THE COST OF CARE

THE FINANCIAL AND EMOTIONAL IMPACT OF PROVIDING SOCIAL CARE FOR FAMILY MEMBERS
The Centre for the Modern Family is a think tank set up by Scottish Widows to explore issues facing families in the UK today. The Cost of Care is the first report to be published by the CMF in 2017, exploring the growing pressure on families and individuals to provide support to relatives in need of practical and financial care.

For the first time, this year, the Centre for the Modern Family recruited a diverse family panel, who represent varying levels of socio-economic background, contrasting attitudes towards financial planning, and myriad life situations. Providing first person, real-life views of key issues impacting the UK's families today, the panel shines a light on a variety of things relevant to everyday life for people in Britain, such as saving for the future, education and family dynamics. We’ll be following each family over the course of the next five years, to see how their lives and finances progress as time goes by.

FOREWORD
JANE CURTIS
CHAIR OF THE CENTRE
FOR THE MODERN FAMILY

As the world around us changes, the challenges facing families are changing too. It is a huge honour for me to take on the position of Chair of the Centre for the Modern Family this year, as we continue to work together to shed light on the impact of these societal changes on family life.

In June's General Election, questions around funding long-term care became a focus. Indeed, as life expectancy increases, the growing cost of social care – and the strain that can come with paying for our own care or providing support to a family member – is fast becoming one of the biggest challenges facing society today. In this chapter, we delve into the emotional and financial impacts of failing to prepare for later life, aiming to provide potential solutions so we can better prepare for this ever-growing challenge.

I hope our latest CMF report will encourage the nation to open up and discuss the prospect of later life as early as possible.
FINANCIAL IMPACT

THE UK IS FACING A £7 BILLION ANNUAL DEFICIT IN ELDERLY CARE FUNDING

People in the UK are underestimating the cost of elderly care by £7bn every year.1

On average, UK adults estimate that residential care would cost £549 a week – when in reality it costs on average £866 for a place in a nursing home – leaving a shortfall of £317 every week.2

With an ageing population and growing care costs, the nation could be facing a care funding crisis.

One in four people admit they have no idea how they would cover these costs for themselves or a relative

49%

Almost half of people (49%) admit they avoid thinking about paying for social care because it makes them feel stressed

42%

42% of people have £2,000 or less in life savings to fall back on, meaning they could only cover the cost of care for a maximum of two and a half weeks

1 IN 4

THIS DEFICIT EQUATES TO A MONTHLY SHORTFALL OF £1,374 PER PERSON. THIS IS THE EQUIVALENT OF:

- Paying the average mobile phone bill for nearly 4 YEARS
- Covering the cost of the average household food shop for 6 MONTHS
- Paying for the average housing, fuel and power bills for 18 WEEKS

1 Based on ONS figures of the average weekly household spend on mobile phone services costing £7.00 (ONS Family Spending in the UK, February 2017)
2 Based on ONS figures of the average weekly household food shop costing £56.80 (ONS Family Spending in the UK, February 2017)
3 Based on ONS figures of the average weekly household fuel and power costing £72.50 (ONS Family Spending in the UK, February 2017)
FAMILY SUPPORT

85% of people are putting away nothing towards the potential cost of their own care in later life.

92% of people are not saving anything to help their parents, grandparents or older relatives.

49% of people say they will need to rely on a relative to help them cover the costs of their care.

24% of people claim they would need or expect to rely entirely on state support.

“Families are footing the bill for social care...”

“I want to be in a position where my children don’t have to support me. I never want to be a burden for my family, and hope I am in a position to help them even when I’m older.”

– Richard, Family Panel member, Yorkshire

EMOTIONAL IMPACT

27% of people caring for someone admit it has taken a toll on their close relationships.

Almost a quarter (23%) say it has put a strain on their finances.

Of those providing care:

Female carers report that they have less time to themselves.

12% have been forced to make sacrifices to cover the cost of care for themselves or a relative.

A quarter (24%) of carers have had to make major adjustments such as re-mortgaging their house.

22% of carers have been forced to sacrifice a moderate amount such as taking on a second job to cover the costs.

Male carers are more likely to feel their family relationships have been impacted.

23% of carers are more likely to feel their family relationships have been impacted.

“I provide financial support to my parents. I pay for their TV/broadband package and council tax, and provide cash on an ad hoc basis to help pay the other bills. As their child, I feel I have a responsibility towards them. They looked after me and raised me therefore it’s only right that I help and support them.”

– Zaheer, Family Panel member, Greater Manchester
RECOMMENDATIONS

Social care is fast becoming one of the biggest challenges facing society in the UK. In 2010 one in four of the working age population were aged 50 or over. This is projected to increase to one in three by 2022, leaving a growing number of people sandwiched between earning money and financially and practically supporting their children, grandchildren and parents, as well as themselves and their spouses.

Whilst there is no silver bullet to solving the issue, it is crucial that we find ways to reduce the pressure facing future generations and today’s ageing population.

We’ve set out some recommendations to help combat the issue, as follows:

01 CONSIDER EVOLVING AUTOMATIC ENROLMENT TO INCLUDE INCOME PROTECTION AND CARE INSURANCE
Germany and Australia have workplace pension and income protection provision schemes that provide an income replacement benefit if someone is off on long-term sick leave or is disabled during their working life. The Netherlands, Sweden, Germany, Japan, France and Korea all have schemes where there is mandatory insurance for care costs. Automatic enrolment could go beyond pensions to include income protection and care insurance as standard, so that everyone earning a wage has a pot of money should they fall ill, or care insurance when or if they need it in later life.

02 DRIVE GREATER AWARENESS OF THE NEED FOR FAMILIES TO DISCUSS THEIR CARE NEEDS
Saving for care needs to become as inherent as paying off a mortgage, saving into a pension, putting money into an ISA, or making a will. Employers could better communicate with their employees about state and staff benefits so they know what death in service covers or the impact of welfare benefit cuts. The new public finance body could lead a social care education campaign programme that delivers better awareness of what we should plan for in later life. But overall, the public must have greater awareness of the need to plan for how they will pay for care, should they or their families need it.

03 ENCOURAGE MORE BUSINESSES TO CONSIDER AGILE WORKING
Local and national Government will of course have to focus resources on those with the greatest need but this will mean a large number of families will need to provide or pay for care. To support families in these circumstances, businesses must truly embrace flexible working practices to enable people to juggle work and care provision.

“The number of people in care in the UK will almost double by 2035. Our research shows that an over-reliance on relatives and the state could put families in serious financial difficulty. It can seem difficult to know how to prepare for the future, but to avoid a financial care crisis we all need to have an honest discussion on later life care as early as possible so no one is left footing a bill they can’t afford.

“As for state provision, it’s clear that many people simply don’t understand the social care benefits and support system. Providing clarity and raising awareness of what is and isn’t available is critical to helping people prepare for the longer-term future.”

Jane Curtis, Chair of the Centre for the Modern Family
THE FAMILY PANEL

ZAHEER AND MARIAM
Zaheer and Mariam live in Greater Manchester with Rayyaan, their new-born baby. They’re a financially savvy family, who prioritise supporting relatives and planning for the future.

NICOLA AND PAUL
Nicola and Paul live in Milton Keynes with their two teenage children, Tenetia and Rhys, and grandson Kayden. Nicola is disabled and unable to work, and they struggle to make ends meet from month to month.

JESSICA AND RICHARD
Jessica and Richard are from Yorkshire and live above the pub they run together, with their two-year-old daughter Lily. They are financially secure at the moment but find the future worrying.

MARCIA AND CHARLENE
Marcia and Charlene from Kent have two children, both of whom have special needs. They’re careful with their finances, keeping a close eye on their outgoings with a trusty spreadsheet.

JON AND EMMA
Jon and Emma are from Suffolk and have two children. They are very financially stable. They are very open about their finances with their children.

MIKE AND NIKKI
Mike and Nikki live in Lincolnshire with their three children. They’re not active savers, preferring to ‘live for the moment’.

JOANNE AND MATTHEW
Joanne and Matthew are from London and have two children, Joseph and Hannah. They are financially secure but are careful when it comes to saving money.

CLAIRE AND PETER
Claire and Peter come from London and have two children, Marcus and Lexie. They’re smart with their money and invest in saving for their future.

MARIA AND CHRISTOPHER
Maria and Christopher live in London with their two daughters, Ella and Lauren. They are very secure financially and save regularly.

JOHN AND JOANNA
John and Joanna live in London with their three children, Rufus, Flynn and Lyra. Joanne is a stay at home mother, and while they own their own home, they are not naturally savers.
THE EXPERT PANEL

Jane Curtis is Chair of the Centre for the Modern Family, a non-executive director of Lloyds Banking Group Insurance Board since 2016, and a senior partner at Aon Hewitt. Jane is a prominent figure in the financial services industry, having previously served as the first ever female President of the Institute and Faculty of Actuaries, following various roles there in education and professional regulation.

Her role as Chair of the CMF was prompted by an ambition to use her expertise to help form a better understanding of the issues affecting real life families. Jane leads the panel of experts through their analysis of research on the changing face of UK families in modern society. Her aim is to ensure the insights gleaned are used to inform a series of industry and government recommendations on the support required, to help tackle emerging challenges head-on. In her spare time, Jane is also a Trustee of the children’s cancer charity, Friends of the Belarusian Children’s Hospice (UK).

Dr Samantha Callan is recognised as a research and policy expert in the fields of family relationships, mental health and the early years. She is currently Associate Director for Families and Mental Health at the Centre for Social Justice, for whom she has chaired four major social policy reviews. She is also an Honorary Research Fellow at Edinburgh University’s Centre for Research in Families and Relationships (CRFR).

Samantha advises politicians and policy-makers from across the political spectrum and is a frequent speaker at parliamentary and other events. She is a regular contributor to local and national media debates on social justice issues.

Emily Holzhausen has worked at Carers UK for the last 19 years, where she is responsible for UK and England strategic development and direction of policy, research, campaigning, parliamentary media advice and information provision and Carers Week, one of the UK’s biggest awareness weeks. Her team includes the advice service for carers and she is also responsible for Carers Rights Day. Emily has developed and led different campaigns over the years which have resulted in new legislation, policy or practice to improve the lives of carers. She was awarded an OBE in the 2015 Birthday Honours.

Dr Samantha Callan is recognised as a research and policy expert in the fields of family relationships, mental health and the early years. She is currently Associate Director for Families and Mental Health at the Centre for Social Justice, for whom she has chaired four major social policy reviews. She is also an Honorary Research Fellow at Edinburgh University’s Centre for Research in Families and Relationships (CRFR).

Emily Holzhausen has worked at Carers UK for the last 19 years, where she is responsible for UK and England strategic development and direction of policy, research, campaigning, parliamentary media advice and information provision and Carers Week, one of the UK’s biggest awareness weeks. Her team includes the advice service for carers and she is also responsible for Carers Rights Day. Emily has developed and led different campaigns over the years which have resulted in new legislation, policy or practice to improve the lives of carers. She was awarded an OBE in the 2015 Birthday Honours.

Dr Samantha Callan is recognised as a research and policy expert in the fields of family relationships, mental health and the early years. She is currently Associate Director for Families and Mental Health at the Centre for Social Justice, for whom she has chaired four major social policy reviews. She is also an Honorary Research Fellow at Edinburgh University’s Centre for Research in Families and Relationships (CRFR).

Samantha advises politicians and policy-makers from across the political spectrum and is a frequent speaker at parliamentary and other events. She is a regular contributor to local and national media debates on social justice issues.

James Daley has been a consumer campaigner and financial journalist for the past 15 years. Before launching Fairer Finance, he worked for the consumer group, Which?, where he campaigned for a better deal for customers of banks and insurers in the wake of the financial crisis. Before working at Which?, James spent five years as a business and finance journalist at The Independent newspaper, latterly as the paper’s personal finance editor and cycling columnist. He lives with his wife and daughter in Tooting, where he is also a local councillor.

Mother of 3, best-selling author and well-known broadcaster on all aspects of modern family life, Liz is a psychology and neuroscience graduate from Cambridge University and boasts an array of media experience. From presenting both TV and radio programmes for the BBC to frequent appearances on ITV’s This Morning and Daybreak, Sky News, Channel 5 News and many others, she has also written features and columns for The Sunday Times, Red, Grazia, Woman, Essentials, SHE, Marie Claire, Mother and Baby and Junior. She is the creator of Headcase, the mental health website, and the creator and presenter of the podcast and radio series The Bite Show. In 2015 she also wrote and performed a full run of her first solo stand-up comedy show, Lifeshambles, at the Edinburgh Fringe.

Jackie Leiper is Protection Director within Lloyds Banking Group’s Insurance Division. In her previous role with the company, Jackie was Director of Corporate Pensions Relationships within the Pensions & Investments Division of Scottish Widows; Jackie held this role for over three years and led the relationship and distribution strategy for key intermediaries, corporate Independent Financial Advisers, employee benefits consultants, employers and also stakeholders within the Commercial Bank.

Jackie started her career in financial services over 25 years ago and joined Scottish Widows in 2010. She has been on the panel of experts for the Centre for the Modern Family since 2010.
Jonathan Swan is the Research and Policy Manager at Working Families, the UK’s leading work-life balance organisation. Jonathan has researched and written on a wide range of work-life integration issues, including: fathers and work, flexible working in senior roles, productivity and performance, organisational culture and active ageing. He is responsible for the annual Top Employers for Working Families benchmark, a detailed analysis of flexible working policy and practice in the UK’s leading companies.

Prior to this, Jonathan was an Equality and Human Rights Consultant for the UK Department of Health, where he communicated organisational policy frameworks on diversity, and sought out best practice policy to drive a programme of innovation and change in relation to equality and diversity.

Sam Smethers is the Chief Executive of the Fawcett Society and took up her post in 2015. Prior to that she was the Chief Executive of Grandparents Plus for over six years. She had previously worked for the Equal Opportunities Commission as their Director of Public Affairs and also has nine years’ experience of working in Parliament.

Sam is a former Trustee of the Fawcett Society and of single parent charity Gingerbread.

Neil Leitch is the Chief Executive Officer of the Pre-school Learning Alliance, which supports more than 800,000 children and their families in England through its membership of more than 14,000 day nurseries, sessional pre-schools, and childminders. During his time with the Alliance, Neil has strongly lobbied for early intervention, believing all children, regardless of background, deserve the best possible start in life. In 2013, Neil led the Alliance’s Rewind on Ratios campaign, which successfully lobbied against government plans to relax childcare ratios.

Ruth Spellman is the Chief Executive of the Workers Educational Association (WEA), the UK’s largest voluntary-sector provider of adult education. Ruth was awarded an OBE in 2007 for services to workplace learning and an Honorary Doctorate from Cranfield in 2010. Prior to joining the WEA she was Chief Executive of the Chartered Management Institute (CMI), and has previously been CEO of the Institution of Mechanical Engineers and Investors in People (IIP) UK. She has also been HR Director of the NSPCC. Ruth’s non-Executive roles include being Member Nominated Director of the Cooperative Group, Trustee of Adviza, a Charity delivering Careers Advice, and a Council Member of the Open University.

Neil Leitch
PRE-SCHOOL LEARNING ALLIANCE

Ruth Spellman OBE
WORKERS’ EDUCATIONAL ASSOCIATION

Jonathan Swan
WORKING FAMILIES

Sam Smethers
THE FAWCETT SOCIETY

Neil Leitch is the Chief Executive Officer of the Pre-school Learning Alliance, which supports more than 800,000 children and their families in England through its membership of more than 14,000 day nurseries, sessional pre-schools, and childminders. During his time with the Alliance, Neil has strongly lobbied for early intervention, believing all children, regardless of background, deserve the best possible start in life. In 2013, Neil led the Alliance’s Rewind on Ratios campaign, which successfully lobbied against government plans to relax childcare ratios.

Ruth Spellman is the Chief Executive of the Workers Educational Association (WEA), the UK’s largest voluntary-sector provider of adult education. Ruth was awarded an OBE in 2007 for services to workplace learning and an Honorary Doctorate from Cranfield in 2010. Prior to joining the WEA she was Chief Executive of the Chartered Management Institute (CMI), and has previously been CEO of the Institution of Mechanical Engineers and Investors in People (IIP) UK. She has also been HR Director of the NSPCC. Ruth’s non-Executive roles include being Member Nominated Director of the Cooperative Group, Trustee of Adviza, a Charity delivering Careers Advice, and a Council Member of the Open University.

Jonathan Swan
WORKING FAMILIES

Sam Smethers
THE FAWCETT SOCIETY

Neil Leitch is the Chief Executive Officer of the Pre-school Learning Alliance, which supports more than 800,000 children and their families in England through its membership of more than 14,000 day nurseries, sessional pre-schools, and childminders. During his time with the Alliance, Neil has strongly lobbied for early intervention, believing all children, regardless of background, deserve the best possible start in life. In 2013, Neil led the Alliance’s Rewind on Ratios campaign, which successfully lobbied against government plans to relax childcare ratios.

Ruth Spellman is the Chief Executive of the Workers Educational Association (WEA), the UK’s largest voluntary-sector provider of adult education. Ruth was awarded an OBE in 2007 for services to workplace learning and an Honorary Doctorate from Cranfield in 2010. Prior to joining the WEA she was Chief Executive of the Chartered Management Institute (CMI), and has previously been CEO of the Institution of Mechanical Engineers and Investors in People (IIP) UK. She has also been HR Director of the NSPCC. Ruth’s non-Executive roles include being Member Nominated Director of the Cooperative Group, Trustee of Adviza, a Charity delivering Careers Advice, and a Council Member of the Open University.

Jonathan Swan
WORKING FAMILIES

Sam Smethers
THE FAWCETT SOCIETY
ABOUT THE RESEARCH:
This report is based on both quantitative and qualitative inputs, including a nationally representative Opinium survey of 2,001 UK adults. Research was carried out between 14 and 20 April 2017 and between 15 and 18 July 2017.

For further information please contact:

Lorna Gilmour
Scottish Widows
Tel: 07717 426 552 or
Email: lorna.gilmour@lloydsbanking.com

Julia Bush
Cohn & Wolfe
Tel: 020 7331 5303 or
Email: julia.bush@cohnwolfe.com