



Brexit: Health & Social Care Inquiry Parliamentary Health Committee

Consultation response from

United Kingdom Homecare Association

01 - REMIT

The Health Committee is responsible for scrutinising the work of the Department of Health and its associated public bodies. Submissions should therefore address matters for which the Secretary of State for Health is responsible. However, comments are welcome on matters (such as, for example, the free movement of labour, or the single market) where the Secretary of State for Health may not have lead responsibility, but where the withdrawal negotiations led by other Ministers have important implications for health and/or social care in England.

The Committee will not be attempting to examine in detail the whole range of issues affected by UK withdrawal from the EU in the health and social care policy area. Rather, it will be attempting to identify the priority issues which the Government will need to address in the negotiations, and to hold the Government to account for what it achieves.¹

02 - CONTENTS

- 01 - Remit
- 02 – Contents
- 03 – United Kingdom Homecare Association
- 04 - Summary
- 05 – Scope of this Consultation Response

06 - Key Issues

- A - The Impact of the Loss of Migrant Labour on the Social Care Workforce
- B - The Attractiveness of the Social Care Sector
- C - Homecare Provider Concerns

07 – Operational Considerations

08 - Recommendations

03 – United Kingdom Homecare Association

United Kingdom Homecare Association (UKHCA) is the national professional and representative association for organisations who provide care, including nursing care, to people in their own homes.

As a member-led professional association, our mission is to promote high quality, sustainable care services so that people can continue to live at home and in their local community.

For more information please see www.ukhca.co.uk

04 - SUMMARY

The social care sector has experienced an extended period of financial constraints from reduced public spending which has impacted on the funding of services purchased by local authorities.. This has had significant consequences for the overall health and social care system.

There is concern that the funding of social care may not see any relief in the near future as a consequence of leaving the European Union (“Brexit”). UKHCA are concerned that this could lead to a significant reduction of capacity and capability within the sector as providers of care services withdraw from the market due to low fees and difficulties in attracting care staff.

Non-British nationals have made a significant contribution to sustaining care services in recent years. The risk that there will be a loss of workers from the European Economic Area (EEA) through the withdrawal of the ‘freedom of movement’ of labour after leaving the European Union (EU) is

a matter of great concern to the sector. UKHCA members would welcome the development of alternatives to the freedom of movement. We anticipate that this could be through an employer based points system designed to secure and stabilise the workforce in the transition period.

The unattractiveness of social care, both as a career option and as a business proposition has been the focus of UKHCA's response to the Low Pay Commission and the Communities and Local Government Select Committee. UKHCA considers that Brexit may offer an opportunity for reform of the funding, resourcing and commissioning of social care services.

05 - SCOPE OF THIS RESPONSE

UKHCA appreciate the remit for this consultation and understand that the responsibilities of the Secretary of State for Health are confined to England. However, as a cabinet member with collective ministerial responsibility, the Secretary's decisions will impact the whole of the UK.

The following comments are taken to apply to the whole of the United Kingdom without distinction between the devolved administrations. We recognise that there will be different priorities for government within the devolved administrations that are beyond the scope of this enquiry.

06 - KEY ISSUES *for the Health & Social Care Sectors arising from 'Brexit'*

UKHCA recognises that an immediate Brexit plan is not to seek perfection but to broker an interim arrangement which lays the foundations for future relationships with the European Union. Withdrawal from the EU may also present an opportunity for the implementation of domestic reform, particularly for the commissioning of social care.

There are three major areas of concern for homecare providers arising from Brexit and we make recommendations for resolving these issues later in this response:

A - The Impact of the Loss of Migrant Labour on the Social Care Workforce

1. One of the fundamental premises of the EU is the free movement of labour between member-States². UKHCA subscribes to the view that the combined health and social care sector (H&SC) is dependent on migrant workers, to the extent that care services would undergo severe disruption were there to be a sudden reduction in the number of migrant workers from the EEA who are able to work in the U.K..
2. The potential loss of free movement of labour creates three separate issues for H&SC depending on how migrant workers could access the UK following Brexit:
 - a. The elimination of free movement of labour to enter the UK creates the potential for system-wide disruption in the continuity of care because of the relative unattractiveness of the sector to indigenous workers and the loss of migrant staff.
 - b. The second element is the free movement of migrant workers once domiciled within the UK: the freedom of non-British care staff to move between roles or to leave the sector for alternative employment. Permission to change jobs implies some form of internal permit arrangement that manages the movement of migrant employees between jobs, such as a 'No Objection Certificate' that may have to be implemented but could be discretionary.
 - c. The continuing unattractiveness of the sector to many indigenous workers because of low pay will still create a demand for migrant workers. It may be that in the transitional period, immediately prior to Brexit, social care is designated as a 'hard-to-fill' sector, to enable continued recruitment of EU nationals, in order to maintain the stability of the social care workforce.

3. Analysis of migrant workforce data has historically not differentiated between employment sectors within the UK and the educational attainment of migrant workers has been used as an indicator of their status, regardless of whether these qualifications are utilised in their actual employed role. A recent analysis undertaken by the Bank of England (BoE) clearly identifies the disproportionate impact of immigration on homecare sector wages. The biggest impact on wages across the UK economy has been in the semi- and un-skilled sectors, the 'elementary and operative' jobs in an economy, where the BoE identifies a downward impact on wages after migrant workers have joined the workforce in large numbers; this has been compounded by successive waves of immigration which have been shown to further depress already low wages. The BoE states "... our approach of segmenting the labour market by occupations is more suited to the study of immigration because when it comes to the measurement of education levels of migrants one finds that it is often very tricky to accurately compare education qualifications across countries. Furthermore, for a variety of reasons, many migrants who come to the United Kingdom with high qualification levels work in low-skill occupations. This may tend to corrupt an analysis that depends on using education levels to partition the data"³

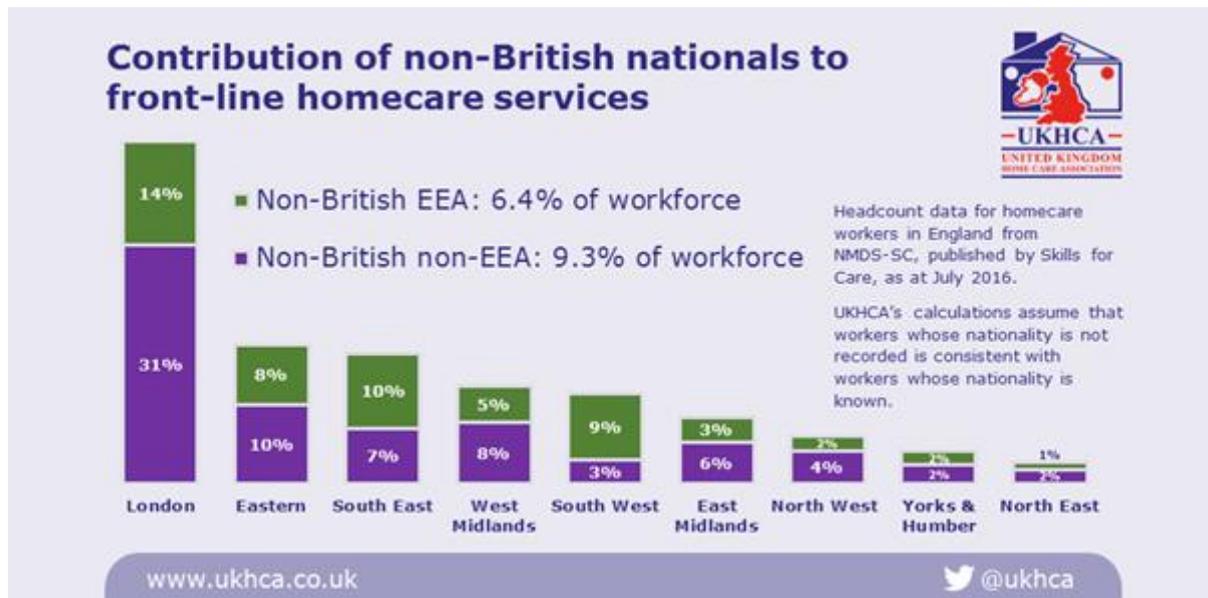
4. The gap between average wages and those paid to elementary and operative workers has declined in tandem to the ratio of migrant-to-indigenous proportions of the general workforce. The BoE has shown that the effect of a 10% increase⁴ in the proportion of migrant labour in unskilled sectors creates a 1.88% reduction in pay⁵. This means that a 10% rise in immigration creates a 0.54% fall in wages and that the impact of immigration on wages *at this skill level* is much larger than can be accounted for by "purely compositional effects"⁶ .

5. BoE estimate that migrant labour accounts for 18.4% of the adult social care workforce and that their ready availability has had a tangible depressing effect on wages in the sector. The BoE considers that if the sector remains low-waged and unattractive there will still be a large shortage of workers, plus high turnover, even in the highest migration scenario. The BoE notes that as sectors become more financially attractive the need for migrant labour drops off commensurately.^{7, 8}

B - The Attractiveness of the Social Care Sector

6. The relative unattractiveness of the Adult Social Care (ASC) sector is characterised by long term low pay and low returns on investment and there is considerable anxiety that this may be exacerbated by Brexit⁹. UKHCA has raised the problem of long term low reward in our recent responses to the Low Pay Commission and the Communities and Local Government Select Committee in October 2016.
7. The unattractiveness of ASC, both as an employer and as a business, because of low fees and low wages has created a situation within the sector where the Care Quality Commission state in their 2016 annual report, *The State of Health Care & Adult Social Care in England 2015-2016*, that social care is at, or near, a 'tipping point' as providers withdraw from publically funded contracts due to low fees and this has led to contracts being handed back and providers withdrawing from this market."¹⁰ The retention of migrant workers is seen as critical for the short term sustainability of the homecare sector, with some locations significantly more exposed than others. London, the south east and south west of England are seen as particularly vulnerable to the impact of Brexit, with progressively lesser impact in the Midlands and north of England: NMDS-SC data from Skills for Care in July 2016 suggest that 45% of care staff in London are non-British nationals, 18% in the east,

falling to 3% in the north-east of England, summarised in the following infographic:



8. The potential fiscal, economic and financial position of the UK in both the transitional period and in the years immediately post Brexit gives rise to concerns that the funding of social care may not see any relief until, we estimate, potentially, 2023. If the current funding situation prevails without extensive reconfiguration of the combined health and social care system we foresee the potential for an uncontrolled - but entirely foreseeable - run down of social care services on a significant scale. We are concerned that this will lead to a marked reduction of capacity within the sector that will take significant investment to reinstate over some years. The nature of social care means that, in this situation, service-users will quickly turn to other available provision, most likely NHS hospitals, via Accident & Emergency. This is simply relocating a problem another part of the health and care sector.

9. The impact of low pay throughout the social care sector has been a recurrent message from UKHCA to the Low Pay Commission and others. There is concern amongst UKHCA members that funding for health and

social care could be under additional duress over the next 5 to 7 years as a consequence of Brexit and that this will adversely impact the ability of governments in Westminster and the devolved administrations and local government to underwrite an improved financial environment for health and social care in the near term.¹¹

C - Homecare Provider Concerns

10. Our discussions with UKHCA's member organisations have identified a number of key issues that will impact on the safe operation of adult social care services in the transitional stages to Brexit¹²:

- a. An adequate homecare workforce is essential to reduce delayed transfers of care from the NHS, already running at the highest level for ten years.¹³
- b. A skilled homecare workforce, if commissioned properly, could provide preventative measures to divert inappropriate hospital admissions and could act as the safety net upon discharge from hospital. The optimal service disposition, by design, that places social care in a strategic position across the wider health and social care system to perform this essential role has yet to be achieved: Brexit provides an ideal opportunity for reform of both funding and to create fully integrated care pathways.
- c. A clear strategy for the management of, or alternatives to, the current 'freedom of movement' of labour will be required in the transitional stages towards Brexit.
- d. A 'points based system' for migrant workers should be designed to enable careworkers without professional qualifications to enter UK employment.
- e. Public messages of support which expresses the value of EU and non-EU social care workforce will have a significant part to play in stabilising the workforce in the transition period.

11. Consideration of other factors associated with leaving the EU that will impact on the combined health and social care system are a cause of concern unless alternatives are quickly developed. For example: European law prevents UK authorities from testing EU qualified healthcare professionals for competencies and the UK is therefore wholly dependent on the educational standards and regulation provided by the home country. After Brexit we will have to implement a competency testing method, including language skills in the same way that we do for non-EU and non-EEA practitioners ¹⁴.

06 - OPERATIONAL CONSIDERATIONS

There is concern that a number of structural issues that dominate the ASC landscape could be significantly exacerbated by Brexit unless measures are taken to offset the adverse impact:

12. Improving the attractiveness of H&SC as a vocation with a career structure is fundamental to addressing long term sustainability of social care. Low-paid roles in a sector that has a long history of underfunding is one of the root causes of instability. This instability is seen in high levels of staff turnover, commercial non-viability due to the problems of recruiting per se and reduced capacity and capability, all of which directly impact on the quality of care. This means that the homecare sector has a constant requirement to develop new recruits so that skills, professional insightfulness and competences to deliver safe and effective care are accessible to the public. This is not a formula for sustainable, quality and effective care services.

13. The lack of attractiveness carries over to the commercial operation of services: operating margins are poor and the business of care has rarely attracted the investment necessary to develop optimal services. In many cases, publically funded homecare providers are reaching the point where they are barely surviving. UKHCA members routinely report

that net margins rarely exceed 3% which does not offer scope for investment in the business of care, including staff development and quality improvements.¹⁵

07 - RECOMMENDATIONS *concerning the Health and Social Care 'system'*

14. There are a number of practical measures that the UK government could adopt to ease the pressure of recruiting for health and social care in the transitional period following exit from the EU:
 - a. The formal classification of social care as a 'hard-to-fill' recruitment sector during the transitional phases towards Brexit, pending implementation of a work permit system, could temporarily ease pressure on social care.
 - b. An employer based work permit system that guaranteed a maximum six week response from the immigration authorities would smooth out problems in the supply of designated 'hard to fill' vacancies.
 - c. Migrant workers who have been in full employment for a minimum specified period could be offered an opportunity of an indefinite leave to remain via a special employment based citizenship category.
 - d. Alternatively, a system similar to the former Seasonal Agricultural Workers Scheme (SAWS) that was disbanded in 2010 could be implemented for a specific employer or sector, with a time limited duration. This could be a 'transition and taper' arrangement with a gradual reduction in the demand for migrant workers.
 - e. There could be a recognised distinction between citizenship and employee status: a job offer could be required to secure entry to the UK allowing employers the scope to recruit overseas

without the offer of citizenship. Various countries have adopted this scheme, notably the Gulf Cooperation Council states.

- f. An employer based points system of work permits could easily and quickly be developed to attract various skill levels from both the EU and non EU sources that would not include citizenship rights or expectations
- g. It is estimated that about 40% of EU citizens do not have a job offer prior to arrival in the UK and that a considerable amount of recruitment is undertaken by word-of-mouth and online portals after arrival. The elimination of the automatic right of entry to the UK *prior* to securing employment could provide employers with greater control over recruitment and retention because only those with confirmed job offers would gain rights of entry based on a work permit scheme.

15. On the broader issue of public policy, UKHCA considers that any proposed reductions in public spending, particularly at local authority level, should not be undertaken until there has been an independent labour force and work attraction audit that determines the permissible scale of cuts. This must also prescribe an Impact Offset Strategy that an authority considering reducing its budget should be legally required to undertake followed up with a public Options Appraisal. UKHCA considers that this will be of particular value because social care has been disproportionately affected by budget reductions. Stabilising the social care sector and its workforce during and after Brexit will be essential to maintain cost-effective care throughout the combined health and social care system, as outlined in section 06.C.10.b above.

16. The episodic nature of both employment in the sector and the working day in adult social care, coupled with job insecurity and low pay frequently detracts from the attractiveness of the sector as a long term

source of employment. If the attraction of UK citizenship rights for members of the EU are withdrawn post-Brexit, principally from citizens of the A8 and A2 states, the viability of recruitment from the EU is likely to diminish quickly and significantly from, we estimate, late 2017, that is, within months of the notification of implementation of Article 50 of the Lisbon Treaty, less than a year from this consultation. UKHCA therefore urges prompt intervention by the Westminster government.

17. Following exit from the EU, the recruitment of migrant workers may not be the first-option and therefore the attractiveness of the sector to British nationals has to be addressed. We envisage that this will require considerable investment in the business of social care for the reasons enumerated herein. Measures that would encourage some of the 1.6 million people in the UK who are currently unemployed, as well as some of the nearly 1.2 million part-time employees who are looking for more work hours, into jobs such as social care would add considerable value to the sector. This would incrementally reduce dependency on migrant workers, would offer the Treasury savings in reduced benefit payments and significantly improve unemployment rates.

18. It is reported that about 80,000 applicants for Nursing qualification courses are declined every year¹⁶ in parallel to the employment of significant numbers of migrant workers within health and social care. The simple expedient of significantly expanding Nursing, the Professions Allied to Medicine and medical education is self-evident. The addition of the Associate Nurse role could add further value in social care by supporting the development of a career path whilst improving the quality of care through an elevated level of expertise.

19. The development of an approach similar to a Health Maintenance Organisation (HMO) that can undertake Place Based Commissioning (PBC) across the whole health and social care sector in the transitional phase of Brexit could eliminate significant system inefficiencies throughout the combined care system: this is not to imply 'nationalisation' of the entire provider framework for either health or social care or both. The development of an HMO approach could promote integration via contractual and functional requirements for commissioning, regulation and delivery of care across organisational boundaries. Proper recognition could then be given to the actual costs of the business of social care and improved rewards for care staff as an integral component of a post-Brexit system-reform.

08 - REFERENCES

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