

## Response to Government Plans on Funding for Social Care

July 2021

WBG welcomes the recognition by the Government of the need to address the crisis in social care and the proposed focus on collective funding for collective provision. Social care can be needed by anyone, at any point in life– it is not just about elderly care– and we therefore need a system that works for everyone. Women are particularly likely to both need and provide care (paid and unpaid).

Whatever funding mechanism is agreed it has to raise the amount required to ensure that good quality care is available to all those who need it. There is no solution if we do not raise enough money.

The crisis in social care is urgent, there are currently 1.5 million people with unmet care needs in the UK. Addressing this requires immediate action, whatever the longer-term settlement. Care should be recognised as a form of social infrastructure, for which the Government can borrow to invest, as it does to invest in physical infrastructure. Investing in care benefits everyone in society.

The cost of social care needs to be shared across society in a progressive way so that those who can pay more, contribute more. The costs of social care should not fall on those who need care or on those groups most likely to need care.

Whilst the UK WBG welcomes the Government's current proposals, we believe that there is a fairer way to fund social care. This is because National Insurance Contributions (NICs), as they currently stand are:

- More regressive than income tax – with a lower threshold at which payments start, and a higher rate threshold beyond which employees pay a lower rate.
- Levied only on earnings and not on other forms of income.
- Only paid by people of working age, meaning that high income older people would not contribute.

However, if the increase in NICs is also accompanied by a broader package of reforms of the National Insurance system, which removes some of the limitations listed above, then using these 'new style' NICs would be a more progressive way to fund social care.

The UK WBG has called for [reforms to the tax system](#) (including ensuring that wealth, and income from wealth is taxed fairly alongside earnings). Such reforms are important to make tax more progressive, to address gender inequality and to invest in social care. However, investment in social care cannot wait to be funded by a reformed tax system.

Any funding settlement for social care must also be accompanied by policies that reform the structure of the social care system.

- i) It must go beyond just funding the current system and its existing costs. Structural reform, including how care needs are assessed and how care is delivered, is needed so that no one's care needs are left unmet.
- ii) The quality of social care provision needs to be raised by giving social care workers adequate pay and by ensuring they are provided with the skills and training to do their work.

Beyond an immediate funding settlement, the Government must address the structural problems with the sector that have arisen from allowing uncontrolled consolidation by private providers, including private equity. Many private providers now load their enterprises with debt and use complex and opaque financial structures and subsidiary companies, often listed offshore, to extract maximum gain from public funding while avoiding paying tax in the UK.

We are concerned by suggestions that older people should be responsible for paying an additional social care levy to cover the costs of social care. A system that levies extra taxes against older people to pay for care is not a fair system. This is not the way that taxes are raised to fund any other type of public service. For example, we do not ask parents to pay extra taxes because their children use public childcare services or schools. Social care is a benefit to the whole community and the costs of care should be shared fairly by all.

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