Care England response to the Health Select Committee Brexit and health and social care inquiry, October 2016

1. Introduction

Care England is the leading representative body for independent care providers in England. Our members provide a range of care and support services for adults, including residential and nursing care, homecare, housing and community support. Our members also deliver specialist services such as rehabilitation, respite, palliative care and mental health services.

The decision to leave the European Union is a source of great concern for our members, as many care providers rely heavily on EU migration in order to recruit care and nursing staff in adequate numbers.

While Care England is working to build relationships with key officials and new Ministers to ensure that the social care workforce is not neglected in arrangements to come, we are concerned that the impact of EU exit on the social care workforce could be very damaging: recruitment and retention of staff in social care is more difficult than ever before. More than ever, providers are relying on EU workers to make up domestic supply shortfall and meet rising demand.

Care England would welcome the opportunity to give oral evidence to the Committee as part of their inquiry.

2. Executive Summary:

3. The State of Social Care Workforce in 2015/16

- There are 19,300 organisations providing social care in over 40,100 locations; 1.55 million jobs in adult social care (ASC) and 1.43 million people working in ASC
- Adult social care contributes £40.4 billion to the economy each year

The wage bill and the workforce

- The wage bill for ASC is £18.6 billion per year, nearly half of the sector's economic worth
- The Wage bill was 10% higher in 2015/16 than in 2012/13
- Between 2009 and 2016, the workforce increased by 18%. According to predictions, it will increase by a further 18% by 2025, to 1.83 million jobs. This increase will need to be met by an increase in staff numbers.

Recruitment and retention

- The estimated turnover rate for ASC jobs was 27.3% (339,000 leavers per year) in 2015/16
- There has been a steady increase in turnover rates between 2012/13 and 2015/16 (4.7%). This is mainly due to difficulties in retaining younger workers and people leaving the sector soon after joining.

4. Social care workers' nationality

The social care workforce is 83% British, and 12% (140,000 jobs) from the outside the EU. Nationally, 6% of the social care workforce (90,000 jobs) is made up of EU nationals. In some areas, EU workers constitute as much as 10% (South East) and 12% (London) of the social care workforce, as the below table illustrates:

Estimated number and percentage of EU workers in the adult social care workforce by region, 2015
Source: Skills for Care estimates using NMDS-SC
Base: Independent sector and local authority workers

	Jobs		FTE jobs	
	Percentage of jobs filled by EU workers	Number of jobs filled by EU workers	Percentage of FTE jobs filled by EU workers	Number of FTE jobs filled by EU workers
England	**6%**	**80,000**	**6%**	**65,000**
Eastern	6%	9,000	7%	8,000
East Midlands	4%	4,000	4%	3,500
London	12%	20,000	12%	16,000
North East	1%	1,000	2%	1,000
North West	3%	5,500	3%	4,500
South East	10%	21,000	10%	18,000
South West	6%	9,500	7%	8,000
West Midlands	4%	5,000	4%	4,500
Yorkshire & Humber	3%	3,500	3%	3,000

Regions may not sum to England due to rounding

Certain parts of the workforce and the sector will be more affected by EU exit, as some job roles are more likely to be taken by EU workers. For example, 9% (nearly one in ten) of the UK's 'regulated' adult social care workforce is from the EU. These regulated workers are likely to be nurses working in nursing homes. The below table illustrates this concentration:

Estimated nationality breakdown of the adult social care workforce by job role, England 2014 and 2015
Source: Skills for Care estimates using NMDS-SC
Base: Independent sector and local authority workers (it does not include jobs for direct payment recipients)

	2014	2015				
	All job roles	All job roles	Managerial	Regulated profession	Direct care	Other
Estimated jobs	**1,295,000**	**1,325,000**	**110,000**	**70,000**	**970,000**	**175,000**
British	82%	82%	90%	69%	81%	87%
Non-EU	12%	12%	7%	22%	13%	7%
EU (non British)	6%	6%	3%	9%	6%	6%
British	1,065,000	1,080,000	100,000	50,000	780,000	150,000
Non-EU	160,000	160,000	5,000	15,000	125,000	10,000
EU (non British)	75,000	80,000	5,000	5,000	60,000	10,000
Sub total - all non-British	*235,000*	*240,000*	*10,000*	*20,000*	*185,000*	*20,000*

It should be noted that NMDS-SC does not collect data on second nationalities or workers' immigration status
Some 'non-British' workers may have gained indefinite leave to remain

5. A shortage of care staff

Although the implementation of the National Living Wage (NLW) in April 2016 should have brought about improvements in recruitment and retention for the sector, several of our provider members inform us that it is harder to recruit and retain staff than ever before.

This may be because of the attractiveness of the sector, but in large part this reflects the pressures on existing staff due to underfunding, staffing levels and a lack of resources. The social care sector is badly underfunded, and the new mechanisms announced in the 2015 spending review have failed to address this: the social care precept covers just two thirds of the costs of the NLW.[1] A lack of funds may be negatively affecting the sector's ability to attract and keep good staff, which makes the EU care workforce all the more important.

The average age of a worker in social care is 43. Over a fifth of workers in social care are over 55, meaning they are nearing retirement. As social care workers age, there will be increasing pressure on providers to fill the gaps they leave when they retire. The age profile of care workers demands attention:

All categories of worker

Age of Staff	Number of Staff	
24 and under	70,316	10.2 %
25 to 34	139,199	20.2 %
35 to 44	136,144	19.8 %
45 to 54	183,295	26.7 %
55 to 64	133,352	19.4 %
65 and over	25,329	3.7 %

[2]

6. A shortage of nurses

Skills for Care's 'The state of the adult social care sector and workforce in England' recently reported that 9% of the 47,000 nursing jobs in adult social care are vacant, and that in the last year over a third of nurses left their post. This has meant that many services are relying on agency staff, which undermines their ability to provide continuity of care for residents.

[1] ADASS Budget survey 2016
[2] Skills for Care 2016

In 2014/15 Care England carried out research among our members to understand the impact of the nursing shortage. The respondents comprised of 26 organisations providing a 58,527 nursing beds, owning approximately 2,000 homes employing 8,900 nurses. We estimate this survey to represent 15% of the sector.[3] We found that 100% of respondents struggled to recruit nurses, and that social care providers were waiting up to two years to fill vacancies.

Nurses in social care are on average older than other workers. A third of nurses are aged over 55, and so will be nearing retirement in the next few years. Growing a domestic nursing supply to meet this shortage will take a considerable amount of time, but the sector already has widespread nursing vacancies and must rely on heavy agency costs. An ageing workforce will simply exacerbate this problem.

Nurses in social care:

Age of Staff	Number of Staff	
24 and under	276	1.3 %
25 to 34	3,230	15.7 %
35 to 44	4,644	22.5 %
45 to 54	5,885	28.5 %
55 to 64	5,300	25.7 %
65 and over	1,292	6.3 %

[4]

Historically, Health Education England (HEE) has not planned for the nursing workforce across health and social care, and was criticised for this failure by the Migration Advisory Committee in 2016.[5] In order to protect long-term NHS sustainability, HEE must start planning for the social care workforce now: rising demand due to the ageing population must be met with increased nursing capacity in the sector.

7. The Impact of the nursing shortage

The Care Quality Commission (CQC) has seen a rise in the number of active care home locations cancelling their nursing care provision. In the first half of 2016, the CQC recorded that the number of cancellations was 73, which exceeded the number for the whole of 2015 (which was 72). This is a worrying trend. In 2015-2016, the number of nursing homes fell from 4,697 to 4,633 and the number of nursing beds reduced from 224,674 to 224,026. The NHS relies on the efficiency and survival of social care sector nursing, which in turn relies on a healthy supply of EU nurses.

Provider case studies: re-purposing nursing homes and de-registering nursing beds

Care England has gathered several case studies illustrating the impact of the nursing shortage on the sustainability of social care in 2015/16.[6]

[3] Based on the figures provided in our previous year's submission quoting that the social care sector: 'has around 17,000 care homes providing care for approximately 400,000 people, including 50,000 nurses'. It complicated to establish an exact figure, but 8,900 is 17.8% of 50,000; 58,527 is 14.6% of 400,000 and 2,000 is 11.8% of 17,000, so we have approximated this to be 14.7% of the entire market.

[4] Skills for Care 2016

[5] Migration Advisory Committee report on adding nurses to the SOL, 2016

[6] We have shared one such case study, but should the commission be interested, we have several more in-depth organisational case studies available.

One provider explained that it was 'extremely difficult to recruit': across 72 homes they currently have more than 40 vacancies for Registered Nurses. Their pay rates are set competitively; they actively advertise, use agencies, attend job fairs, distribute leaflets and have even raised pay rates, to no avail. As a result, this provider has several nursing homes that they cannot operate as such. These are large homes of around 80 beds, and make up a significant portion of their local markets.

A national charitable care provider told us: 'We have opened three new homes in the last two years which we had originally planned to provide nursing beds. As a result of our inability to source nurses we changed the category of care to residential or residential dementia. This represents approximately 120 places that would have been provided as nursing beds but are now residential. These are all in one county.'

Another provider explained that they had been forced to de-register nursing beds across five separate homes due to the nursing shortage, and had closed one home in significant part for this reason. The provider said: 'that doesn't mean to say it won't happen again: care providers don't know what impact Brexit will have.'

The impact of these scenarios will be a greater strain on hospitals and community nursing care.

8. Supplies and VAT

Care England members have raised concerns that the costs of supplies might rise due to EU exit. They have expressed that at current funding levels, their businesses could not absorb such extra costs. This is an important issue for the committee to consider in the course of their inquiry.

Care England has contacted the Department of Health, the Department for Exiting the European Union and the Treasury to raise again an issue of longstanding concern: that of the VAT position of care providers. We have called for a re-categorisation of care providers' VAT status from exempt to zero-rated. This would help providers recoup some of the costs of VAT and contribute a significant amount to social care funding.

Care England believes that once we have served Article 50 to leave the European Union this will be a promising avenue to explore. Re-categorising all care providers' VAT status would offer a fair, common sense contribution to care market sustainability. Additional funds could be used to mitigate workforce pressures.

9. The Cavendish Coalition

Care England is part of the newly-formed Cavendish Coalition, a group bringing together health and social care provider and employer representatives, to reach consensus on lobbying for a good deal for the social care workforce.

The Coalition's statement of purpose includes:

1. *Supporting the economic as well as social health of the communities we work within through the creation of opportunities for training and employment*
2. *Promoting employment policy and practice which ensures that the UK continues to be able to attract vital skills from Europe and around the world to work in health and social care*
3. *Seeking certainty for those already working in the UK by advocating for the right of the current health and social care workforce originating from European Economic Area (EEA) members to remain here."*

The coalition has emphasised that it will work hard to tackle the xenophobia and abuse that staff have increasingly faced since the referendum result, and to assure staff across social care and health that they are a valued asset to UK communities.

We will continue to lobby through this channel, and represent the views and experiences of our members for a good deal for social care employers as part of well-resourced local health and social care systems.

We are joint signatories of the Coalition's response to this enquiry, and support taking a system-wide view to securing adequate workforce supply for both social care and health.

10. Future forecasts

In their joint research and modelling, Independent Age and ILC-UK found that by 2037 there could be a shocking 13.5 older people per care worker. They modelled workforce scenarios and predicted a worrying shortage of supply:

- In a zero net migration scenario, the social care workforce gap could reach above 1.1 million workers by 2037, which would mean 13.5 older people for every care worker, compared to a ratio of seven for every care worker today.
- In a low-migration scenario, where the sector remains as attractive as it is today, but the government reduces levels of net migration, there will be a social care workforce gap of more than 750,000 people by 2037.
- Even in a scenario where there are high levels of migration and the care sector becomes more attractive, the social care gap will be as big as 350,000 people by 2037.

Care England is concerned, but not surprised, by these projections. The ageing population is real and demanding social challenge which must be met with adequate workforce supply planning, led by Health Education England.

11. The social care sector looking forward

Despite its serious concerns about the impacts of Brexit, the social care sector is not averse to change. Indeed, the sector seeks to be a systems-leader in innovation. Care England has worked to develop Teaching Care Homes with five test sites nationally, and to progress the development of the Care Practitioner role, both of which aim to upskill the current workforce, reduce the pressure on nurses, and make the sector more attractive to new joiners. The sector has also embraced the good practice and innovative solutions of the NHS England Care Home Vanguards, and is working hard to spread the learning from these pilot sites.

The innovation and great potential of care homes, supported living and domiciliary care must be maximised in years to come, as our population rapidly ages. Care providers are clear that innovation is simply not possible without an adequate workforce supply and a workforce who feel valued, supported and well remunerated.

Care England urges the committee to fully consider the workforce needs of both the health and social care sector, and to encourage the government to think carefully and plan far ahead for this vital workforce throughout the Brexit negotiations to come.

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