

County Councils Network (CCN) – Written evidence (SOC0029)

Introduction

1. The County Councils Network (CCN) represents 36 English local authorities that serve counties. CCN's membership includes both county council and county unitary authorities who together have over 2,500 councillors and serve over 26m people (47% of the population) across 86% of England. CCN develops policy, shares best practice and makes representations to government on behalf of this significant proportion of the country.
2. CCN is a member-led organisation which works on an inclusive and cross-party basis and seeks to make representations to Government which can be supported by all member authorities. CCN is a special interest group of the Local Government Association (LGA).
3. CCN welcome the opportunity to submit evidence to the Lords Economic Affairs Committee on Social Care Funding in England. This response does not seek to answer all of the questions posed by the committee, instead focusing on those most pertinent to CCN member councils.

What are the funding challenges for social care in England, and how can they be overcome?

County Context

4. Ongoing austerity, coupled with an increase in demand for services, has led to undesirable conditions for local authorities and adult social care. Whilst CCN member councils have protected adult social care budgets in real terms, rising demand, increasing complexity of need and costs, such as wage pressures, mean that service efficiencies and reductions are still required.
5. County authorities have worked tirelessly to protect social care expenditure, which now accounted for 45% of all service expenditure in 2017/18, excluding education, increasing from 42% in 2015/16 and 43% in 2016/17. This despite the fact that that local authorities would have been subject to a reduction in core Government funding of approximately £16bn from 2010-2020.¹
6. However, due to increases in elderly populations and the complexity of individuals' needs, there is less funding per head available for adult social care services. Despite the over 65 population in counties increasing by 18% from 2011-2018, in 2017/18 county authorities spent less per head on social care services for those aged 18+ (£357) compared to 2010/11 (£450).
7. It is also important to note that reforming adult social care must look beyond older people. Learning disability expenditure is a rising proportion of county adult social care budgets, with it forming 35% of CCN member council

¹ [Local government funding: Moving the conversation on, Local Government Association, July 2018](#)

service expenditure in 2016/17 and 2017/18. Analysis by LG Futures for CCN on demand and expenditure in learning disability services found that county authorities have seen the number of LD clients receiving support in their areas increase by more than the English average since 2009/10. The cost of providing support also increased, with average expenditure per client increasing in county areas by 2.7%, the highest of any local authority type, between 2014/15-2015/16.

8. Analysis by the Society of County Treasurers, the result of the pressures set out above is that CCN member councils now face unfunded pressures for adult social care of just under £1bn by 2020/21, even without anticipated rises in the National Living Wage (NLW), with the average county facing cost pressures of £26m in 2020/21.
9. Therefore, it should come as no surprise that 78% of respondents to CCN's survey of Leaders, Cabinet Members with responsibility for adult social care, Chief Executives and Directors of Adult Social Services rated the financial pressures on adult social care in their authority as either severe or critical.²
10. A significant amount of ambiguity remains about the continuation of existing level of funding streams, the Local Authority Fair Funding Review along with the content of the Adult Social Care Green Paper and the NHS Plan from 2020/21 onwards. For example, clarity has yet to be provided on the continuation of the Better Care Fund (BCF) and Improved BCF, or their replacements beyond the end of the decade. These mechanisms provide access to approximately £7bn of funding for adult social care.

How can a sustainable funding model for social care supported by a diverse and stable market be created?

11. The current system of funding adult social care, as well as local government as a whole, is widely acknowledged as being no longer fit for purpose. In the build-up to the publication of the Government's Adult Social Care Green Paper a number of potential solutions have been muted by politicians, think tanks and leading sector experts as to how fund adult social care in a fair and equitable manner, including National Insurance increases and a version of childcare vouchers for social care.
12. Health and adult social care are interdependent, if one is neglected, then it will only serve to put additional demand and financial pressure on the other. For this reason, CCN has been clear in its advocacy that any settlement for adult social care must, at a minimum, mirror the length and ambition of the NHS five year funding settlement.
13. There is not one single solution that will deliver a sustainable settlement for adult social care, a range of options will be required to raise additional funding. Whichever options are pursued, it is clear that a discussion is required between the state and the public about what is the right balance of financial contribution between the individual and the state for social care.

² [Sustainable County Social Care, County Councils Network, July 2018](#)

14. Funding a reformed social care system will clearly involve additional resources from Government. At present, adult social care is funded through a mixture of grant formula, business rates, fees and charges and council tax. In more recent years there have been welcome short-term injections of grant funding from Government through the Better Care Fund (BCF), improved BCF and the adult social care support grant, alongside increased flexibility to raise local taxation through the social care precept.
15. However, it should be noted that as a result of demand and financial pressures intensifying on adult social care year on year and costs increasing as a result of inflation and the NLW, this funding does not allow for an increase in service provision. Instead, it has merely stabilised an already precarious financial situation in the short-term.
16. Added to this many county authorities face unique cost pressures which are a consequence of their geographies and their relative rurality, with factors such as longer travel times, fewer providers and competition for high quality care staff that have an inflationary impact on the cost of adult social care in county authorities.
17. CCN member councils, along with most upper-tier councils, are in a position whereby they are still having to deliver savings from their budgets, in spite of the additional short-term funding from Government. This is clearly demonstrated by the results of the 2018 ADASS Budget Survey where it was found that upper-tier councils are committed to delivering £700m of in 2018/19. In addition to this, over half of all social care authorities overspent on their budgets in 2017/18.³
18. Therefore, to place adult social care on a sustainable footing then Government must not only provide new and additional funding, it must also review the levels and effectiveness of existing funding that relates to social care provision. This must include an examination of whether universal benefits, such as winter fuel allowance, concessionary bus fares, free prescriptions and, indirectly, TV licences, deliver against their primary policy objectives. In particular, Government should consider whether the provision of these benefits improves outcomes for those people who already have assets that place them outside of the existing means test thresholds. For example, research by Reform found that winter fuel allowance cost £2.1bn in 2015/16, but nearly 90% of recipients are not in fuel poverty.⁴
19. CCN's position very much mirrors that of the Health Committee report on Adult Social Care, where they recommended that we should '*seek to take funding from all available sources in order to deliver a fully funded and functional social care system*'.⁵

Sustainable and Diverse Social Care Markets

³ [ADASS Budget Survey, ADASS, July 2018](#)

⁴ [Social Care- A Prefunded Solution, Reform, June 2017](#)

⁵ Adult Social Care, House of Commons Communities and Local Government Committee, March 2017

20. The financial pressures set out above have led to a downward pressure on the fees paid to providers since the turn of the decade. This coupled with the implementation of the NLW has led to unsustainable pressures on local care markets. Many providers are now teetering on the edge of financial collapse or shifting their business model to focus on the more profitable self-funder market.
21. These pressures have, in part at least, led to both Four Seasons and Allied Healthcare undertaking debt restructuring negotiations. Whilst some providers, such as Mears, have handed back contracts to some local authorities where they deem them to be unprofitable and also not sufficient to provide a safe level of social care for clients.
22. These pressures make it extremely difficult for CCN member councils to deliver on the market shaping duties set out in the Care Act 2014.
23. A significant financial uplift will be required for counties, and nationally, in order to deliver sustainable local care markets. This is borne out in LaingBuisson's research, on behalf of CCN, that found the care home fee gap for all county authorities is projected to be £670m in 2017/18, down marginally from £684m in 2015.⁶ This marginal change reflects the fact that the number of placements is believed not to have risen while council fees across England since 2015/16 have generally kept pace with care home cost inflation.
24. A sustainable care market is also reliant upon a skilled, experienced and stable workforce. However, at present all health and care sectors are facing great challenges in recruiting and retaining staff.⁷ CCN member councils face particular issues relating to recruitment and retention as a result of factors including, rurality and the high cost of living in relative terms when compared to other local authority types.
25. In order to counter workforce issues in the short, medium and long-term, a fully funded joint workforce strategy for health and social care is required. This should include consideration of how to reform the existing model of social work, including, aligning the NHS and social care workforces and facilitating joint workforce planning across both sectors. These approaches have the potential to create more career opportunities and provide staff for more integrated models of care.
26. Such a strategy should also seek to counter the lower levels of pay for social care staff by comparison to the NHS, which have been further intensified as a result of the NHS offering the lowest paid staff a 29% uplift over the next 3 years. To ensure that the recruitment and retention issues facing social care providers are not exacerbated further, government should seek to provide a similar uplift in adult social care funding in order for social care staff to have parity of wages with the NHS. ADASS has estimated that this would cost approximately £1bn per annum over the 3 year period.⁸

⁶ [County Care Markets Update, LaingBuisson, October 2017](#)

⁷ [The state of health care and adult social care in England 2016/17, CQC, October 2017](#)

⁸ [ADASS Budget Survey, ADASS, July 2018](#)

27. One of the consequences of the underfunding of local care markets is there is less likely to be sufficient capacity to discharge patients from hospital in a timely manner. Increasing resources and capacity in local care markets would not only support a sustainable reduction in delayed discharges, it would also improve outcomes for individuals who would have their needs better met in a community-based setting.
28. More importantly, the Green Paper, along with the soon to be published 10 Year NHS Plan, provide a timely opportunity to reset the focus of health and social care towards preventing people entering acute settings unnecessarily. A shift in investment is required, away from hospitals that are currently rewarded through the NHS Tariff for contacts with patients rather than outcomes, and towards community and preventative based care.

9 October 2018