



# **Central Executive Council**

## **Special Report**

# **GMB IN THE CARE SECTOR- CAMPAIGNING TO PREVENT THE COLLAPSE OF SOCIAL CARE**

## **REPORT TO ANNUAL CONGRESS 2016**

### **Bournemouth International Centre**

**CONGRESS - SUNDAY 5 JUNE - MONDAY 6 JUNE**

**9.30 am - 12.30 pm, 2.00 pm - 5.30 pm**

**SECTION CONFERENCES- TUESDAY 7 JUNE**

**9.30 am - 12.30 pm, 2.00 pm - 5.30 pm**

**CONGRESS - WEDNESDAY 8 JUNE**

**9.30 am - 12.30 pm, 2.00 pm - 5.30 pm**

**CONGRESS - THURSDAY 9 JUNE**

**9.30 am - Close of business**

## 1. Introduction

- 1.1. GMB is the largest trade union for care workers in the UK. The adult social care sector is under unprecedented strain and it is care workers and service users that are bearing the brunt of disastrous and wholly unacceptable trends in the way that care is funded, commissioned and provided. Over the last several years, GMB has worked closely with our members working in care, care home providers, independent think tanks and other key industry figures to highlight the problem and to provide government with recommendations out of the present crisis.
- 1.2. GMB represents tens of thousands of staff employed by hundreds of employers in the care sector and it is GMB members who are keep this vital public service going in increasingly difficult circumstances, GMB is very proud of the work our care sector members do.
- 1.3. There are an estimated 1,475,000 workers (1,185,000 FTE) in adult social care servicing 1,550,000 jobs in 39,500 local authority and private adult social care establishments in England.<sup>1</sup> Since the 1990's the workforce has continued to shift away from local authority jobs towards the independent sector. There are approximately 18,000 adult social care organisations in England, 7,700 involved in residential services and 10,300 in non-residential services.<sup>2</sup>
- 1.4. The people delivering this top-priority service deserve decent employment standards. A highly motivated, well-skilled and fairly rewarded workforce is integral to service quality. GMB members, doing their level best to maintain standards, need a lot more support from the government and other public bodies like the Care Quality Commission (CQC).
- 1.5. Years of chronic underfunding in social care mean today's safety net for our vulnerable and elderly is 'cradle to care home door', betraying those who paid national insurance and tax all their lives, and causing the slow motion collapse of the care sector; underfunding social care costs the NHS hundreds of millions of pounds from avoidable admissions and bed-blocking.
- 1.6. The last few years have seen the collapse of the largest care home operator in the sector, Southern Cross, government austerity impacting on Local Authority fees and tougher CQC rules and regulations in the wake of highly publicised care scandals. The November 2015 Autumn Statement saw central government pass the buck to local authorities by giving them the ability to raise a 2% council tax precept from April 2016. 144 out of 152 authorities with adult social care responsibilities in England have utilised all or most of the 2% precept when setting their council tax levels for 2016-17 raising £382m, but it is not enough.
- 1.7. GMB had been warning for many years now that the business model used in the private care sector was unsustainable. Debt was cheap, private equity ownership was increasing and the care home business was transforming from small, family run firms to large and complex multi-level chains with holding companies based in tax havens.
- 1.8. Southern Cross should still serve as a warning of what happens when we forget our basic approach to economic policy and the role of the state. GMB will keep fighting for better regulation, more transparency and to make sure all companies pay taxes in the UK, not through registered off shore tax havens.

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<sup>1</sup> Skills for Care National Minimum Dataset for Social Care: [www.nmds-sc-online.org.uk/Get.aspx?id=934949](http://www.nmds-sc-online.org.uk/Get.aspx?id=934949)

<sup>2</sup> Ibid.

## 2. Low Fees paid by councils

- 2.1. The residential Care sector remains chronically underfunded. Without fundamental changes the situation will only get worse. Politicians of all parties must accept their responsibility, face up to the funding crisis and act on the integration of health and care.
- 2.2. Laing & Buisson found local authority fees for care home residents had fallen on average almost 5 per cent, in real terms, over the past five years (Laing and Buisson, 2015b). At the same time reports abound of major care home operators selling off homes or soon running out of cash. In commentary following the Autumn Statement, Laing & Buisson warned that the introduction of a 2 per cent Council Tax levy precept for adult social care, simply transferred responsibility for addressing the gap in care funding rather than resolving it.
- 2.3. GMB highlighted that pay levels in social care, which had always been low, were now being squeezed by public spending cuts. This squeeze on funding, combined with privatisation and outsourcing, had negatively affected social care workers and the services they deliver: pay, travel time, reasonable mileage allowances, shift premiums for night and weekend working have all been eroded, even as workloads have increased.
- 2.4. GMB has led the campaign for proper funding for the care sector for the last 5 years. GMB has agreements with several of the large care home companies that they will pass on fee increases for improved pay and terms and conditions direct to their staff on a transparent, 'open book' basis.
- 2.5. Greater funding, in addition to the Better Care Fund and 2% Council Tax precept is required. As noted by the National Audit Office '*greater spending on social care is related to lower delayed hospital-discharge rates and fewer emergency admissions.*'<sup>3</sup> While the additional £382m raised from the 2% council tax precept is welcome there is the potential for a social care postcode lottery to be established, with the already wealthier councils being able to raise the most money. Councils that charge lower levels of council tax are likely to suffer significant shortfalls in care funding with resulting regional inequalities.
- 2.6. GMB and other stake holders must monitor and make sure that all the money raised from the council tax rises is spent on social care and not diverted to pay for other services. As a senior research economist at The Institute of Fiscal Studies has pointed out '*it is almost impossible to verify how much of this money will go on social care. You have to go on trust.*'
- 2.7. Economic Analysis by Integrated Health Partners for the GMB funded report '*The Care Collapse: The imminent crisis in residential care and its impact on the NHS*' revealed the scale of the crisis and the potential impact on the NHS: within five years, care homes will be underfunded by £1.1 billion per year for the level of need that is being demanded by a growing aged population. If nothing changes in the next five years this is a projected loss of 37,000 care beds, with residents flowing through to the NHS as a provider of last resort – with a potential cost of £3 billion a year to the NHS.

## 3. Profit and Privatisation

- 3.1. The Southern Cross collapse in 2011 crystallised some of the long standing concerns about financial structures in the private care sector.
- 3.2. US private equity firm Blackstone acquired Southern Cross from West Private Equity in 2004 and reorganized the business under the lethal '*sale and leaseback*' model. Blackstone separated ownership of the homes from the daily provision of care by arranging a complicated system, known as OpCo/PropCo, in which the homes themselves were owned by other companies that then rented the buildings back to Southern Cross. In 2010, when Southern Cross told us they couldn't afford to pay GMB members decent terms and conditions, we investigated their operational costs and found that huge amounts of mainly public

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<sup>3</sup> National Audit Office, Adult social care in England: overview: [www.nao.org.uk/wp-content/uploads/2015/03/Adult-social-care-in-England-overview.pdf](http://www.nao.org.uk/wp-content/uploads/2015/03/Adult-social-care-in-England-overview.pdf)

money intended to pay for the proper care of the elderly was being siphoned off to pay sky high rents instead. In total, we estimated the company was paying £100m per year more to rent its care homes than it should have been.

- 3.3. The combination of artificially high rents at a time when income from local councils was falling forced Southern Cross into administration in early 2011 with its care homes and residents being sold on to 44 other providers, including HC-One and Four Seasons.
- 3.4. When Southern Cross collapsed, GMB made a virtue of adversity, fighting our way into Four Seasons and other companies to become the lead trade union in the adult social care sector. GMB gained recognition with 39 of the 44 companies that took over from Southern Cross including Four Seasons, HC-One, Orchard, Lifestyle and Care UK. Uncertainties over the financial stability of private providers have driven many private sector care workers towards GMB membership.
- 3.5. The extent to which social care services previously delivered by local councils have been outsourced to providers like Southern Cross is dramatic. In 1993, 95 per cent of home care was provided directly by local councils. By 2002, this had fallen to less than 40 per cent and it currently stands at just 11 per cent<sup>4</sup>
- 3.6. In the past two decades, private firms have bought giant chunks of the residential care sector due to a government led desire to save money by outsourcing services to private providers. Accusations of 'fault' are now irrelevant and GMB must wake up to the challenge, work from within and make sure social care is put high on the national agenda.
- 3.7. The UK's aging population alongside increases in Alzheimer's disease and dementia means inevitable increased demand for social care and more opportunities for private sector providers: There are currently 488,000 care home places across the UK with an estimated market value of £24.1 billion.<sup>5</sup>
- 3.8. Whatever the wrongs of Private Equity in the system are, and GMB's views on this are well documented, now is not the right time to be picking fights. GMB must do what is best for GMB members working in the sector and with Private Equity deeply entrenched, GMB must work alongside enlightened employers to get more money into the sector.
- 3.9. GMB has a vision of a society where carers are truly valued. The national living wage - which GMB has been at the forefront of campaigning for - is a start. Carers who are rewarded fairly are happier and do a better job and that change in attitude brings massive benefits for our elderly and vulnerable care residents.

#### **4. Low pay and poor Terms & Conditions**

- 4.1. The care sector workforce is amongst the lower paid in the economy, with 25% of all full-time care worker and home care staff earning less than £7.00, 20% earning under £6.88 an hour and 10% earning less than £6.60 as of April 2015, according to the Annual Survey of Hours and Earnings.<sup>6</sup> The Trade Union Wage premium for workers in the Caring, Leisure and other service occupations is 20.9%<sup>7</sup>
- 4.2. The introduction of the government's NLW rates in April 2016 for workers over 25 years old was a welcome move in the right direction for care staff and many will see an extra 50p per hour in their pay packets. The other side is that care providers will struggle with the increased costs unless government and local authorities increase funding. If this does not happen we face a race to the bottom, worsening the situation of high turnover of staff and lack of continuity of care.

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<sup>4</sup> [www.socstudies.group.shef.ac.uk/spa/upload/809-624-Privatisation%20and%20outsourcing%20in%20social%20care.pdf](http://www.socstudies.group.shef.ac.uk/spa/upload/809-624-Privatisation%20and%20outsourcing%20in%20social%20care.pdf)

<sup>5</sup> Ibid

<sup>6</sup>

[www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2015provisionalresults](http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2015provisionalresults)

<sup>7</sup> [www.gov.uk/government/statistics/trade-union-statistics-2014](http://www.gov.uk/government/statistics/trade-union-statistics-2014)

4.3. GMB supports the work of Living Wage Foundation to raise wages. GMB will continue to make strong representation to all councils and companies across the UK to make work pay. GMB members make clear in their experience that at least £10 an hour and a full working week is needed to have a decent life free from benefits and tax credits.

4.4. GMB will continue to fight for all of the points outlined in our Charter for Care Sector Workers which includes:

#### **Fair pay**

- working towards a living wage to be set at £10 per hour as agreed at GMB Congress in 2014
- job security for all members, 'No' to zero hour contracts
- decent sick pay, pensions and overtime pay

#### **Workplace**

- protection in the event of unfair accusations; dignity and fair treatment at work
- enough staff for the number of residents
- a safe, healthy and secure workplace
- training to help you do your job and progress in your career

#### **Funding the care sector**

- talking to government about proper funding for social care; a good society looks after its frail, vulnerable and elderly

### **5. Lack of recognition of care worker skills**

5.1. A skilled and motivated workforce is essential to delivering quality care but this will not be developed without a radical overhaul of funding, commissioning and employment models. Caring for elderly and vulnerable people is a huge responsibility, undertaken by an over stretched, under trained, under paid and undervalued workforce. The contribution to society made by the social care workforce must not be understated.

5.2. The private residential care sector is at the heart of Britain's health and care system. It is where we house and care for some of our most vulnerable citizens, many of whom suffer from long term medical conditions such as dementia and diabetes. It is already 'home' to over 425,000 people, and to one in six people aged over 85. The need for this vital part of our health and care infrastructure will only increase with the projected rapid growth in the very old and frail: between 2010 and 2035, the number of people aged over 85 will more than double, from 1.4 million to 3.5 million.

5.3. Care for the elderly is characterised by relatively unqualified, almost exclusively female workforce employed in jobs that are lower paid and seen as lower status. Caring work is undervalued in British society, traditionally seen as requiring little skill. It is perceived as innate, something which comes naturally, particularly to women. There is a growing breadth and depth of skills needed in caring jobs. A situation at odds with the training, status and pay currently accorded these occupations.

5.4. As The Cavendish Review into Healthcare Assistants and Support workers pointed out:

*The phrase 'basic care' dramatically understates the work of this group. Helping an elderly person to eat and swallow, bathing someone with dignity and without hurting them, communicating with someone with early onset dementia; doing these things with intelligent kindness, dignity, care and respect requires skill. Doing so alone in the home of a stranger, when the district nurse has left no notes, and you are only being paid to be there for 30 minutes, requires considerable maturity and resilience.<sup>8</sup>*

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<sup>8</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/236212/Cavendish\\_Review.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/236212/Cavendish_Review.pdf)

- 5.5. GMB will continue to fight for a trained, fairly and properly rewarded workforce. Skills training must be certified, funded, comprehensive and on-going, covering essential areas such as caring for people with dementia and enabling workers to develop specialisms on top, linked to opportunities for career progression.

### **What GMB did**

GMB is your independent voice. When issues are brought to the attention of GMB we make sure they are looked and dealt with in a sympathetic manner with dignity and respect. When the issues are serious and GMB does not get a suitable response from the employer, we take them to the Care Quality Commission (CQC) and the media to make sure they are taken seriously.

In a recent case, serious issues were raised by GMB members about a care home in Sussex. CQC were involved as was the BBC Inside Out programme. The outcome has been positive, GMB is now the recognised trade union across all the company's homes and we have begun work with the company to rectify the issues. We have fought our way in and will do everything in our power to make sure conditions for our members and residents are improved.

## **6. High turnover and reasons**

- 6.1. Very low pay causes a high level of staff turnover. Low status, low pay and poor working conditions are making it difficult to retain staff in the care sector. Recruitment and retention problems, high vacancy and high turnover rates are problematic for the sector, bad for the residents and clients and costly for employers. The profile of social care must be raised. GMB has a crucial role to play in improving recognition of workers in the sector, particularly regarding improved terms and conditions and pay.
- 6.2. The Centre for Workforce Intelligence has reported that '*poor terms and conditions coupled with demanding yet sensitive tasks make social care a difficult area to recruit and retain staff.*'<sup>9</sup>
- 6.3. England has a turnover rate of 24.8% for all care staff with a high of 30.6% for care workers and low of 12.5% for registered managers<sup>10</sup>. A Skills for Care briefing report<sup>11</sup> states that a turnover of 15% presents a problem and over 20% is a major deterrent to a quality service. The cost of this constant replacement including advertising, selection, induction and training is unsupportable. At 28% turnover, an average domiciliary care agency replaces its entire workforce in less than 3.5 years, which prevents any real development.
- 6.4. Chair of the Relatives & Residents Association, Judy Downey, has said the state should take responsibility for training staff to work in social care settings stating '*we don't ask Eton to train their teachers, or Harley Street to train their doctors.*'
- 6.5. GMB has long championed that care work should have a higher status if talented professionals are not going to be lost to the sector. Continuity is very important in the care of the elderly and vulnerable.
- 6.6. A GMB motion at TUC Congress 2015 stated that the high turnover of carers and perennial shortages of nurses and other specialist staff affects quality of care, increasing NHS and care costs; that providing no state funding for care sector training is an illogical false economy; that care sector training standards should be universal, funded by government; and, that care occupations should be registered and seen as a career path, not low paid, unappreciated, '*invisible*' roles.

<sup>9</sup> Centre for Workforce Intelligence: [www.cfwi.org.uk/publications/planning-and-developing-the-adult-social-care-workforce-risks-and-opportunities-for-employers/@@publication-detail](http://www.cfwi.org.uk/publications/planning-and-developing-the-adult-social-care-workforce-risks-and-opportunities-for-employers/@@publication-detail)

<sup>10</sup> [www.nmds-sc-online.org.uk/Get.aspx?id=285944](http://www.nmds-sc-online.org.uk/Get.aspx?id=285944)

<sup>11</sup> Ibid

- 6.7. The motion was agreed and the TUC General Council was instructed to campaign for:
- immediate care sector fees and funding increases to at least £600 per week as per Rowntree Foundation Fair Care Model
  - a new and independent Training Commission responsible for ensuring the supply of UK trained staff - for all occupations - to meet future demand in the care sector and NHS
  - new government funding for care sector training.
- 6.8. A well trained, well paid and motivated workforce will help reduce the unsustainably high turnover of staff, benefitting the employers, residents and workforce and the sector as a whole.
- 6.9. GMB is a driving force behind improving standards in the workplace. GMB is your campaigning union within the care sector.

## **7. GMB Recommendations**

### **Bed blocking and Better Funding**

- 7.1. Bed blocking is choking the NHS. A failure to provide timely social care for elderly people coming out of treatment has led to patients who are ready to leave hospital becoming trapped in a system already dangerously starved of resources.
- 7.2. Put simply, bed blocking is nothing more than the predictable result of a government policy which is demonstrably penny wise and pound foolish. As government underfunding sends social care down the pan, so the NHS is dragged with it: Bed blocking rises, we spend money we don't need to spend keeping people in hospital who shouldn't be there and, to cap it all, make many of them sicker by doing so. A hospital is not an appropriate place for elderly people to be left unnecessarily.
- 7.3. Despite claims from the government of ring fencing NHS funding, the NHS is in no position to shoulder the added pressure of bed blocking: The number of patients waiting longer than four hours in A&E has tripled and bed occupancy rates are well above recommended levels.
- 7.4. But there could be light at the end of the tunnel. Proper investment now in the residential care sector, which is willing and ready to help with the bed blocking crisis, would be cheaper in the long run, better for those who should be discharged and would free up beds for those who actually need to be in hospital.
- 7.5. With better investment and funding of a willing residential and nursing care home sector a lot could be done to alleviate this downward spiral. The crippling cost of bed blocking to the NHS proves that there is no place for austerity in the funding of social care - to do so is morally indefensible and, plainly, financially stupid. The future of the NHS is intertwined with the fate of social care.
- 7.6. The setting up of a Fast track discharge fund would pay for out-of-hospital beds and be invested in residential care facilities to care for patients safely in the community. The greater role for residential care would make much more efficient use of limited healthcare funds.

### **Increased powers for the Care Quality Commission (CQC)**

- 7.7. The CQC must be given further powers in addition to those given in the Care Act 2014. It is imperative that there is a regulator in the sector that has the capacity to monitor the financial positions of companies in the care home sector with powers to enable them to end the history of huge debts in the sector.

### **Training Authority**

- 7.8. GMB will call for the setting up of a training authority that will require all authorities and companies in the health and social care sector to plan and train enough staff to look after patients and residents.

## 8. Conclusion

- 8.1. GMB is very proud of the work its members do in the care home sector looking after the most vulnerable in our society.
- 8.2. GMB will continue to fight on all fronts for the sector to be properly and adequately funded.
- 8.3. GMB will continue to ensure profit and privatisation is not put before care and make sure carers are a truly valued part of society.
- 8.4. GMB will continue to campaign for a properly trained and fairly rewarded workforce where care worker skills are fully recognised.
- 8.5. GMB continue to call for more integration between the NHS and the care sector – better funding of the residential sector will help free up beds in hospitals, a much more efficient use of limited healthcare funds.
- 8.6. GMB continue to call for more powers to be given to the CQC to enable proper financial regulation of the sector.
- 8.7. GMB continue to call for a training authority to be set up which will benefit the carers, the residents and the sector as a whole.
- 8.8. What GMB is fighting for:
  - For the lowest hourly pay rate the care sector to be above the current National Living Wage and moving towards £10 an hour. Maintenance of differentials for all other staff
  - For all hours worked to be paid, including handovers and unpaid breaks
  - Improved rates for overtime/weekends/nights/bank holidays
  - Adequate differentials in grades, (especially senior carers) and to reward extra responsibility and encourage career progression
  - Decent sick pay
  - Decent holidays and holiday pay
  - Consistent pay rates for the same jobs across the sector.
  - Increased pay in high cost areas
  - A knowledge and skills framework that supports personal development and career