions and financial planning, to health and social care, housing design, and age discrimination. We work primarily with central government, but also work with local government, the private sector and relevant professional and academic associations.

Our primary goal is to ensure a sustainable future which accommodates the needs of an ageing population. Our submission is focusing on the distribution of funding for health and social care across the spending review period, specifically social care. We conducted our analysis of the Comprehensive Spending Review’s impact on adult social care to determine if such measures are sufficient to sustain a care system on the verge of collapse; we found that they are not.

As such, our recommendation to Government is to either increase investment in adult social care provision, or consider the economic impact of declining employment as more people (typically women) undertake unpaid care roles.

Will the measures contained in the Spending Review make a difference?

1. At a national level, it is hoped that the measures outlined in the Spending Review – which includes more resources for the Better Care Fund (£1.5bn) and the council tax precept (hoped to bring in £2bn) will bring an additional £3.5bn into adult social care by the end of the parliament.

2. Despite these measures, it is difficult to know exactly how funding for adult social care will play out over the next four years. Unlike the NHS there is no global budget for care, instead it is up to local authorities to determine how much they actually spend including whether or not they choose to take advantage of the new precept and raise council tax in order to generate additional funds for social care. But with local government having their funding from central government cut by 56% over the course of this parliament, how they manage their entire budgets including adult social care expenditure is likely to be a substantial challenge.

3. In December 2015, DCLG published ‘The Provisional Local Government Finance Settlement 2016-2017’ to address disparities between the capacities of different local authorities to raise council tax revenues specifically for funding adult social care. Its plans include using the Better Care Fund to support those local authorities
who will receive limited help in meeting care needs through the council tax precept. While the acknowledgement that the precept will raise different amounts in different local authorities is welcome, it does not detract from the fact that the overall funding settlement for adult social care is insufficient to meet demand, and that there will be practical challenges associated with ensuring the Better Care Fund is used to support those areas with the greatest need.

4. What we do know is that even if £3.5bn is successfully raised for care, this will still only mean that spending on care returns to 2015 levels by the end of the parliament\(^1\). In addition, the proposals imply that the £3.5bn would be backloaded – with funding falling over the next two years before rising in the last\(^2\). This means a continued short-term funding squeeze for the sector as a whole, before some relatively limited respite later on.

**Local authorities will be impacted in different ways**

5. The council tax precept is likely to exacerbate regional and local inequalities. Our analysis underlines what many others have already suggested - the local authorities that most need additional funding for care will generate the least amount of funding through the precept.

**Methods**

6. By combining the government’s Council Tax Receipts Tables with the ONS’ Mid-Year 2014 Population Estimates, it is possible to calculate what an additional 2% in council tax might generate per older person in each local authority in England. We then plot this additional revenue per head against the likely demand for care across all local authorities (measured in terms of the proportion of people aged over 65).

**Findings**

7. We find that the local authorities with the highest proportion of older people will bring in the **least** amount of money for every older person. In other words, the places where there is likely to be the highest level of need, will bring in the least amount of additional resource to spend on social care. In Lincolnshire’s East Lindsey for instance where 30% of people are aged over 65, a 2% rise would bring in just under £30 per older person per year. By contrast, in Richmond Upon Thames, where just 15% of people are aged over 65, the rise would bring in an additional £95 per older person per year.

8. The below chart clearly demonstrates the inverse relationship between likely demand for care and the additional funding the precept would provide.

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Greater burden on informal carers

9. It should perhaps come as no surprise that older local authorities have a higher proportion of unpaid carers than younger local authorities. Since the precept will bring in less money to older local authorities than younger ones, this will limit the extent to which it can ease the burden on family care givers. To demonstrate this, we repeated the above analysis, but rather than including the proportion of people aged over 65 we included the proportion of people undertaking unpaid care in a week. The chart below shows that the precept will bring in significantly less money where there is a higher reliance on unpaid carers. For instance in East Lyndsey, where around 13% of the population provide unpaid care, the precept could bring in around £30 compared to over £90 in Lambeth where less than 7% of the population provide unpaid care.

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3 The local authority data on unpaid was taken from the 2011 Census.
4 The results are robust to different amounts of unpaid care (i.e. this example is any amount of unpaid care, whereas we also looked at proportion providing intense unpaid care of 50+ hours a week).
10. Now of course, not all councils will decide to raise taxes. Richard Humphries from the King’s Fund estimates that rather than bringing in an additional £2 billion for adult social care the precept will bring in just £800 million – less than half the government’s intended target, though we won’t know the exact figure until the end of the parliament by which time it may be too late. Given the extent to which the sector has already been squeezed, the precarious financial position of some of its providers and the rising demand for care, this could result in a further reduction in access to formal adult social care, increased reliance on informal care and rising unmet need.

**Adult social care: towards a new model**

11. Even if real terms spending on care is maintained at current levels, this would still imply an overall fall in expenditure on care as a proportion of GDP. It would fall from around 1.1% of GDP today to around 1% by 2020 and it would fall even further if the precept does not bring in as much as anticipated. To put this in context, such a level of spending as a proportion of economic output, would put us firmly in the bottom half of the OECD league table. While cross-country comparisons are somewhat hazardous because different countries categorise health and social care in different ways and operate different funding models, average public expenditure on care in the OECD was 1.6% of GDP in 2011 – significantly above our current and anticipated level of spending. Indeed, it would mean that we are closer in terms of expenditure

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6 Calculations based on Office for Budget Responsibility estimates for current spend on long-term care and economic growth forecasts (real GDP).

to central and Eastern Europe than to the bastions of adult social care in Denmark, Norway and Sweden.

**Unintended side effects**

12. Unless further funding is found in this parliament, we may be moving towards a mixed and somewhat polarised system of care with some private formal care for those that can afford it, alongside rising reliance on informal carers and increasing unmet needs for those that can’t.

**An army of unpaid carers**

13. A greater reliance on family carers may help to alleviate some of the pressures currently facing the adult social care sector, but such a response to the care crisis could have unintended consequences, not least an erosion in the quality and professionalism of care provision.

14. But there are likely to be other socioeconomic consequences of putting more reliance on informal care. With middle aged women the most likely group to care for family members, increased reliance on unpaid carers could undo some of the significant gains made in female employment seen over the last twenty years. As the below chart shows, these employment gains have been driven by a substantive fall in the proportion of women who are economically inactive because they are caring for family members. That trend may already be starting to unwind. Since 2010, the fall in the proportion of women who are economically inactive because they are looking after their family appears to have levelled off and may even be starting to rise.

![Reasons for being economically inactive (women)](chart)

*Sources: ONS Labour Market Statistics (2015)*
15. Unpaid carers make a significant contribution to society. In 2015, a report from CarersUK estimated the economic value of unpaid carers at £132 billion per year – 7% higher than in 2011. But unpaid care can put a significant strain on the individual providing it – especially those providing 50 hours or more a week, of which there are around 1.4 million people. Yet carers receive little support for what they do. Carers Allowance is currently set at just £62.10 per week for those providing at least 35 hours of care a week. This amounts to under £2 per hour of care provided. And as this report has illustrated, there will be little additional funding through the precept directed to those local authorities where unpaid carers make the biggest contribution.

Going it alone

16. In the future, those who have a care need and can rely on family to support them may be the lucky ones. For the purposes of this report, we have estimated that there are approximately 4.3 million people aged 50+ in England who are living alone (that’s roughly 1 in 5 middle aged and older people living on their own), and we know that the chances of living alone rise with age. Without family or friends to support their care needs, and with falling levels of formal support, this group faces a particularly worrying future.

Concluding remarks

17. The settlement for social care outlined in the Spending Review does little more than paper over the cracks which many of those who are in need of care are already falling through. While some will be able to rely on family to support their needs, increased prevalence of unpaid caring may have adverse consequences for those providing support, for the economy as a whole due to reduced employment, and may even lead to an erosion in the quality of care provided. If we really are moving to a model of care that is almost entirely reliant on family and community support, then we must have the adequate infrastructure in place to support the needs of informal cares. Yet with local government facing more severe real terms spending cuts, it is difficult to see where this capacity is going to come from. The future for adult social care looks bleak.

22 January 2016

The evidence contained in this submission was first published in the report, ‘The End of Formal Adult Social Care?’ on 12th December 2015. The full report can be found at:

8 http://www.carersuk.org/for-professionals/policy/policy-library?task=download&file=policy_file&id=5479. This estimate assumed a unit cost of replacement care of £17.20 per hour, which, the report argues is in line with the official estimate of the actual cost per hour of providing homecare to an adult.