CCN

COUNTY COUNCILS NETWORK

RURAL SERVICES NETWORK

The State of Care in County & Rural Areas

A joint report by the County Councils Network & the Rural Services Network

September 2021

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About us

The County Councils Network (CCN) is the national voice for England's county councils. It represents all 23 county councils and 13 unitary authorities. Collectively, they represent 26 million people, or 47% of the country's population. It is a special interest group of the Local Government Association. For more information visit www.countycouncilsnetwork.org.uk.

The Rural Services Network (RSN) is the national champion for rural areas. We are a membership organisation working on behalf of our members to ensure that the rural voice is raised up the agenda with parliamentarians and decision makers. The RSN represents 115 Rural Local Authorities across England supporting district, county and unitary rural authorities. We also represent 232 Rural Market Towns and larger Parishes and over 200 organisations delivering services in rural areas such as housing associations, health trusts, businesses and umbrella organisations supporting rural services. For more information visit www.rsnonline.org.uk.

EXECUTIVE SUMMARY

Overview

The County Councils Network (CCN) and Rural Services Network (RSN) strongly welcomed the Government's commitment made within the Queen's Speech to bring forward its proposals for social care reform this year.

The Government recently began to unveil its proposals for reform, setting set out its intentions to introduce an £86,000 life-time cap on care costs and extended means-test from October 2023, funded through a new national health and social care levy. It has also set out an objective to 'tackle persistent unfairness in the social care system' by enabling self-funders to ask their local authority to arrange their care at the lower rates currently paid by councils. It was confirmed this is to be followed by a White Paper setting out full detail of the proposed reforms later this autumn.

This report is designed to describe and quantify the current state of care in county and rural areas, drawing on fresh analysis from the most recent NHS England activity and financial data, alongside funding estimates and cost projections for adult social care in England. The report also explores the potential impact of measures on county and rural areas, such as a 'cap on care' and new rights for self-funders, and how they are likely to affect the operation of care markets.

Policy Implications

CCN & RSN strongly welcome this administration's determination to reform adult social care, including many of the proposals that have been set out. Importantly, these reforms place local government at their heart. The announcement of a White Paper on wider reform is also welcome, particularly if it seeks to get to the root of the challenges within the social care workforce and on prevention.

This is key as more money alone will not in itself solve the existing pressures in social care. Investment needs to go hand in hand with the opportunities for service improvement and transformation which drive down long-term care costs through better demand management, integration with health, and new approaches to service delivery.

But the analysis in this report demonstrates that the current system of adult social care is under severe strain.

AT A GLANCE:

Unique issues for county and rural areas when delivering Social Care

- **RESOURCE:** Government funded support for adult social care service costs is significantly lower in county and rural areas.
- **WORKFORCE:** Recruiting adult social care staff to work in rural areas can be more difficult than in urban centres.
- **DEMOGRAPHICS:** The higher average age alongside ageing population projections within county & rural areas places a high burden on these local authorities.
- **'SELF-FUNDERS':** The balance of adults self-funding their care is higher in rural areas and likely to be more sensitive to reforms made to the funding system.
- **CARE HOMES:** The proportion of residential care homes situated in rural locations is higher than in metropolitan areas, often encouraging service user inflow to counties.
- **SPARSITY:** Geographical challenges in providing adult social care in large and remote rural areas, particularly the time and costs involved in delivering personal care over large distances.

By themselves the reforms and funding announced to date will not be sufficient to fortify the system to address the challenges, especially in the short term. Moreover, while many elements of the reforms in relation to the cap on care and more rights to self-funders are well intended, they present a number of fundamental challenges which could destabilise local care markets unless they are fully understood, risk assessed and funded.

Unless the headline challenges identified below are recognised and acted upon, adult social care could be in worse position in the short term while facing a number of sustainability risks as a result of reforms.

- **RECOMMENDATION 1: INCREASE FUNDING IN THE SPENDING REVIEW TO MEET RISING COSTS & UNMET NEED BEFORE 2023**

The analysis in this report shows that demand and costs for social care continue to increase, outpacing the level of Government resources provided. At present, funding challenges necessarily lead to high thresholds for eligibility to access services - meaning 58% of those requesting support are currently not ending up receiving any formal care service.

The first priority of reform must be to ensure the system remains stable during a period of great change in the lead up to the introduction of reforms in 2023. Any planned new investment must not only focus on service users of the future, but also the very real pressures already within the care sector including high levels of unmet need.

Reform also needs to be balanced so its impact is felt across the whole system. It must not be forgotten that – in spending terms at least – nearly half of the system is directed towards adults of working age that require intensive levels of support. Only a very small proportion are likely to benefit from the proposals and funding announced to date.

There are also other indirect costs arising from the reforms, Covid-19 beyond 2022 and wider system reform. For instance, the national insurance rise for providers is likely to drive up commissioning costs for councils, while creating further challenges in recruiting and retaining an already underpaid workforce. Moreover, the national hospital discharge pathway is welcome and has generally worked well, but requires urgent long-term funding**.**

CCN and RSN supports the principles of protecting more people from catastrophic care costs and extending the means-test threshold. But these reforms alone and the level of investment in the short-term – compared to the NHS – will not deal with existing problems within the system identified in our analysis.

Additional expenditure from Covid-19, coupled with other trends in care provision and workforce pressures, will undoubtedly widen the gap between council costs and available resources. Existing funding commitments, coupled with council tax rises, will not provide the resources necessary to fulfil the commitment to improve the quality and access to care services in the lead up to 2023.

Unless Government provides more funding at the Spending Review to meet rising costs; expand service provision to meet needs going unmet; and better support younger adults, further reductions to services will be required in county and rural unitary councils in the period leading up to reform.

The State of Care in Counties & Rural Areas

Service Demand

- County and rural unitary councils received 49% of all service requests in 2019/20, up by 5.6% since 2017/18. Nationally, those aged 65 and over accounted for 71% of all service requests but in county and rural areas the share of requests received from this age group is disproportionately higher (75%) compared to other parts of the country.

- The proportion of requests attributable to older adults has remained static over the past three years, with growth in requests across the two age bands remaining broadly similarly in county and rural areas. This is in contrast to urban authorities, with Metropolitan boroughs in particular seeing the number of requests from those 65 and over decline.

- County and rural areas have the highest percentage of service requests - 58%, - where no formal service is provided. Some 545,000 requests to county and rural unitary councils during 2019/20 resulted in advice or signposting, or no service being provided. Just 8% of all requests (77,000) resulted in long-term care support.

- The percentage of service requests where no formal service is provided has remained static since 2017/18, demonstrating that while Government have provided temporary one-off resources for adult social care, this has only served to offset rising costs of providing services, rather than expand provision to more individuals.

Care Provision

- About 80% of total gross social care expenditure (£15.4bn) by local authorities in England is spent on direct forms of care, consisting of residential, nursing, and community or home care.

- Some 47% of spending in county and rural areas is on working age adults in receipt of care. This is despite three quarters of demand for care services in county and rural areas coming from those aged 65+.

- County and rural spend is proportionally higher on those receiving support with a learning disability. Some 72% (£2.6bn) of provision for working age adults is for this type of care recipient, higher than in London boroughs (66%), Metropolitan boroughs (69%) and other English unitaries (67%).

- Reflecting the fact that county and rural unitary authorities contain the largest proportion of residential and nursing homes, the spend on these forms of care setting is disproportionately higher than in other councils at 52.5%.

- The data shows that there has been a long-term trend of shrinkage of the residential care home market even before Covid, with county and rural areas witnessing the closure of 272 residential and nursing care homes over the past three years.

- Public and private fee polarisation has become more deeply embedded as a structural feature of the care home market, with private fees more than 40% higher than publicly paid fees for the same level of amenity, and in all probability the same level of care. Previous analysis for CCN has shown that this had led to a care home fee gap of £761m for counties alone in 2020/21.

- **RECOMMENDATION 2: FULLY ASSESS THE IMPACT OF NEW DUTIES FOR SELF-FUNDERS**

Alongside access to a new cap on care, a key objective of the Government proposed reforms is to *"tackle persistent unfairness in the social care system"* with reference to the higher rates charged to self-funders when compared to councils for the same care. It will do this by enabling self-funders through Section 18(3) of the Care Act to ask their local authority to arrange their care, with a stated ambition for self-funders to access local authority rates for care.

CCN and RSN support the introduction of a cap on care, and recognise the need to address the unfairness in the fee levels paid for care. But these commitments will have enormous implications for councils and providers. The cap-on-care will come with additional administrative and workforce burdens of operating care accounts for people approaching the authority. Moreover, the Government's intention to actively encourage self-funders to access council-arranged care will lead to greater 'market equalisation' between council and self-funder fees. Unless significant resources are provided this would potentially further undermine the profitability of providers and result in large-scale care home closures, or unfunded commissioning costs for councils to sustain their local provider market.

County and rural unitary councils will be particularly exposed to the risks of increased demand and greater financial pressures, given their higher average percentage of self-funders (53%) and proportion of care homes. These areas already facing a care market 'fee gap' of £761m - the estimated annual cost of bringing local authority fees closer to self-funder rates. Moreover, analysis in the lead up to the previous plans to implement a cap on care showed CCN member councils accounted for two-thirds of the total early assessment and review costs identified.

While the Government have committed to funding a 'fair price for care', it is extremely uncertain that the funding announced to date will be sufficient to meet the costs arising from reform when the full additional costs from market equalisation are considered - estimated at £761m annually in county and rural areas alone.

The impact of extending commissioning duties to self-funders to enable them to have their care arranged by councils, and access local authority contracts and fee levels, must be consulted on, and risk assessed, with appropriate funding and policy mitigation to prevent unsustainable financial costs and risks to councils and providers.

The State of Care in Counties & Rural Areas

Cost & Spending

- County and rural unitary councils spend 4.1 times more on external providers than their in-house services. This is substantially higher than in any other type of council (English unitaries 3.3 times; London boroughs 3.2 times; metropolitan boroughs - 3.0 times).

- County and rural unitary councils draw a disproportionately high amount of their from client contributions compared to other types of council. Over half of all client financial contributions (charges for local authority arranged care) towards the cost of social care in England were in county and rural areas in 2019/20, some £1.5bn.

- The data shows that the unit costs for clients aged 18-64 are most expensive in county and rural unitary councils for both residential and nursing care. Residential care for this age group is 15% higher compared to metropolitan boroughs.

- The cost of providing home care services in county and rural areas is significantly more expensive than for other types of council. It is just under 10% more expensive to deliver services when compared to English unitaries and London boroughs, and as much as 18% more compared to the average metropolitan borough.

Funding & Financial Outlook

- Between 2015/16 and 2019/20 county and rural unitary councils having absorbed substantially larger reductions to their core funding for adult social care than any other type of council (42.3%).

- Decreases in funding have been offset to a large extent since 2017/18 by an increase in temporary grant funding. As a result of temporary grants, all council types except county and rural unitary councils have seen a rise in total grant funding in nominal terms, albeit small. By contrast county and rural unitary councils have seen an overall reduction of £128m.

- Funding and the costs of services has diverged dramatically over the past five years. As a result of growing demand for services and costs, the difference between funding and service costs has grown 20.8% over the period, some £1.2bn for county and rural unitary councils.

- Nationally government funding in 2019/20 was meeting almost 42% of the costs of providing services. There is a large variation between council types, with just 30% of costs met through grant funding in county and rural areas.

- Future cost projections for the period 2020/21 to 2029/30 show that nationally total costs will rise by £6.7bn, some 38%. just to keep services operating as they are presently are without any increase the level or quality of services. County and rural unitary councils account for £3.3bn of this total increase in costs over the period, with estimated spending need rising 40% - higher than the national average and for metropolitan boroughs.

- While the additional Covid-19 expenditure on social care has been funded by Government, with this expenditure reducing by almost two thirds during the current financial year, there is growing eviden ce there will be medium-term 'legacy costs' from the pandemic which could become embedded beyond 2021/22.

• RECOMMENDATION 3: ENSHRINE IN LAW A DEDICATED PROPORTION OF THE NEW HEALTH & SOCIAL CARE LEVY FOR CARE SERVICES

The Government have outlined the new Health and Social Care Levy will raise £12bn per annum, with this to be dedicated to spending on these services. However so far there are no commitments on how these resources will be distributed between health and care services beyond 2025. Only 20% resources before this date are dedicated to the reform elements of the adult social care proposals.

The nature of insufficient short-term settlements and temporary resources for social care have undermined efforts to transform services. It is therefore imperative the Government enshrines in law the proportion of the Health and Social Care levy that will be dedicated to social care. Without a proportion of funding being enshrined in law for social care, there is no guarantee that income from the levy beyond 2025 will be used to predominantly fund social care once the NHS backlog is cleared.

• RECOMMENDATION 4: SUPPORT THE SOCIAL CARE WORKFORCE IN COUNTY & RURAL AREAS

A consistent issue which destabilises the adult social care sector is the transient nature of its workforce. This is due to a variety of factors, but is largely underpinned by the low pay and low status of the workforce. County and rural unitary councils have already faced difficulties recruiting staff to work across remote and disparate geographies for some time. However, these difficulties are now compounded as the much publicised labour shortage in other low-wage industries such as retail or hospitality - which draw from the same labour pool - begin to push up wages. If the care sector is not resourced to be able to compete for these workers then the already large number of vacancies is likely to soar – particularly in regions with low population density such as counties.

As part of its proposals for reform, the Government has outlined that it will invest at least £500m in new measures to provide support in developing the workforce and introduce further reforms to improve recruitment and support for our social care workforce.

CCN and RSN welcome the emphasis on improving the workforce. However, the details of these proposals must recognise the particular challenges faced in county and rural areas and ensure that the workforce is adequately recognised and rewarded. This may involve specific policies and resources to allow county and unitary councils which have difficulty recruiting staff to work across long distances to be able to compete for labour with other industries such as hospitality and retail which have recently witnessed pay inflation.

• RECOMMENDATION 5: ENSURE FAIR FUNDING AND EQUALITY OF SERVICE ACROSS THE COUNTRY

Alongside the additional demands created by extending local authority duties in relation to self-funders, the data in this paper has highlighted the significantly higher costs which are incurred by county and rural unitary councils to deliver some social care services, such as home care.

Moreover, an overall shift in the way councils are funded for adult social care - with direct grant funding for services reduced and councils expected to fund more services through council tax - means just 30% of care costs in county and rural areas are funded through Government grants; much lower than other parts of the country.

The Government needs to ensure that all citizens are able to access the similar levels of social care service regardless of where they live. A sustainable and fair distribution of resources between health and social care must be coupled with a fair formula for distributing between different councils. This must recognise the costs of service delivery in county and rural areas and also an understanding that reform to social care will change demand patterns and eligibility for support for self-funders, in the process creating new, specific pressures, for these councils. Any funding distribution must also recognise the already disproportionate burden placed on council tax to fund services in county and rural areas.

• RECOMMENDATION 6: MANAGE THE TRANSITION FROM RESIDENTIAL TO DOMICILIARY CARE

Reform will need to manage the expected transition of demand moving from residential care to domiciliary and other forms of home and community-based care. This trend has already been evident for some years, but appears to have hastened during the pandemic due to public perception of care homes. Incentivising the development of more retirement communities using models of private housing with onsite care will help manage this transition and better balance how care can be provided as people age.

To help support the transition from residential to more domiciliary care reform should help encourage the better development of mixed forms of provision such as retirement communities which offer specifically adapted housing with care on site enabling a more gradated approach to care needs among those ageing.

INTRODUCTION

The County Councils Network (CCN) and Rural Services Network (RSN) strongly welcomed the Government's commitment made within the Queen's Speech to bring forward its proposals for social care reform this year. The impact of the Covid-19 pandemic on the health and social care system has served to underline the importance of reform. Now is the right time to fundamentally rebuild the social care system so that it not only is modernised and made fit for purpose, but fully prepared to meet the challenges coming over the next decade and beyond.

To support this process CCN has already published a number of reports aimed at supporting the necessary debate and discussion which accompanies the process of preparing for reform – most notably *The Future of Social Care* with Newton, which set out an 'optimised model' for the delivery of social care to help guide the thoughts of policy makers.

Now CCN have collaborated with RSN to produce this report which is designed to provide insights into the specific issues around delivering social care in county and rural areas*, and importantly how they impact on plans to reform social care in England.

It comes at a crucial time, with the Government beginning to unveil its proposals for reform. It most recently has set out its intentions to introduce an £86,000 life-time cap on care costs and extended means-test from October 2023, funded through a new national health and social care levy. They have also set out an objective to 'tackle persistent unfairness in the social care system' by enabling self-funders to ask their local authority to arrange their care at the lower rates currently paid by councils.

Alongside the main funding announcement, the Government also outlined many of its priorities for wider reforms to the social care system including increasing accessibility to and affordability of services; improving conditions for the workforce; and ensuring continuous quality improvement of services. It was confirmed this is to be followed by a White Paper setting out full detail of the proposed reforms later this autumn.

The report is designed to describe and quantify the current state of care in county and rural areas, drawing on fresh analysis of the most recent NHS England activity and financial data, alongside funding estimates and cost projections for adult social care in England. The report also explores the potential impact of measures on county and rural areas, such as a cap on care and new rights for self-funders, and how they are likely to affect the operation of care markets in these areas.

As the Government develops its White Paper and finalises the detail to underpin social care reform, this report provides the basis for a timely assessment of how far the plans for investment and reform announced so far will be likely to be sufficient to meet the multiple challenges facing the social care system.

It is hoped that the data in this paper will provide a useful resource for policy makers to refer to in order to better understand the expected impact of reforms on county and rural unitary authorities, and the wider sector, to help finalise reform proposals later in the autumn.

** County and rural areas/unitary councils in this publication refer to the 24 county councils in England and 16 unitary authorities which are in the membership of CCN and RSN collectively. In this report the term 'English Unitary' refers to all unitary councils which are not in membership of CCN or RSN.*

SECTION 1:
COUNTY & RURAL CONTEXT

The present strain on the social care system is felt by local authorities throughout England. But county and rural unitary councils face specific challenges based on their particular dynamics - such as their older demographics and the size of their geography.

The infographic on this page illustrates some of the top line figures that help quantify the scale and uniqueness of adult social care service delivery within county and rural areas.

Especially important is the proportion of elderly people living in county and rural unitary councils. There ae some 5.8m over-65s which represent 22% of these councils' overall populations. This is substantially higher than any other type of council (*metropolitan boroughs - 17.8%; English unitaries - 17.5%; London boroughs - 12.9%*). This disproportion is also reflected in the number of over-85s resident in councils across England.

The scale of service delivery is significantly larger. County and rural unitary councils on average each received 23,667 requests for care in 2019/20, some 64 requests on average per day. This compares to 14,055 and 38 respectively in an average metropolitan borough.

County and rural unitary councils also contain more nursing and residential care homes than all other types of local authorities combined. This means counties house nearly 57% of the overall total of care bed places across England. The average county and rural council has 191 care homes and 6,740 beds compared to 73 and 2,679 in an average metropolitan borough.

The map also illustrates the sparsity issues faced by county and rural unitary councils when delivering social care services. The average county and rural council has a landmass of 249,095 hectares, with a population density of 2.95 residents per hectare. This compares to 13,861 and 19.55 in an average metropolitan borough.

Finally, in the context of recently announced reforms, previous research by CCN has estimated that the proportion of self-funders in county and rural areas is significantly higher, with an average of 53%, with some areas as high as 80%. [1]

Residents aged 65 or over

5.8m

55% of all those in England

Residents aged 85 or over

791k

56% of all those in England

Total service Requests in 2019/20

24k

Per average county & rural council

Self-Funders

53%

Average level of self funders.

Care Homes

191

Per average county & rural council

Care Homes Beds

6.7k

Per average county & rural council

Population Density

2.95

Hectares per person

Landmass

249k

Hectares per average county & rural council

[1] County APPG Report: The State of Care in Counties (CCN & LGiU, 2015) http://www.countycouncilsnetwork.org.uk/download/893/

SECTION 2:
DEMAND

Demand for social care has been increasing steadily even in the period immediately preceding the pandemic. This section uses the most recent NHS digital data between the period 2017/18 and 2019/20 to analyse requests for support from new clients across both younger and older adults; their routes to accessing care; the distribution of service requests across working age and older adults; service request outcomes; and long-term support provided by councils.

Service Requests

This data includes the number of requests for support received by local authorities from new clients (those clients not currently in receipt of long-term support). In total local authorities received 1,930,560 requests for support in 2019/20.

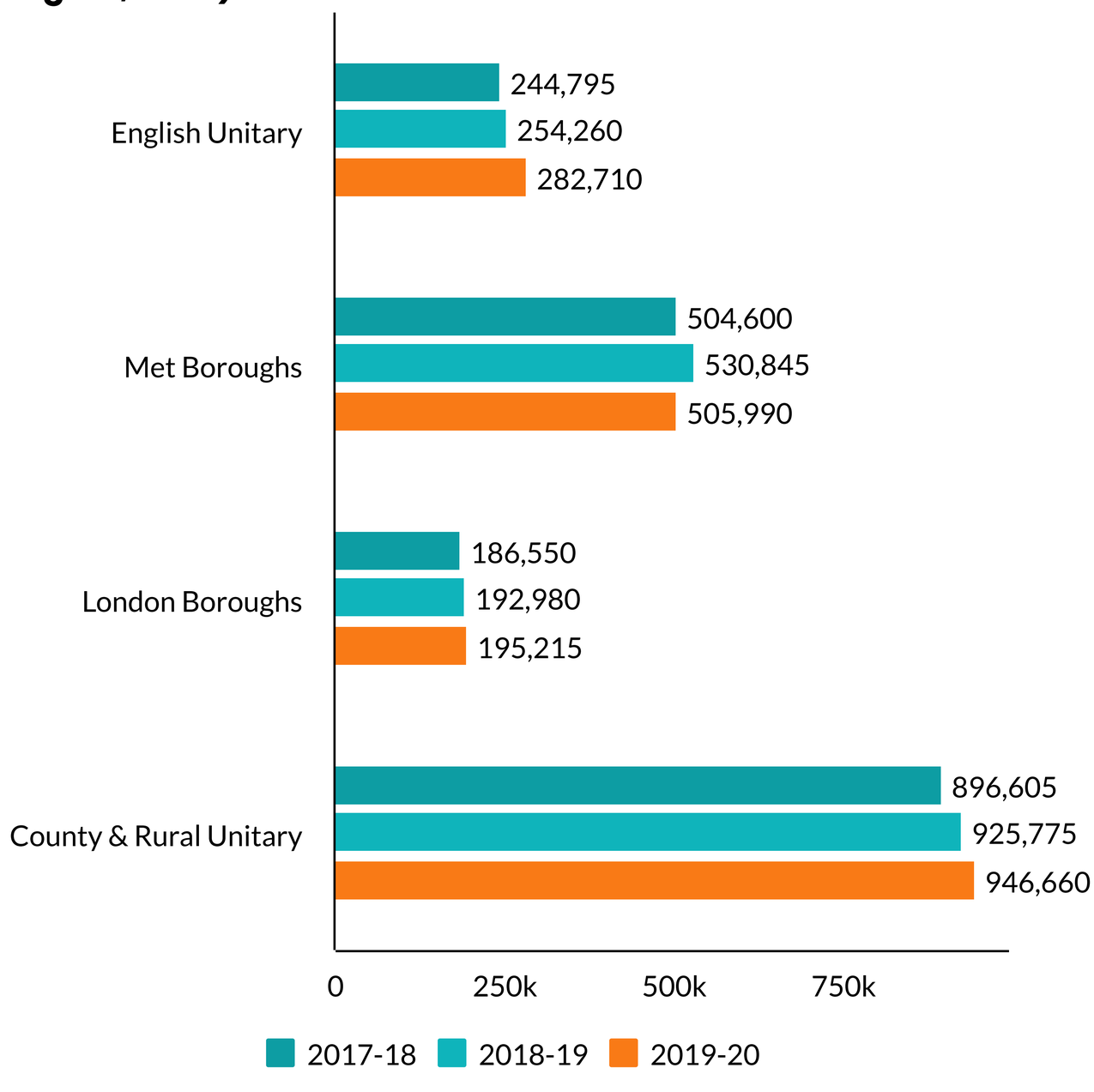
Graph 1 shows that county and rural unitary councils received 49% all service requests in 2019/20, with Table 1 showing this up by 5.6% since 2017/18, more than any type of authority except English unitaries. Graph 2 shows that over the past three years, county and rural unitary councils received 2.77m of all requests for social care support in England.

The average county and rural unitary council was receiving 63 new requests for support each and every day over the past three years. This compares to 16 per day for the average London borough, and 39 per day in a metropolitan borough.

TABLE 1 - Increase in requests for support 2017/18-2019/20 by total volume and %

LA Type	No. -/+	%
English Unitary	37,915	15.5
Met Boroughs	1,390	0.3
London Boroughs	8,665	4.6
County & Rural Unitary	50,055	5.6

GRAPH 1 - Annual number of new requests for support received from new clients 2017/18-2019/20 (all ages) (NHS Digital, 2020)



GRAPH 2 - Total Number of new requests for support received from new clients 2017/18-2019/20 (all ages) (NHS Digital, 2020)

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Nationally, those aged 65 and over accounted for 71% (1,370,205) of all service requests. But Table 2 shows that in county and rural areas the share of requests received from this age group is disproportionately higher compared to other parts of the country, with 75% of all requests coming from the 65+ age group.

TABLE 2 – % of 2019/20 service requests by age band

LA Type	18-64	65+
English Unitary	34%	66%
Met Boroughs	33%	67%
London Boroughs	34%	66%
County & Rural Unitary	25%	75%

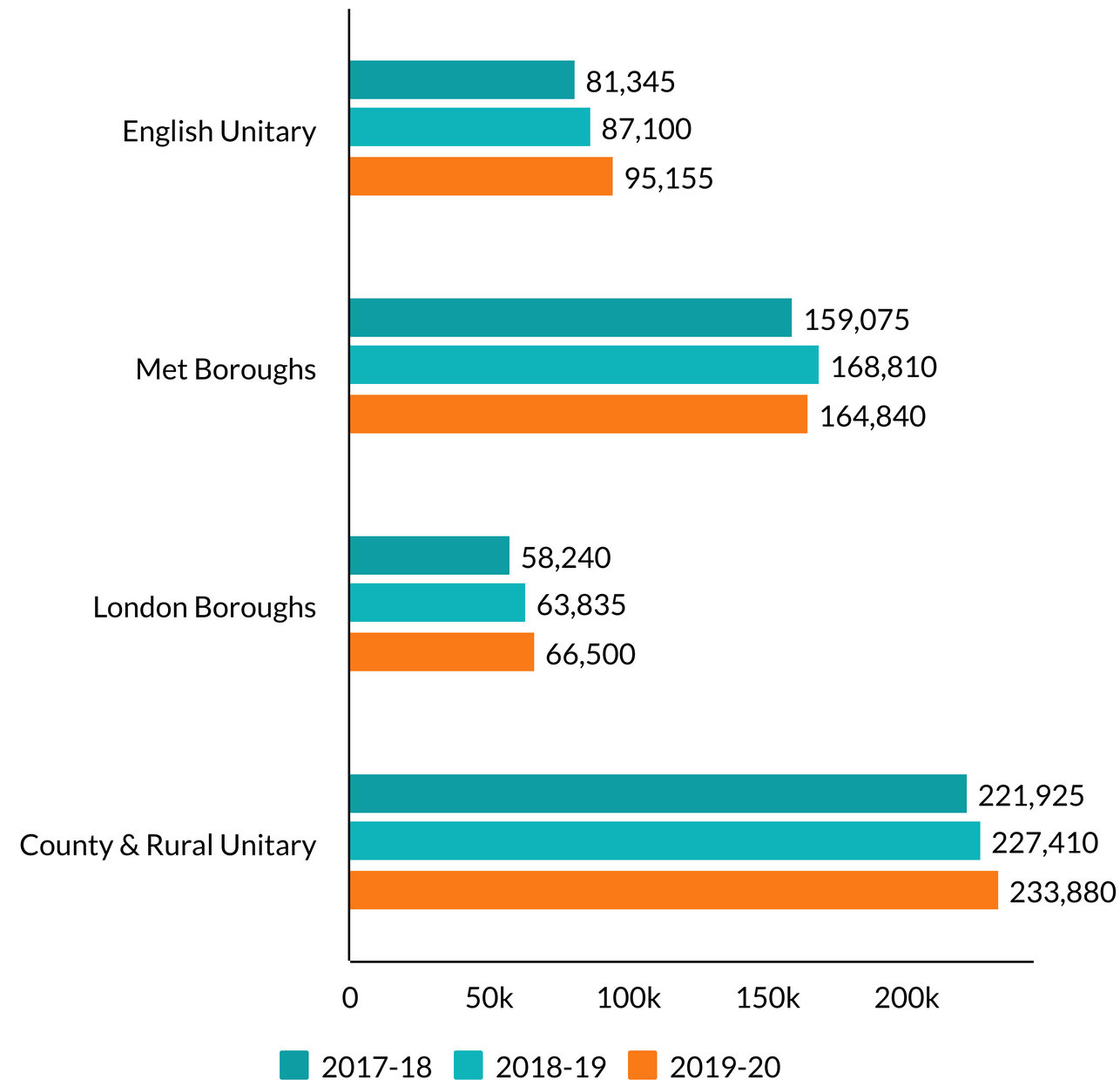
This proportion of requests attributable to older adults has remained static over the past three years, with growth in requests across the two age bands remaining broadly similarly in county and rural areas. This is in contrast to urban authorities, with metropolitan boroughs in particular seeing the number of requests from those aged 65+ decline over the same period.

TABLE 3 – % increase in 2019/20 service requests by age band

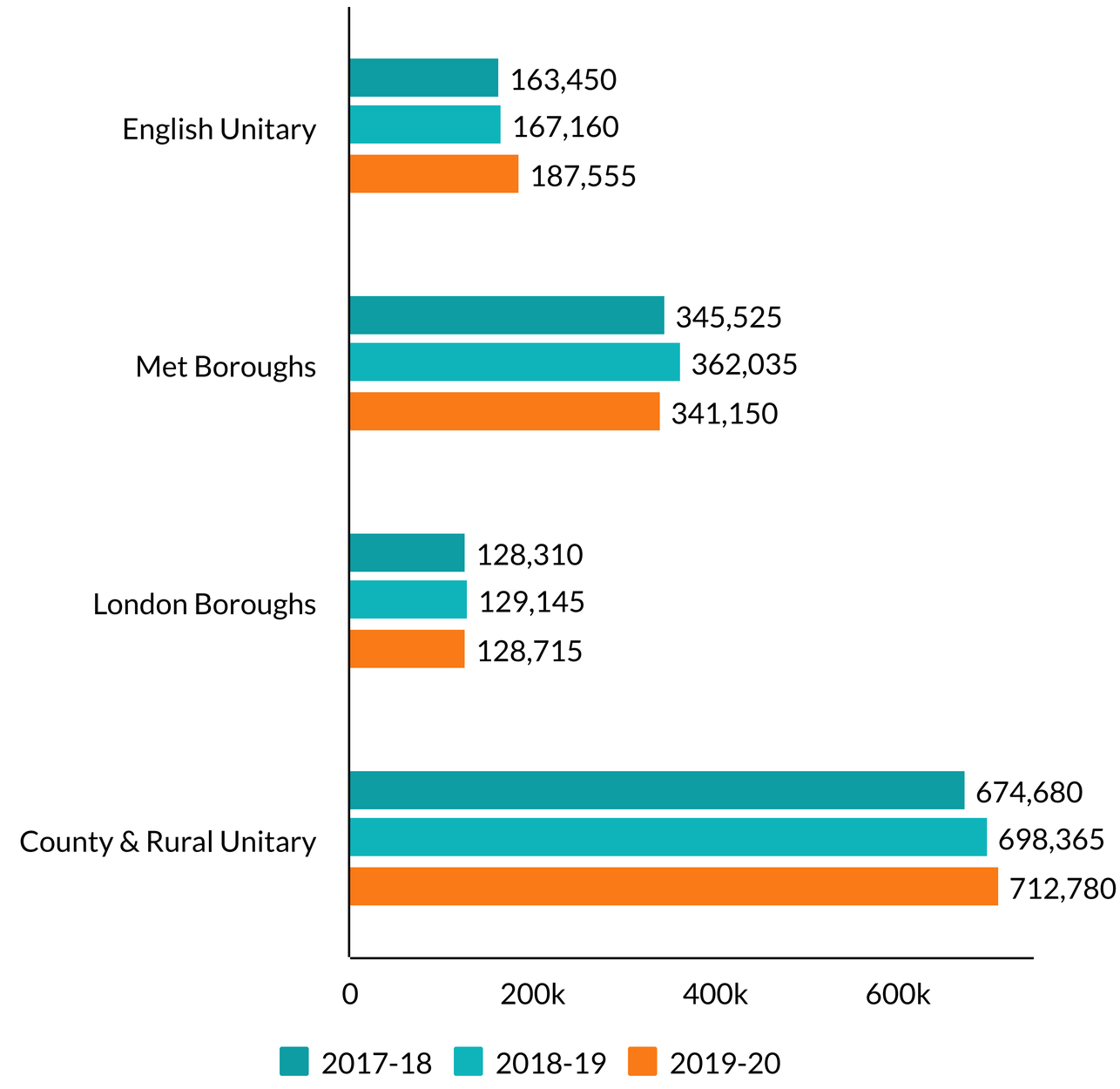
LA Type	18-64	65+
English Unitary	17%	14.7%
Met Boroughs	3.6%	-1.3%
London Boroughs	14.2%	0.3%
County & Rural Unitary	5.4%	5.6%

Graphs 3 & 4 and Table 3 show recent year-on-year increases in service requests. It is important to note that the outlying surge in requests to English unitary authorities was driven predominantly by just four out of 42 councils, which together accounted for over half (51%) of this increase.

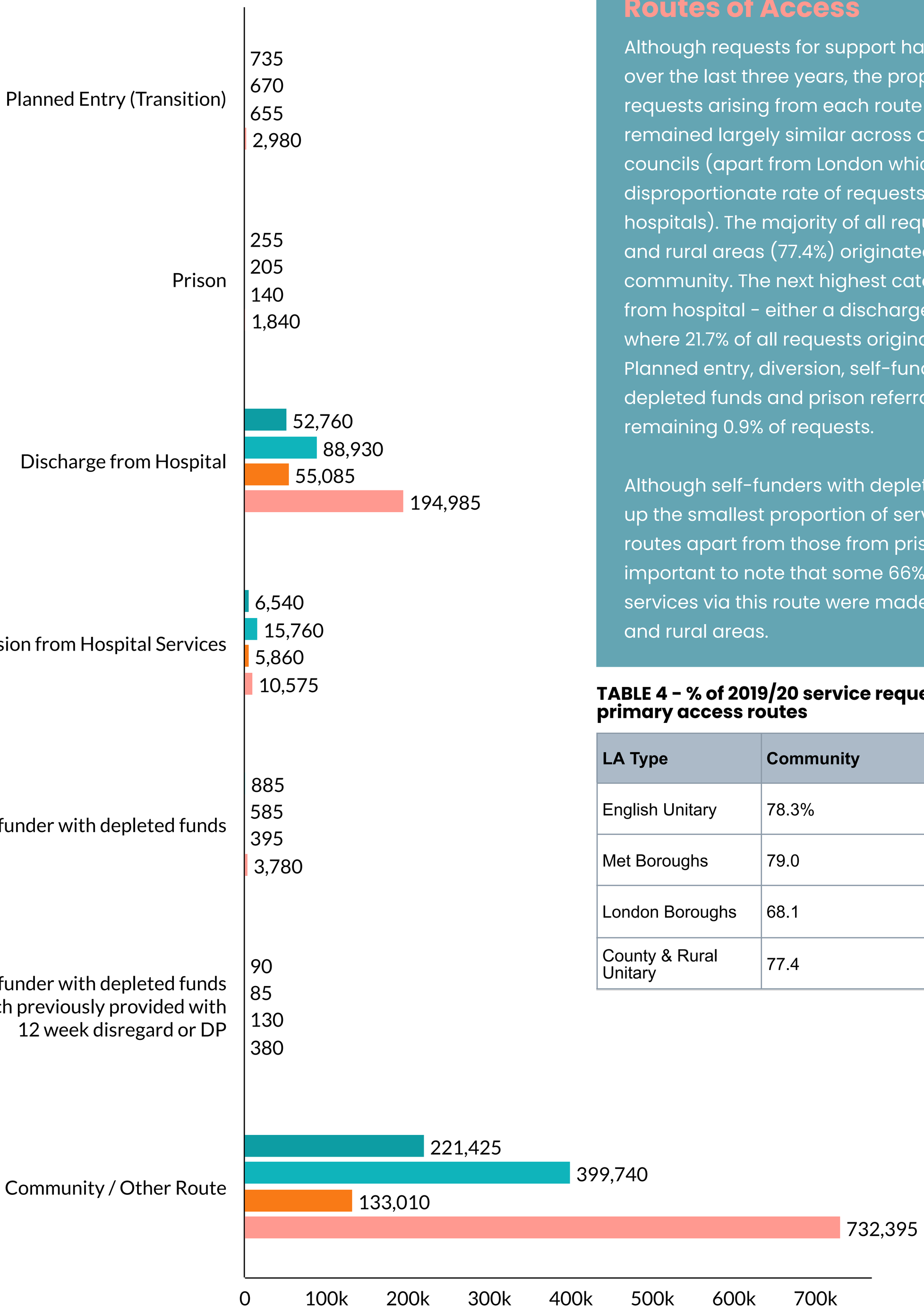
GRAPH 3 – Number of requests for support received from new clients, aged 18-64, 2017/18-2019/20 (NHS Digital, 2020)



GRAPH 4 – Number of requests for support received from new clients, aged 65 and over, 2017/18-2019/20 (NHS Digital, 2020)



GRAPH 5 - Number of requests for support received from new clients, route of access, 2019-20 (all ages) (NHS Digital, 2020)



Routes of Access

Although requests for support have increased over the last three years, the proportions of requests arising from each route of access have remained largely similar across all types of councils (apart from London which has a disproportionate rate of requests from hospitals). The majority of all requests in county and rural areas (77.4%) originated from the community. The next highest category was from hospital - either a discharge or diversion - where 21.7% of all requests originated from. Planned entry, diversion, self-funders with depleted funds and prison referrals made up the remaining 0.9% of requests.

Although self-funders with depleted funds make up the smallest proportion of service access routes apart from those from prison, it is important to note that some 66% of requests for services via this route were made to county and rural areas.

TABLE 4 - % of 2019/20 service requests by two primary access routes

LA Type	Community	Hospital
English Unitary	78.3%	20.1%
Met Boroughs	79.0	20.7
London Boroughs	68.1	31.2
County & Rural Unitary	77.4	21.7

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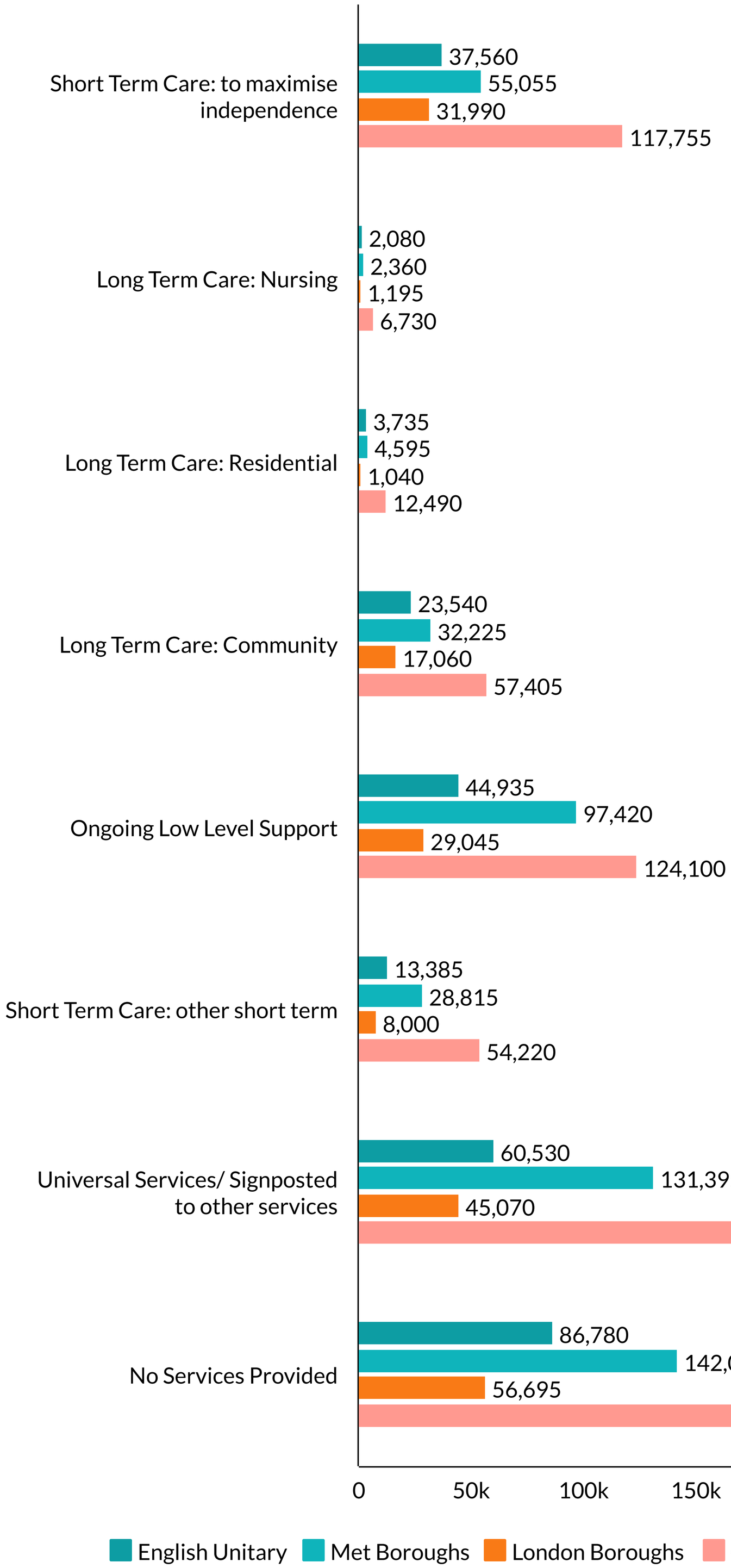
GRAPH 6 - Number of requests for support received from new clients, by what happened next, 2019-20 (all ages) (NHS Digital, 2020)



Service Request Outcomes

County and rural areas have the highest percentage of service requests - 58%, - where no formal service is provided. This is higher than in both metropolitan boroughs (54%) and London boroughs (52%).

Some 545,000 requests in county and rural areas during 2019/20 resulted in advice or signposting, or no service being provided. Just 8% of all requests (77,000) resulted in long-term care support, with a further 31% (296,075) receiving short term or low level support; lower than in metropolitan boroughs (36%) and London boroughs (36%).

The percentage of service requests where no formal service is provided has remained static since 2017/18. As shown later in this report, while Government have provided temporary resources for adult social care, this has only severed to offset rising costs of providing services, rather than expand provision to more individuals.

Nonetheless, as NHS Digital state in their publication of this data, these outcomes relating to a request for support can sometimes be difficult to interpret and should not be seen as reflecting negatively on a local authority, but more as a statement about the nature of request for support that was made.

TABLE 5 - What happened next to service requests for support from new clients in 2019-20, all ages, by %

LA Type	Long-term care*	No service provided**	Low level support	Short-term support***
English Unitary	10%	52%	16%	18%
Met Boroughs	8%	54%	19%	17%
London Boroughs	10%	52%	15%	21%
County & Rural Unitary	8%	58%	13%	18%

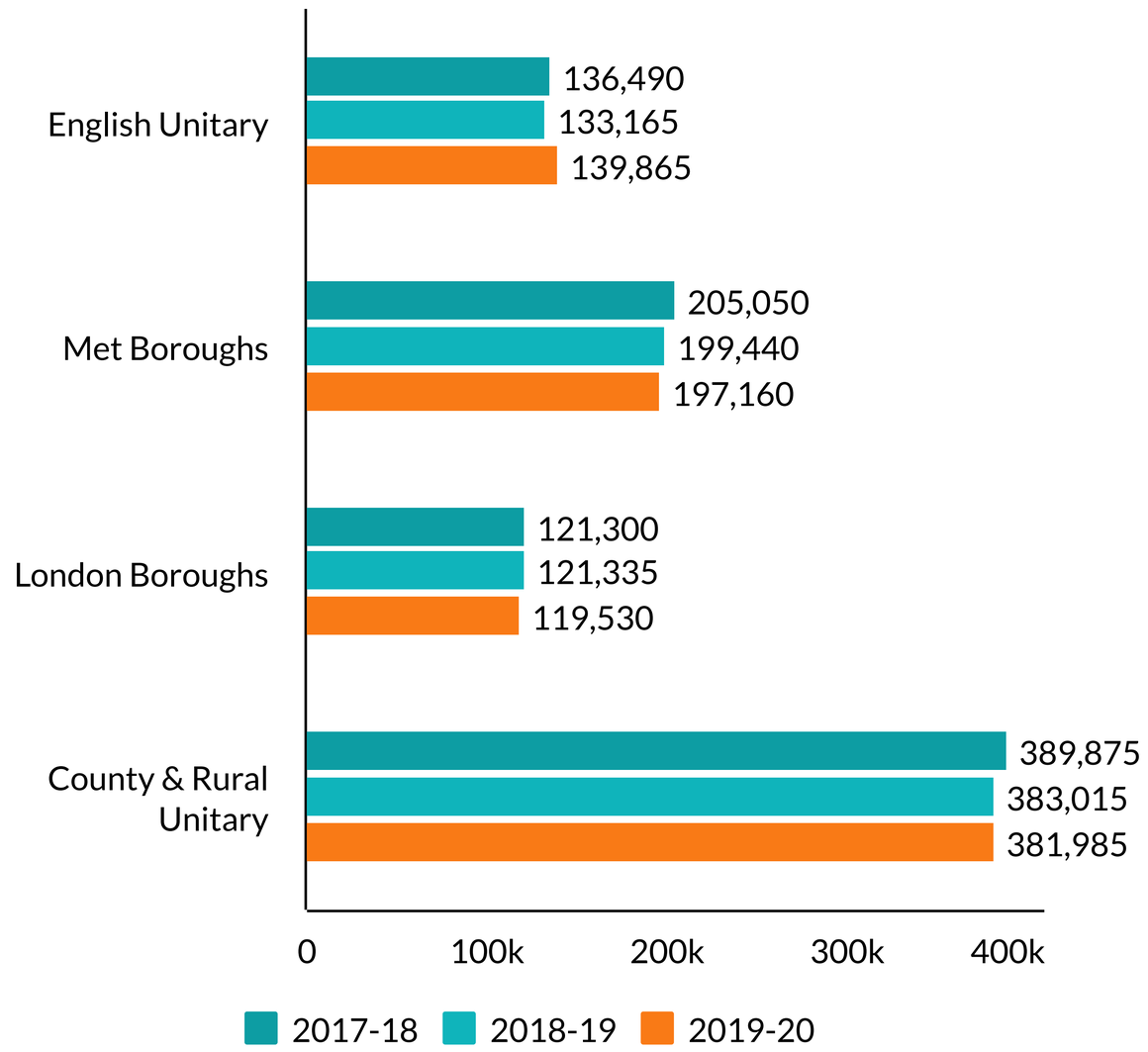
* This includes long term nursing, residential and community care
**This includes no services provided and Universal Services/ Signposted to other services
*** This includes short term care: to maximise independence and other sort term care

Long-Term Care Support

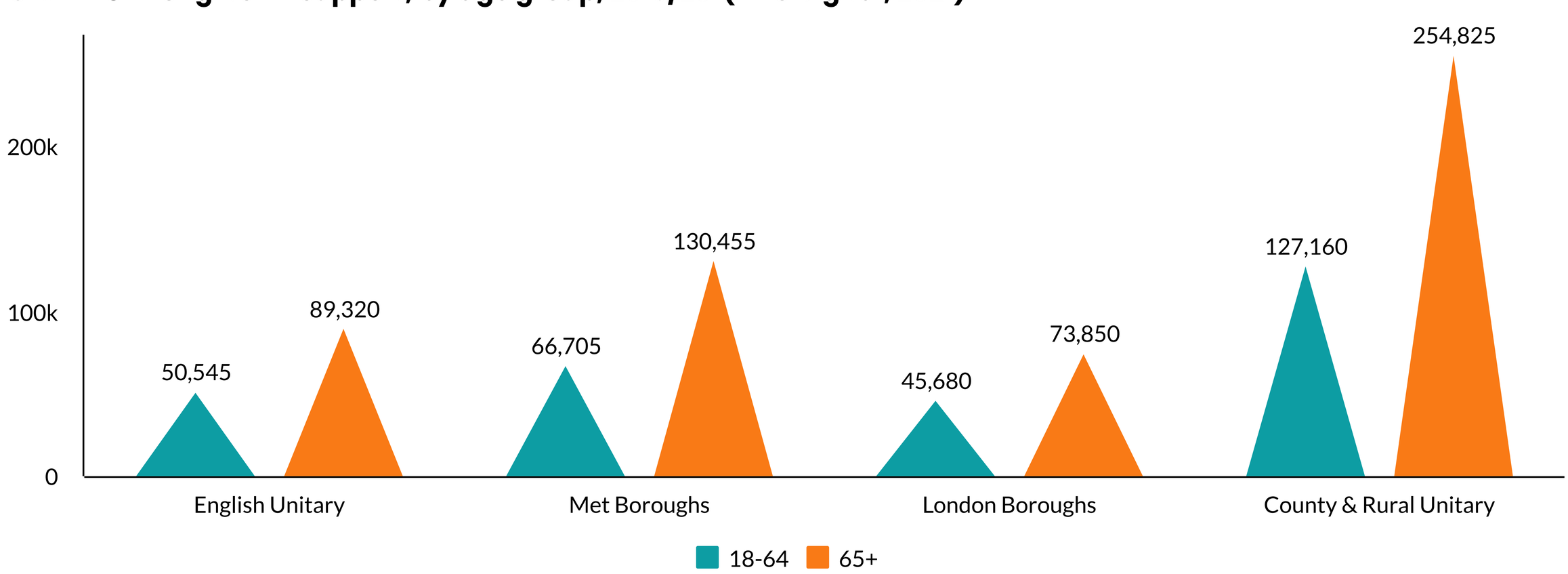
Long-term care is provided to clients on an ongoing basis and varies from high intensity provision such as nursing care, to lower intensity support in the community like the provision of direct payments to arrange regular home care visits. Whereas short-term care is designed for a time limited period, long-term care has no fixed time period and is delivered for as long as it is required.

In 2019-20 across all local authorities there were 838,530 clients in receipt of long-term support. County and rural areas made up 45% of all long-term care in this year - a fall of 2% (7,890) since 2017/18. This fall in long-term care was driven primarily by a reduction in need from older adults aged 65 and over, with 7,555 less receiving long term care since this point.

GRAPH 7 - Long-term support during the years 2017/18-2019/20 (all ages) (NHS Digital, 2020)



GRAPH 8 - Long-term support, by age group, 2019/20 (NHS Digital, 2021)



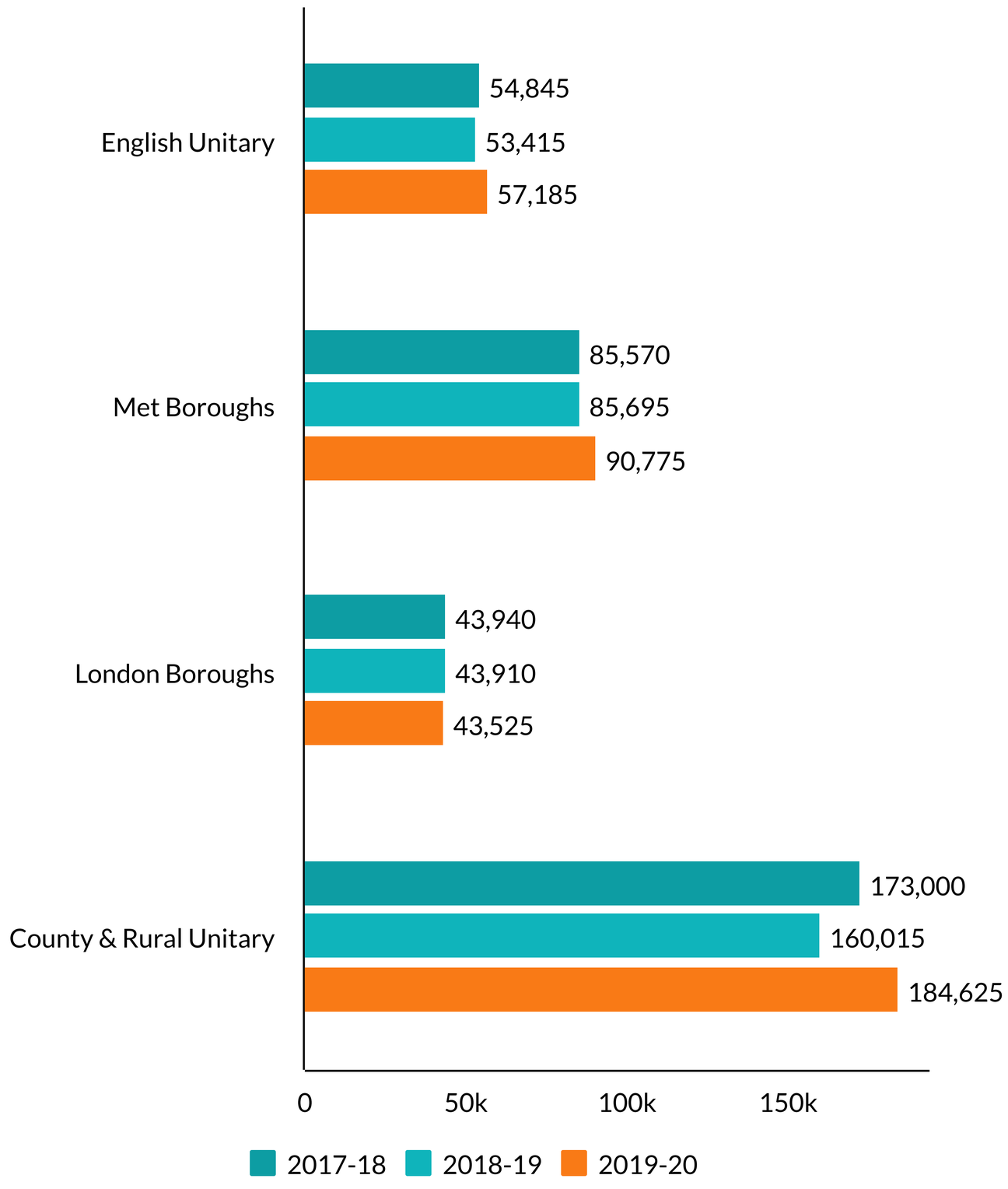
Support for Carers

Local authorities report information relating to how they have supported carers (those providing unpaid or informal care to a loved one) in both their activity and finance returns. This data relates to unpaid carers of all ages (including young carers aged under 18) who provide a substantial amount of care on a regular basis for someone aged 18 or over.

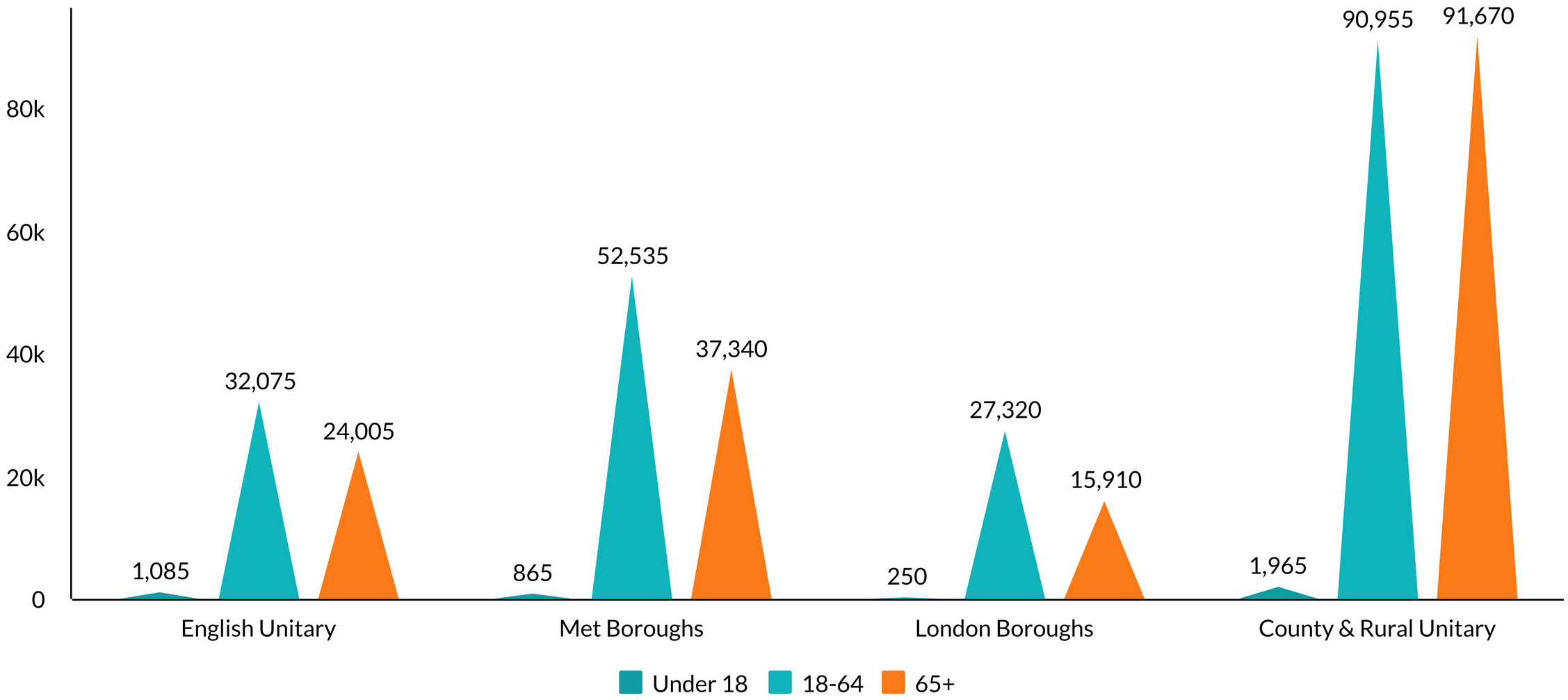
376,130 carers were either supported or assessed by the local authorities during 2019-20. Some 184,625 carers were assessed or supported in county and rural areas during this time, and 82% were provided with some form of support. The majority of support provided to carers across all authorities was information, advice and support - 55% in rural and county areas. 20% assessed in county and rural areas received a direct payment.

Carers in county and rural areas were significantly more likely to be older. Of those supported or assessed in county and rural areas, 50% were aged 65 and over. This is disproportionately higher than in urban areas, where the figures were 41% for metropolitan boroughs and 36% in London boroughs.

GRAPH 9 - Support/assessment provided to carers during the year 2017/18-2019/20 (NHS Digital, 2020)



GRAPH 10 - Support/assessment provided to carers during 2019/20, by age band (NHS Digital, 2020)



SUMMARY – *Service Demand*

The data shows that demand for social care continues to increase across all authorities, with county and rural areas experiencing steady and consistent growth in requests for support from both working age adults and older people. At present funding challenges, as described further in this report, necessarily lead to high thresholds for eligibility to access services - meaning over half of those requesting support currently do not end up receiving any formal care service.

Improving access to services for these people must be a priority for reform. The trends in this paper show that it is unlikely that councils will be able to achieve this without additional investment. The rates of unmet need show that there is currently insufficient funding for councils to meet the demand for social care support that exists.

While only accounting for a quarter of service requests in county and rural areas, it must not be forgotten that nearly half of all social care expenditure is directed towards adults of working ages that require intensive levels of support. Reform needs to be balanced so its impact is felt across the whole system. Only a very small proportion of younger adults are likely to benefit from the funding and proposals announced to date.

Moreover, it is anticipated that councils may face an increasing need to support unpaid carers as the country enters the recovery phase from the pandemic. A growing aversion to residential care as result of Covid-19, identified later in this report, as well as an increasing number of working-age people requiring care means more families are likely to be needing to provide this care themselves – often requiring them to reduce their employment or leave it altogether. This may require councils to look at how to offer more community-based support to help this group of carers and their families.

CCN and RSN supports the principles of protecting more people from catastrophic care costs and extending the means-test threshold. But these reforms alone and the level of investment in the short-term – compared to the NHS – will not deal with existing problems within the system identified in our analysis.

[2] County APPG Report: The State of Care in Counties (CCN & LGiU, 2015) http://www.countycouncilsnetwork.org.uk/download/893/

It must also be recognised a high percentage of older people are currently self-funders - arranging, and paying the costs of, their own care. This has important implications for the reform of care services which will bring more of these people into the system altering future demand patterns in care markets.

Previous research by CCN has estimated that the proportion of self-funders in county and rural areas is significantly higher, with an average of 53%, with some areas as high as 80%. Moreover, our analysis in the above section already demonstrates that two-thirds of all requests from self-funders with depleted funds are in these areas.

The recent policy announcements by Government clearly stated that an objective of their reforms was to increase the level of contact between self-funders and councils. This is not only to facilitate access to the cap on care, but an explicit commitment to enact Section 18(3) of the Care Act 2014 Part 2, which will encourage self-funders to approach their councils for the first time to ask commissioners to arrange care on their behalf.

This would result is a significant level of additional demand for either advice and support services, or direct arrangement of care. In the lead up to the previous plans to implement a cap on care in 2015, the results of a joint-cost modelling exercise by the Department of Health, ADASS, LGA and CCN showed that CCN member councils account for two-thirds of the total early assessment and review costs identified. This evidence confirmed that the demand, and subsequent financial impact, of new duties would be disproportionately borne by counties in the short, medium and long-term.[2]

Moreover, as explored later in this report, this would also present a number of financial challenges for councils and providers beyond the direct costs associated with this increased demand.

New statutory duties in relation to self-funders and the cap on care will come with significant additional administrative and workforce burdens of operating care accounts for people approaching the authority. The implications for county and rural unitary councils will be particularly acute and will need careful consideration in the development of the Government's proposals.

SECTION 3:
CARE PROVISION

Providing the right type of care to meet demand is a highly complex undertaking. Local authorities must plan years ahead to gradually grow or reduce the amount of different types of care in their areas accordingly. This also requires careful negotiation with external providers and communities which play an important role in ensuring this demand for care is met. Drawing on the latest NHS Digital data, this section provide an overview of some of the trends in investment in care provision.

Long and Short-term Care

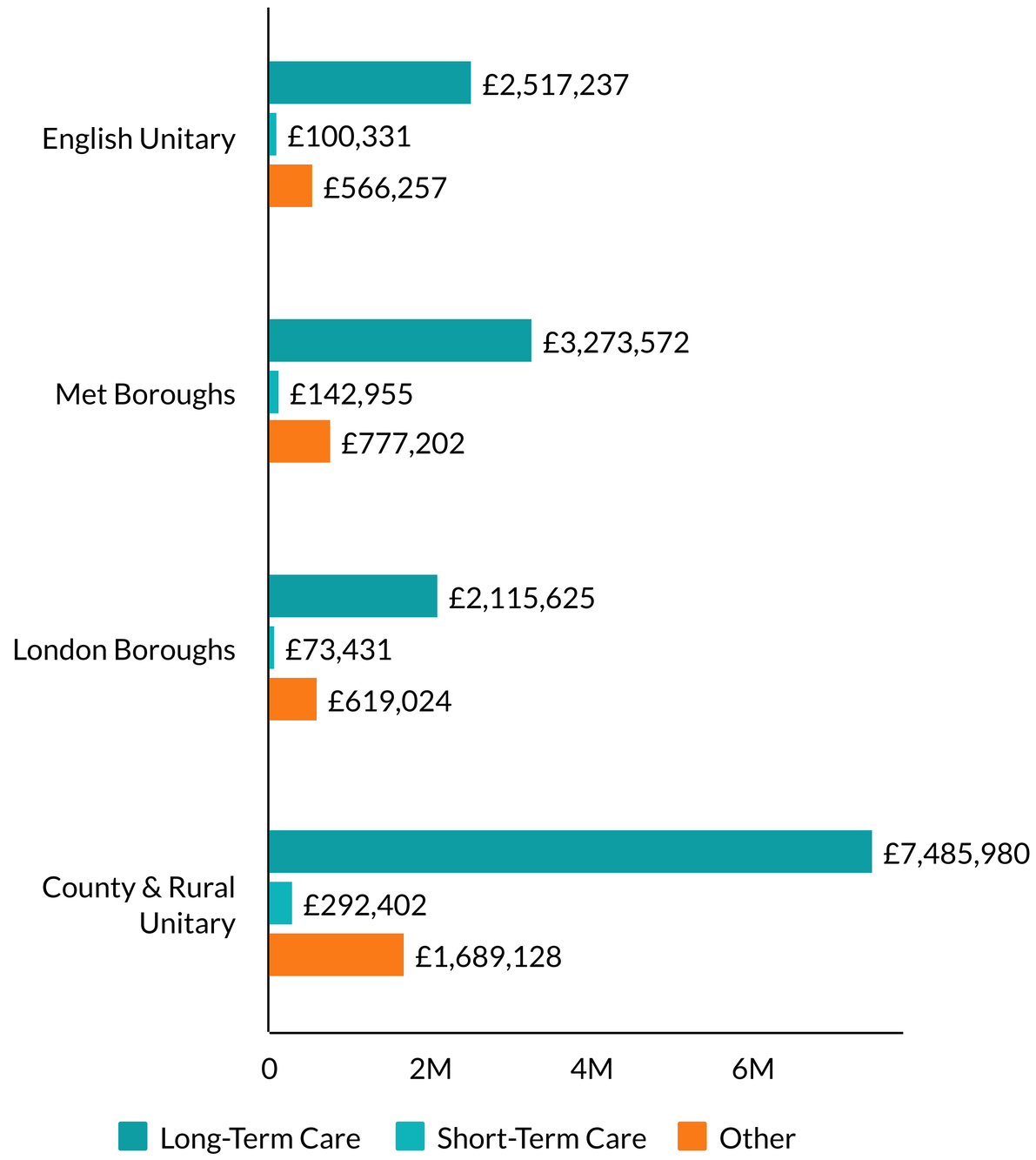
Graph 11 emphasises the high cost of long-term care. About 80% of total gross social care expenditure (£15.4bn) by local authorities in England is spent on this form of care, which consists of residential, nursing, and community or home care. This figure is broadly consistent across all local authority types, although slightly lower in London Boroughs at 74%.

Graph 12 shows the relative spending on the two class of age groups across different types of authority. It is important to notice that some 47% of spending in county and rural areas is on working age adults in receipt of care. This is despite the finding in Section 1 that three quarters of demand for care services in county and rural areas coming from those aged 65+, and only 33% of those in long-term care are younger adults.

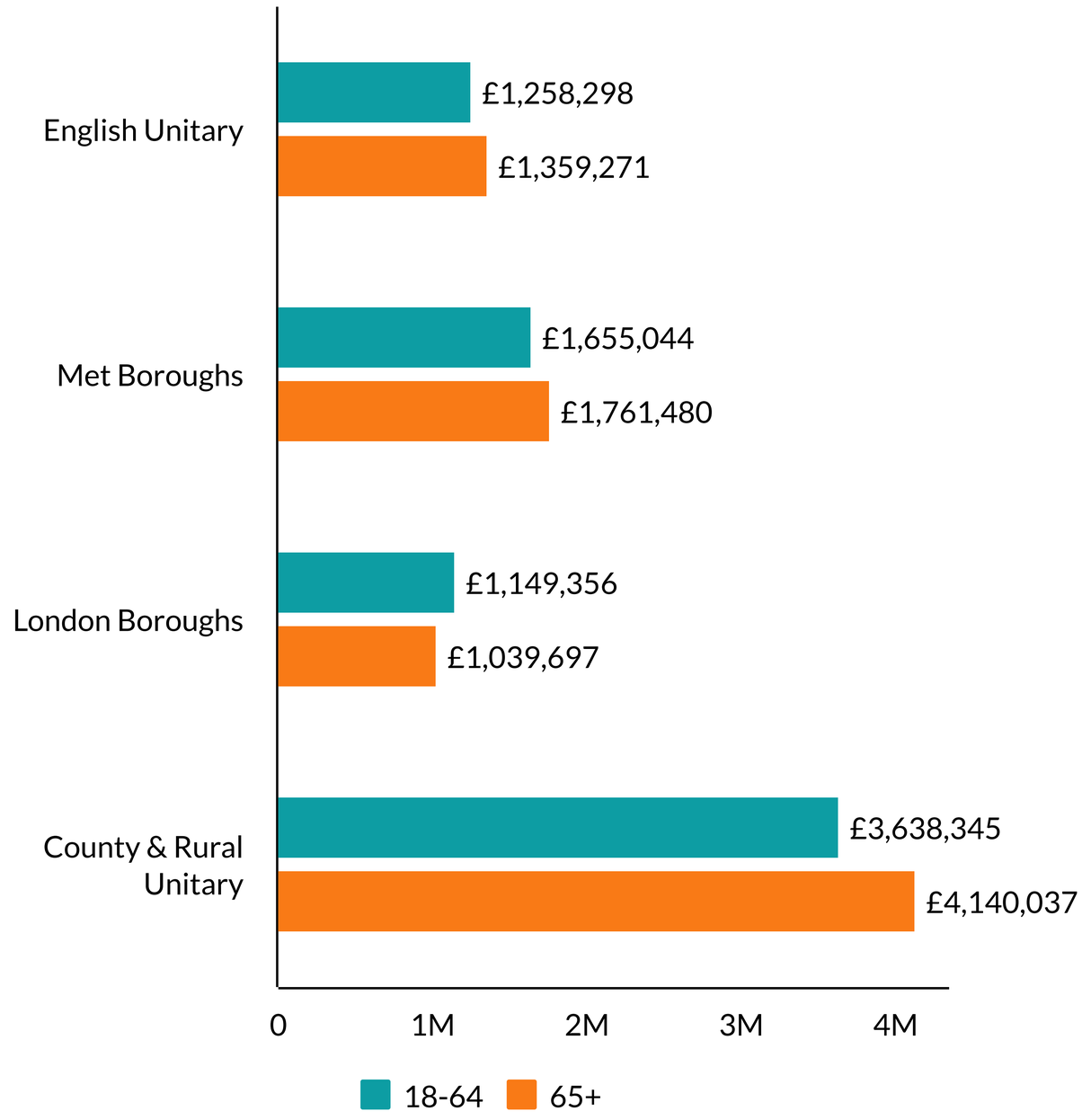
While the split in expenditure between older and younger adults is broadly similar to other parts of the country, data on expenditure by condition in Graph 13 (overleaf) shows that county and rural spend is proportionally higher on those receiving support with a learning disability. Some 72% (£2.6bn) of provision for working age adults is for this type of care recipient, higher than in London boroughs (66%), metropolitan boroughs (69%) and other English unitaries (67%).

Graph 14 (p.18) breaks down the respective spending on the two age groups in more granular detail for county and rural areas. Physical support accounts for 43% of all expenditure in county and rural areas. Some 80% of this £3.4bn expenditure on physical support is on those aged 65 and over.

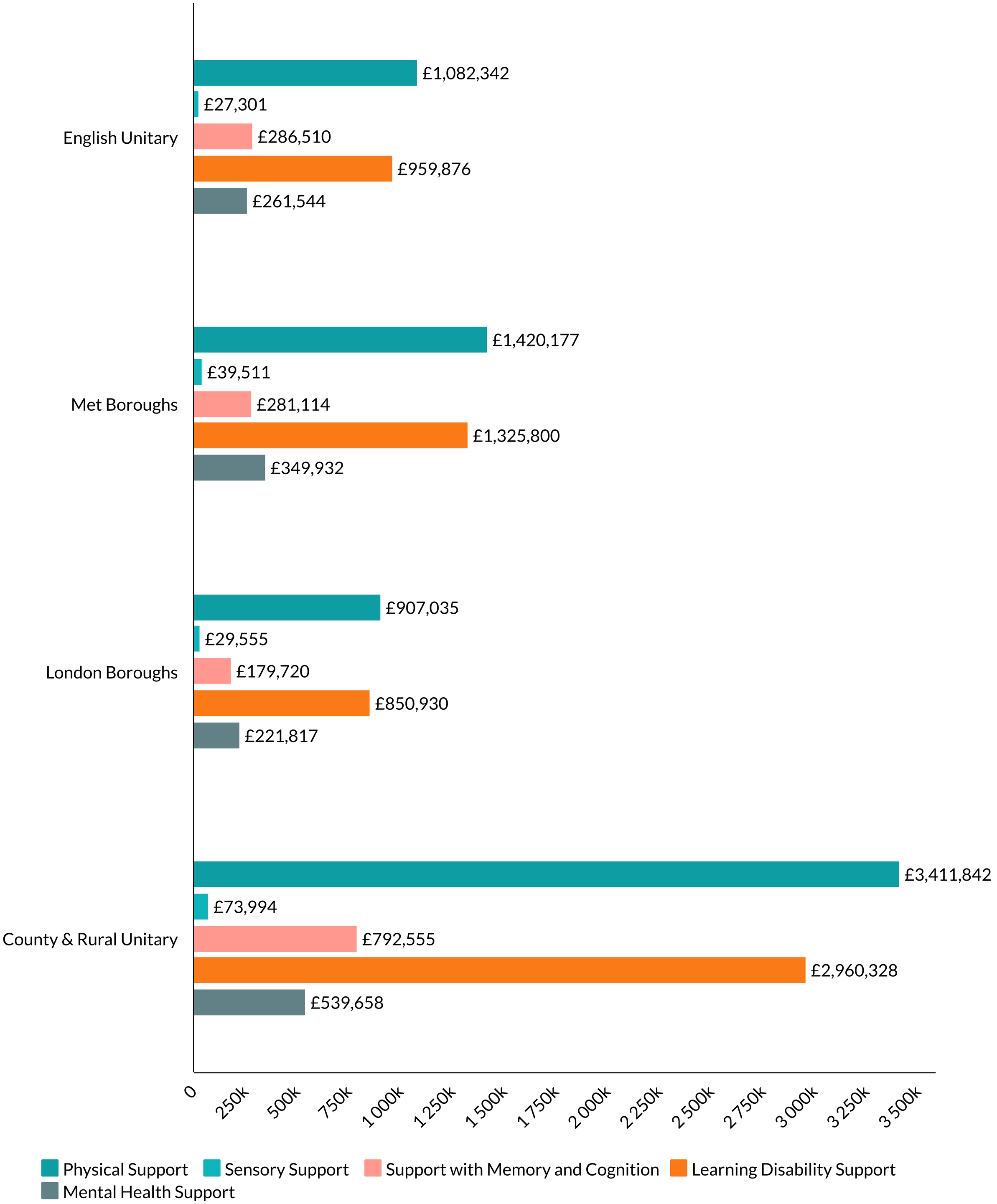
GRAPH 11 - Gross expenditure, long and short term care, by care type, all ages, 2019/20 (£/k) (NHS Digital, 2020)



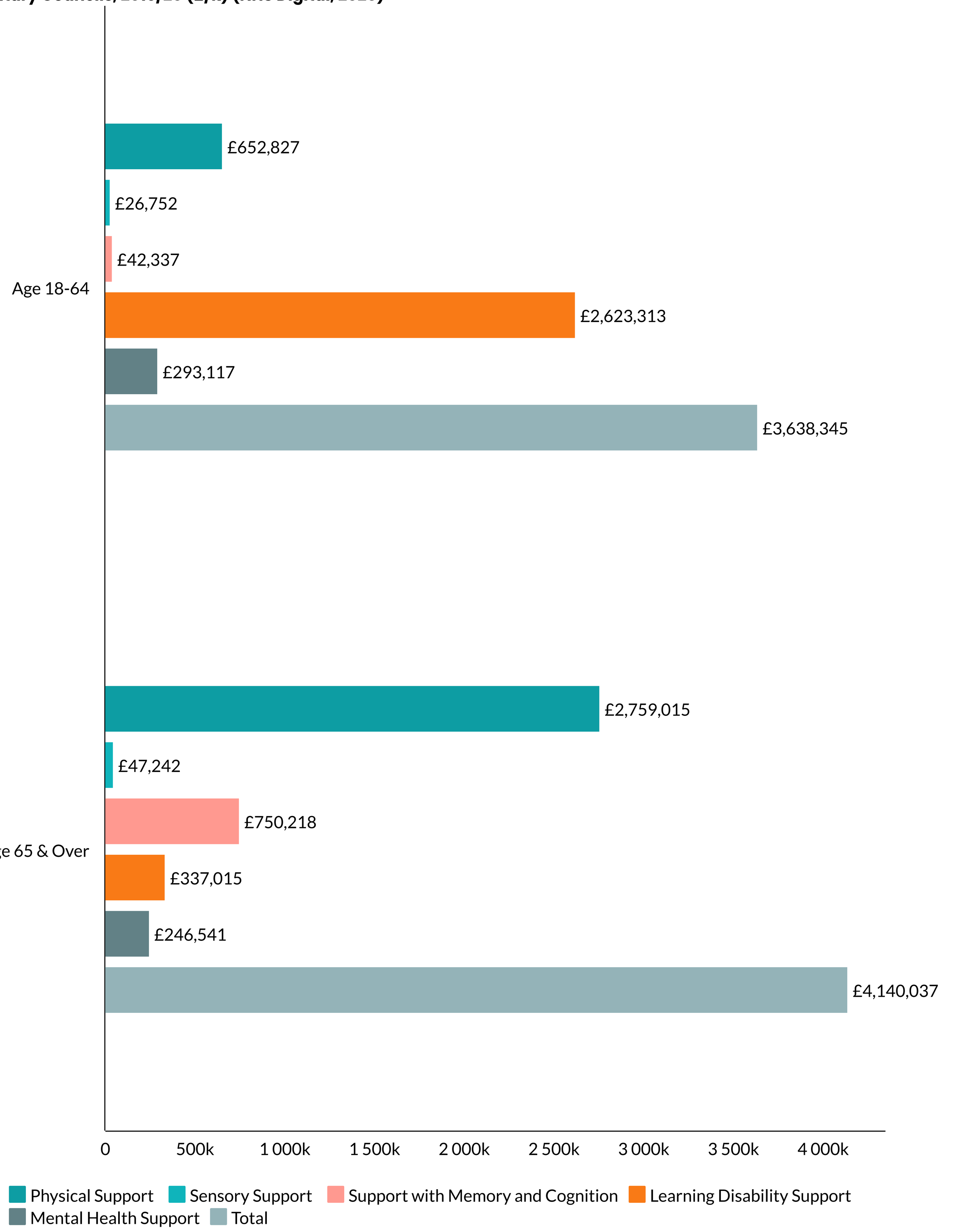
GRAPH 12 - Gross expenditure, long and short term care, by age band, 2019/20 (£/k) (NHS Digital, 2020)



GRAPH 13 - Gross expenditure, long- and short-term care, by condition, all ages, 2019/20 (£/k) (NHS Digital, 2020)

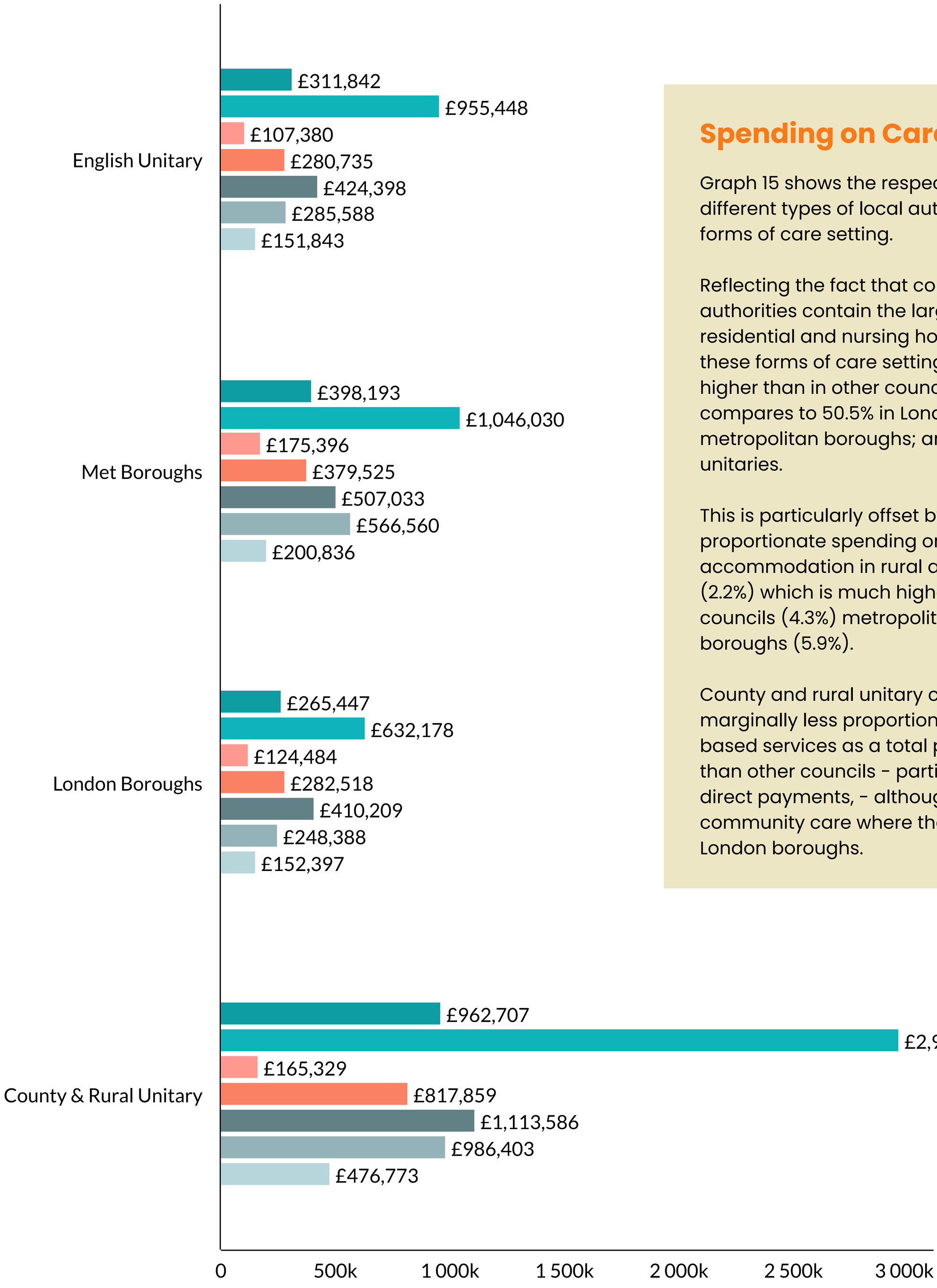


GRAPH 14 - Gross expenditure, long- and short-term care, by condition and age band, County & Rural Unitary Councils, 2019/20 (£/k) (NHS Digital, 2020)



The State of Care in County & Rural Areas

GRAPH 15 - Gross Expenditure on long term care, all ages, by support setting, 2019-20 (£/k) (NHS Digital, 2020)



Spending on Care Settings

Graph 15 shows the respective spending by different types of local authority on the various forms of care setting.

Reflecting the fact that county and rural unitary authorities contain the largest proportion of residential and nursing homes, the spend on these forms of care setting is disproportionately higher than in other councils at 52.5%. This compares to 50.5% in London boroughs; 44.1% in metropolitan boroughs; and just 42.4% in English unitaries.

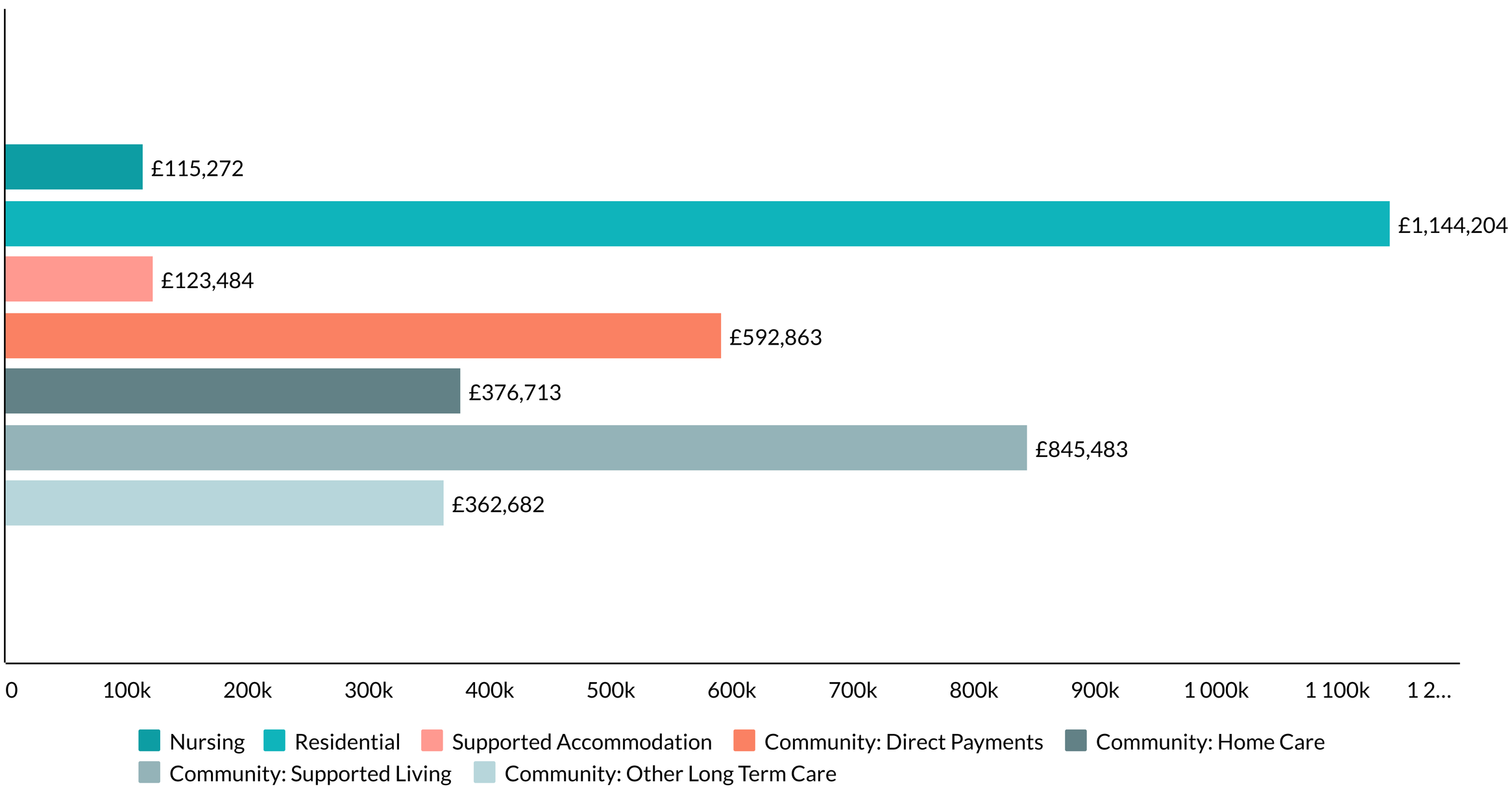
This is particularly offset by far lower proportionate spending on supported accommodation in rural and unitary authorities (2.2%) which is much higher in other unitary councils (4.3%) metropolitan (5.4%) and London boroughs (5.9%).

County and rural unitary councils also spend marginally less proportionately on community-based services as a total proportion of spend than other councils - particularly home care and direct payments, - although not long-term community care where they are only outspent by London boroughs.

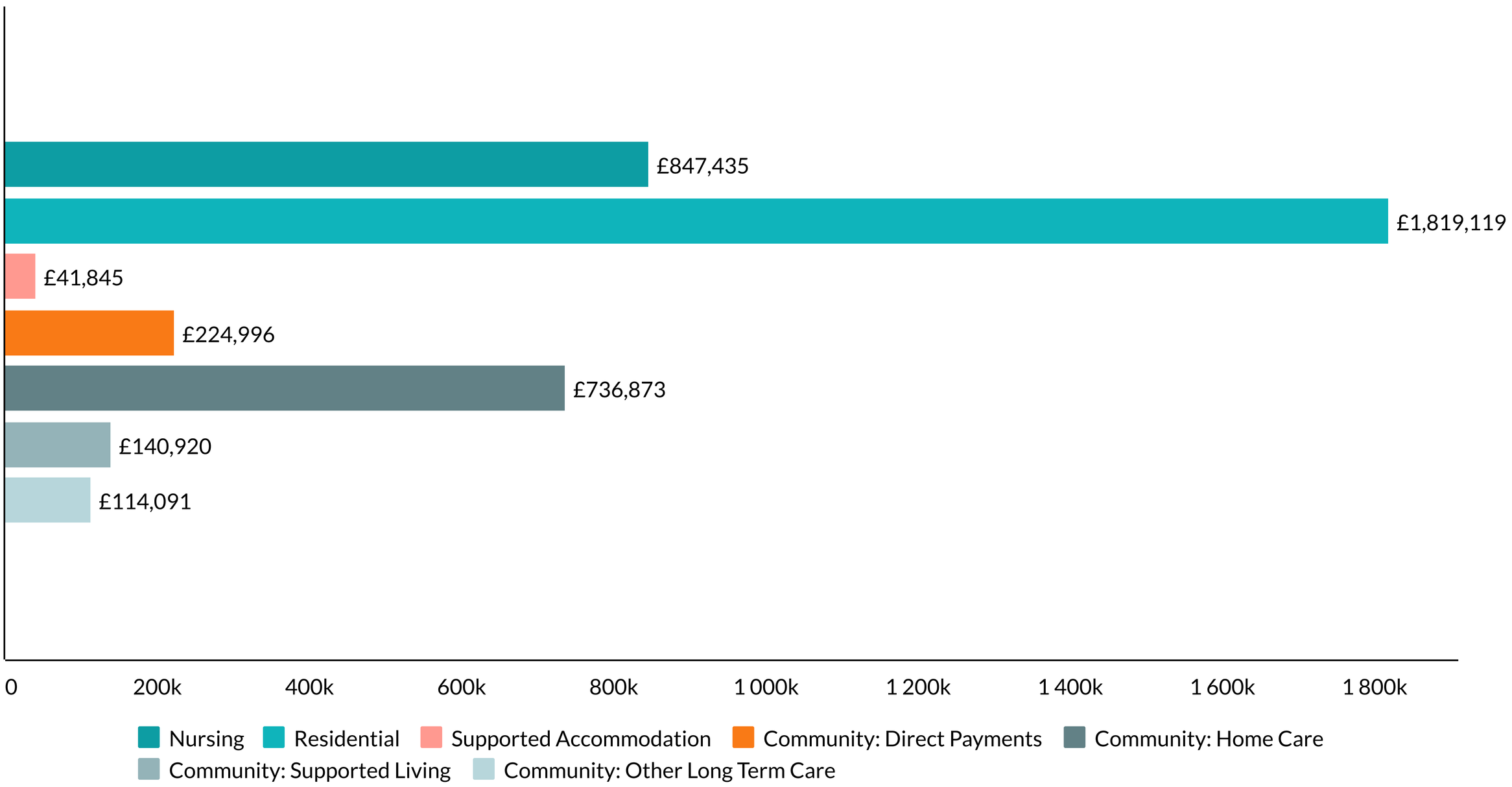
The State of Care in County & Rural Areas

Graphs 16 and 17 break down the expenditure by county and rural unitary councils on different forms of setting by age group. This shows starkly the predominance of residential care as the primary delivery model for both cohorts above community-led services. The expenditure on residential care for working age adults is particularly marked, which partly explains the earlier finding that 47% of county social care budgets are spent on working age adults despite them only making up 33% of the total number in receipt of a service. This reliance on residential care may also be a consequence of community services being more difficult (and expensive) to provide over the long distances of rural areas.

GRAPH 16 - Gross Expenditure on long term care, County & Rural Unitary Councils, ages 18-64, by support setting, 2019-20 (£/k) (NHS Digital, 2020)



GRAPH 17 - Gross Expenditure on long term care, County & Rural Unitary Councils, ages 65+, by support setting, 2019-20 (£k) (NHS Digital, 2020)



Residential Care Homes

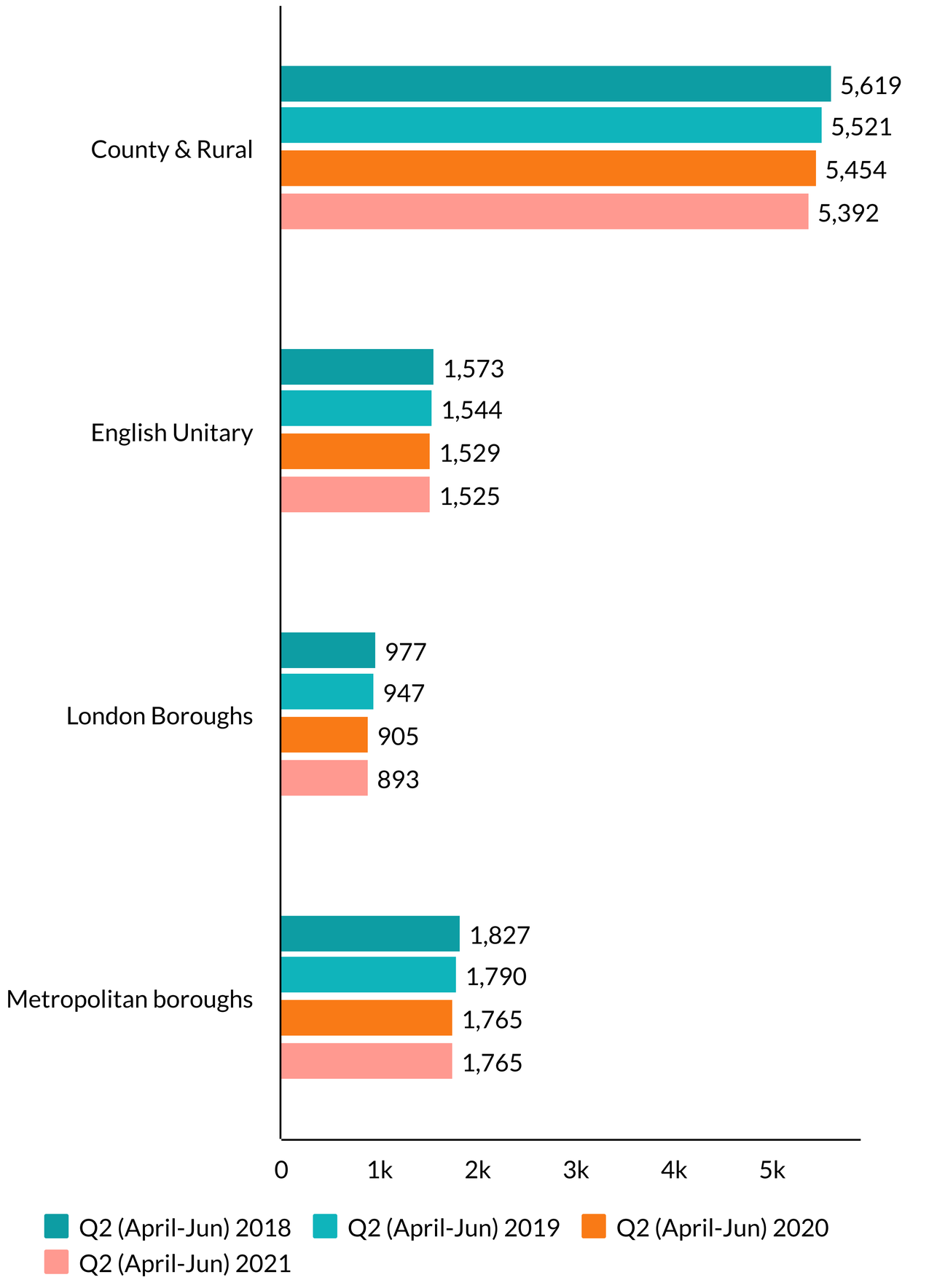
During the pandemic there have been indications that there is a shift away from demand for residential care, partly due to the restrictions placed on care homes and the fears of families about the vulnerability of loved ones when outbreaks have occurred.

Graphs 18 and 19 examine whether this has had a marked effect yet on the number of residential care homes across different types of authority. The graph looks at the number of registered homes in Q2 of each year between 2018 and 2021.

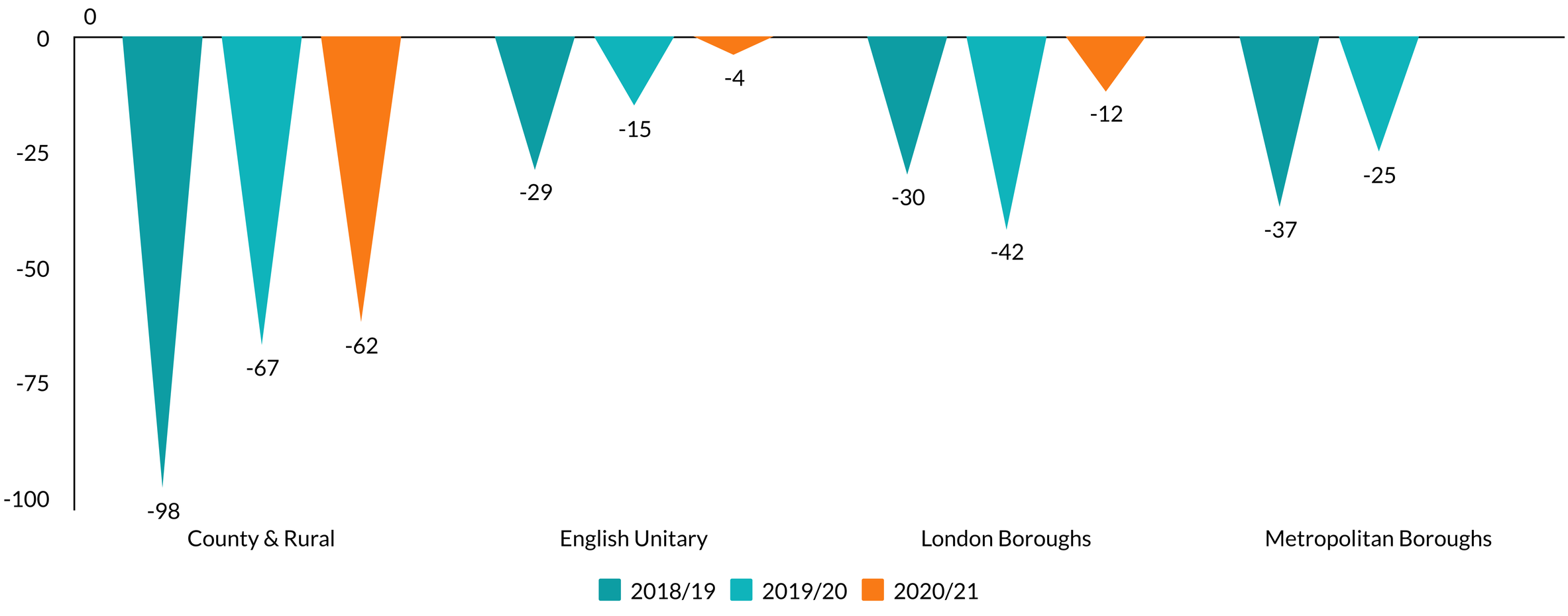
The data shows that there is a long-term trend which was shrinking the residential care home market even before Covid. This trend appears to be continuing post-Covid, although at a slower rate across all types of authority - possibly due to the injection of emergency funding during the pandemic which has served to keep some homes open during the crisis.

The biggest decline in residential care homes over this time proportionally has been in London boroughs (8.6%), albeit from the lowest total base. County and rural unitary councils lost 4% of residential care homes over this time, roughly in line with the declines in metropolitan boroughs (3.4%) and English unitary councils (3.1%)

Graph 18 - Total number of residential care homes, April 2018 & April 2021 (LG Inform, 2021)



GRAPH 19 - Change in number of residential care homes, 2018/19 to 2020/2021 (LG Inform)



Nursing Care Homes

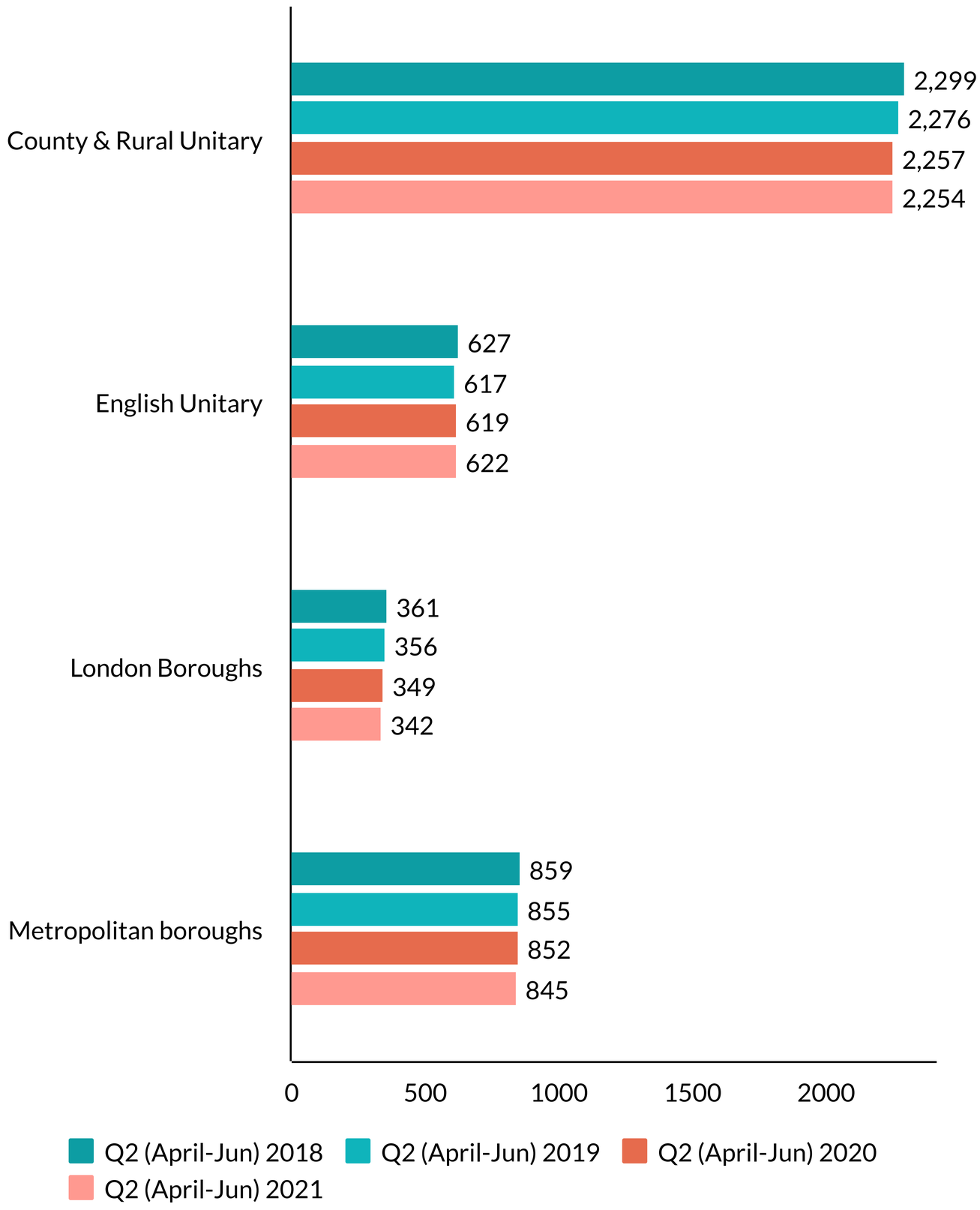
Graphs 20 and 21 present the comparable data for nursing care homes over the same period. This form of setting also shows a modest decline in all areas, but at rates much more marginal than those for residential care homes.

Just as for residential care homes, the number of nursing care homes has decreased the most in London boroughs, reducing by 5.6% between 2018 and 2021. The decline in county and rural unitary councils and metropolitan boroughs has been less sharp at 2% and 1.7% respectively.

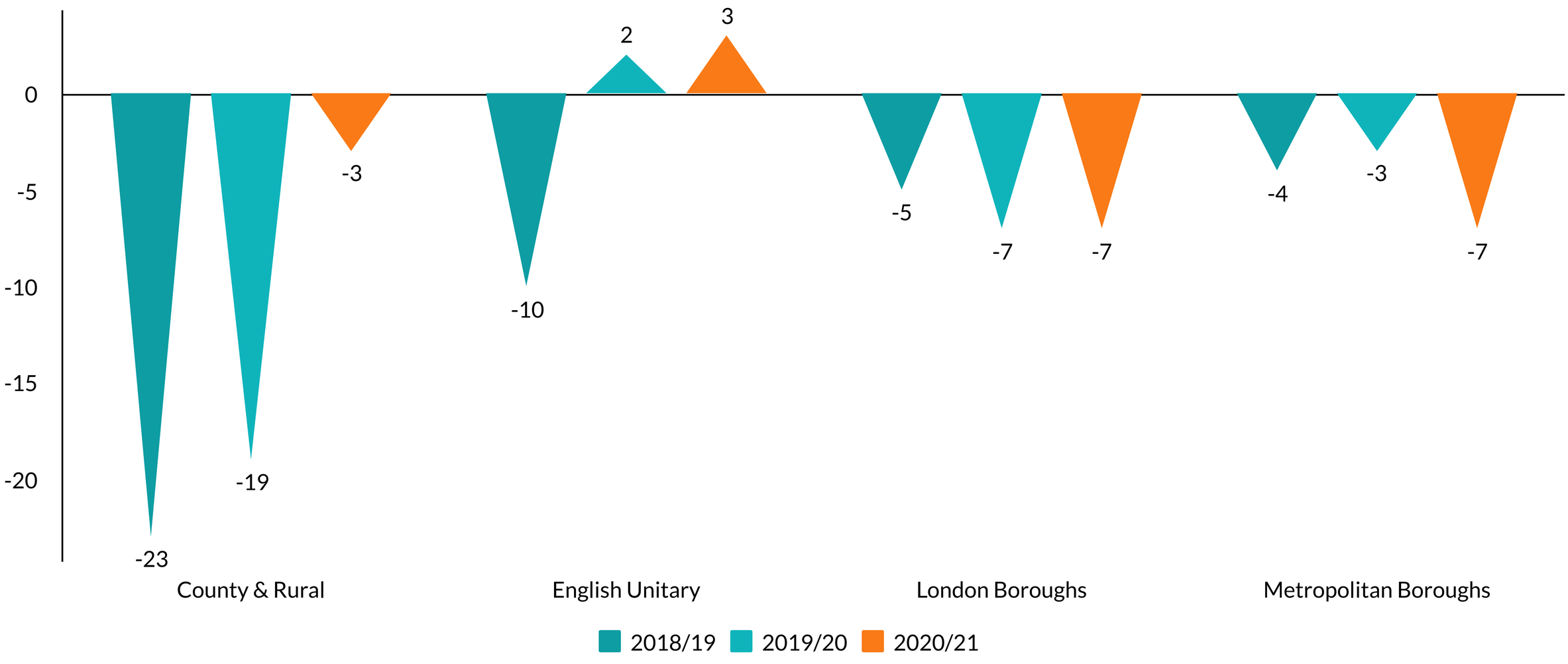
The numbers in English unitaries have reduced by 0.8% over the same period, but this actually masks a slight bounce-back from a low water mark in 2019. This may be partly due to the high upsurge of requests to these authorities detailed earlier in this report in Table 3.

It is important to re-emphasise that it is as yet uncertain how these trends in both nursing care and residential care homes may have been affected by the Covid-19 pandemic in the longer term. This is likely to become more apparent over the next few years and impacted by reform proposals.

GRAPH 20 - Total number of nursing care homes, April 2018 & April 2021 (LG Inform, 2021)



GRAPH 21 - Change in number of nursing care homes, 2018/19 to 2020/2021



SUMMARY - *Care Provision*

The data on care provision presented here highlights the extent to which care spending in county and rural unitary councils is currently heavily invested in residential and nursing care above community-based services. This reflects the historical importance of this form of provision; the higher footprint of care homes in rural and county areas; as well as the comparatively higher costs of delivering community services across longer distances than in metropolitan conurbations.

However, there are increasing signs that demand for residential-based care settings has been in gradual decline for some time, and in the wake of the recent pandemic this trend looks set to begin to shift more quickly. Covid-19 has made traditional forms of residential care less attractive to new clients, particularly in regard to self-funders who may have a broader choice of options.

While the pandemic has put short-term pressure on demand for care in people's own homes (domiciliary care), going forward the provider market will need continue to rebalance, reinforcing the anticipated increase in the use of domiciliary care over residential settings. Rebalancing could be a positive step in reducing the number of individuals being placed in high dependency settings prematurely.

While this could boost efforts to shift demand away from residential care to potentially less expensive settings such as domiciliary or day care, any financial benefit is likely to be offset by the increased complexity of needs, some of which may be directly related to Covid-19, alongside the higher costs of delivering home care services in county and rural areas identified in the following section.

One method by which many county and rural unitary councils are beginning to help achieve more stability in the expected transition within their care markets is through investing in the number of retirement communities. These offer private retirement housing with on-site care available when needed which provides a more gradated way for people to plan for infirmity. This is better, both for the user as well as those providing services, than today's common 'cliff edge' scenario where a fall or similar event causes a person to have to leave their home as it is no longer suitable, with the only option often more costly residential or nursing care.

There are benefits in a transition towards domiciliary rather than residential care, which must be managed. There needs to be a safety net for the financial risk to local authorities and the wider stability of the provider market with resultant under occupancy of residential care places. Moreover, as outlined in the next section, the proposed reforms present a number of further sustainability challenges from self-funders accessing local authority fee rates.

Alongside these challenges, a consistent issue which destabilises the provision of care services is the transient nature of its workforce. This is due to a variety of factors, but is largely underpinned by the low pay and low status of the workforce.

Rural areas already faced challenges recruiting and retaining carers before the pandemic, given the need to deliver over larger areas. Some providers do not always fund travel time for domiciliary carers, for example, which can be distinctly longer in remote rural or coastal areas, and this disincentives workers. Some people who would be suitable to work in social care may not have access to their own transport and public transport is infrequent or even non-existent in areas outside of main conurbations.

More recently, additional pressures in the workforce have been created by labour shortages in other industries such as hospitality, catering, and retail which often draw from the same pool of workers. Pay inflation in these roles has had a significant impact on the sector as care workers are enticed away by more pay with less responsibility elsewhere.

As part of their proposals for reform, the Government have outlined that they will invest at least £500m in new measures to provide support in developing the workforce and introduce further reforms to improve recruitment and support for our social care workforce.

CCN and RSN welcome the emphasis on improving the workforce. However, the details of proposal must recognise the particular challenges faced in county and rural areas and ensure that the workforce is adequately recognised and rewarded. This may involve specific policies. Resources must allow county and rural unitary councils, which have difficulty recruiting staff to work across long distances, to be able to compete with industries such as hospitality and retail which draw from the same labour pool and which have recently witnessed pay inflation.

RETIREMENT COMMUNITIES

Suitable housing will always be a key factor in the development of adult social care. In its report with the Association of Retirement Community Operators (ARCO) - *Planning For Retirement* [3] - CCN highlighted the desire of many of its members to invest in retirement communities which can offer a more gradated and preventative approach to ageing within specifically designed housing with care developments. This report noted that the proportion of older people in retirement communities in the UK is a tenth of that in similar countries such as the US, Australia and New Zealand.

The report recommended that a key barrier to expanding this provision at present is the large number of terms being used to describe 'Retirement Communities' (e.g. 'Extra Care', 'Close Care', 'Later Living' etc.) makes it confusing for different local authority functions (e.g. housing, planning, social care) to always be clear on what they are talking about to each other. Creating more common language to define what a retirement community is and what it should offer would be helpful.

Another recommendation would be to ensure that classifications in the planning system properly reflects the fact that the retirement community model is neither C2 (Residential Care) or C3 (Private Retirement Housing) but somewhere in between. The report therefore recommends the creation of a new C2R category with clear definitions of what would be expected from a retirement community which could provide greater assurance for councils, providers and developers alike and make the creation of such developments more likely.

[3] Planning For Retirement (CCN, ARCO, 2020) http://www.countycouncilsnetwork.org.uk/download/3074/

SECTION 4:
CARE COSTS & SPENDING

Costs of social care services and spending trends vary across different types of authority. This can be for a number of reasons including specific local need, but also because different markets operate within different local areas - for instance one local authority may have a stronger network of home care providers to draw on, whilst another may need to pay more to attract care workers because of the alternative employment which may exist in the area. This section uses the most recent data returns from 2019-20 to provide an indication of how costs and spending are currently distributed.

Service Provider Expenditure & Income

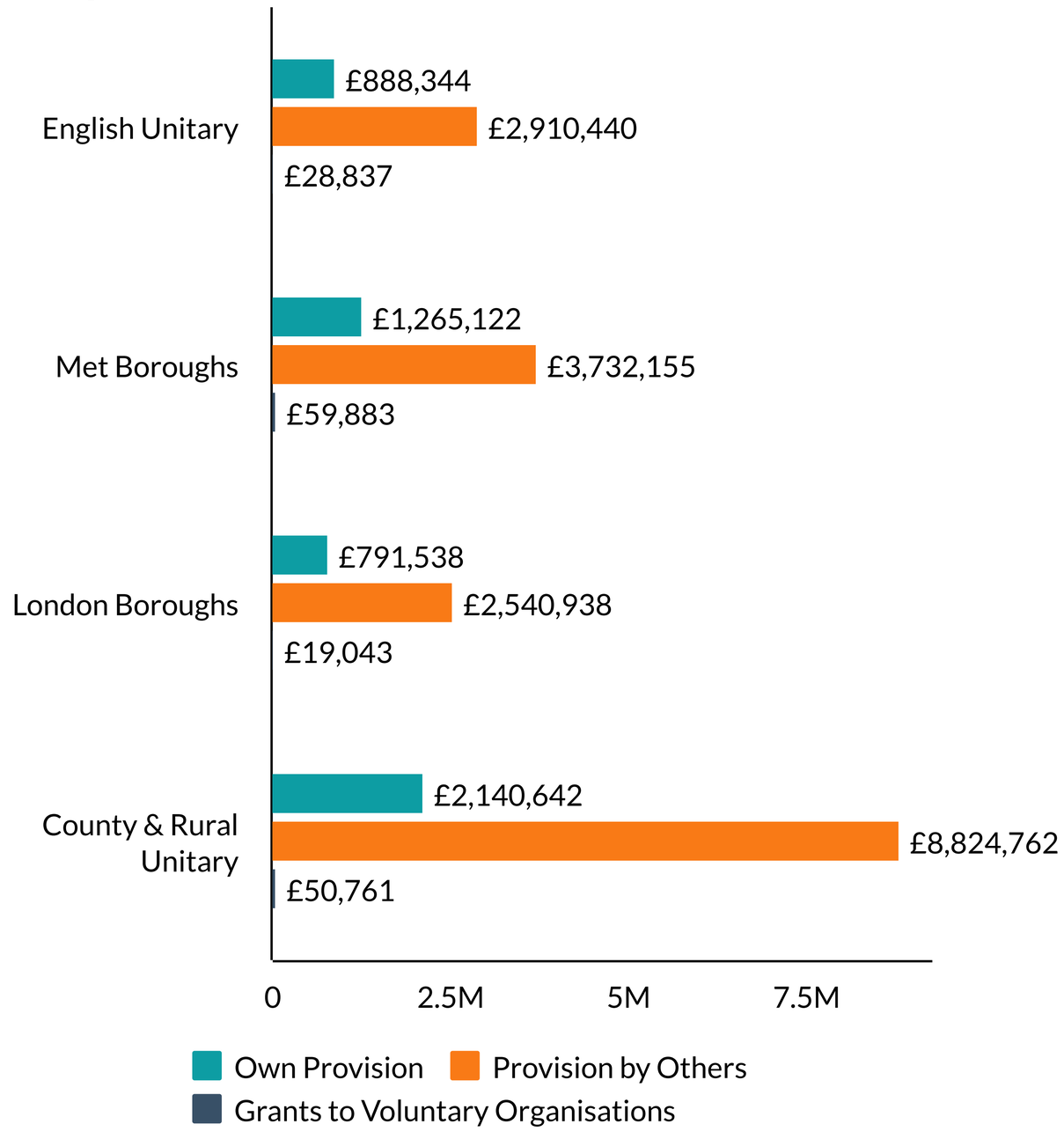
Graph 22 details the gross expenditure on service provider by different types of local authority. The data shows that all types of council rely predominantly on external providers to deliver social care, amounting to several times what they spend on in-house services, with only marginal amounts spent on grants to voluntary organisations by comparison.

This ratio is particularly high in county and rural unitary councils which spend 4.1 times more on external providers than their in-house services. This is substantially higher than in any other type of council (English unitaries, 3.3 times; London boroughs 3.2 times; metropolitan boroughs 3.0 times). This likely reflects the difficulty of delivering centralised in-house services at scale across rural areas, where it is more cost-effective to outsource to localised community-based providers.

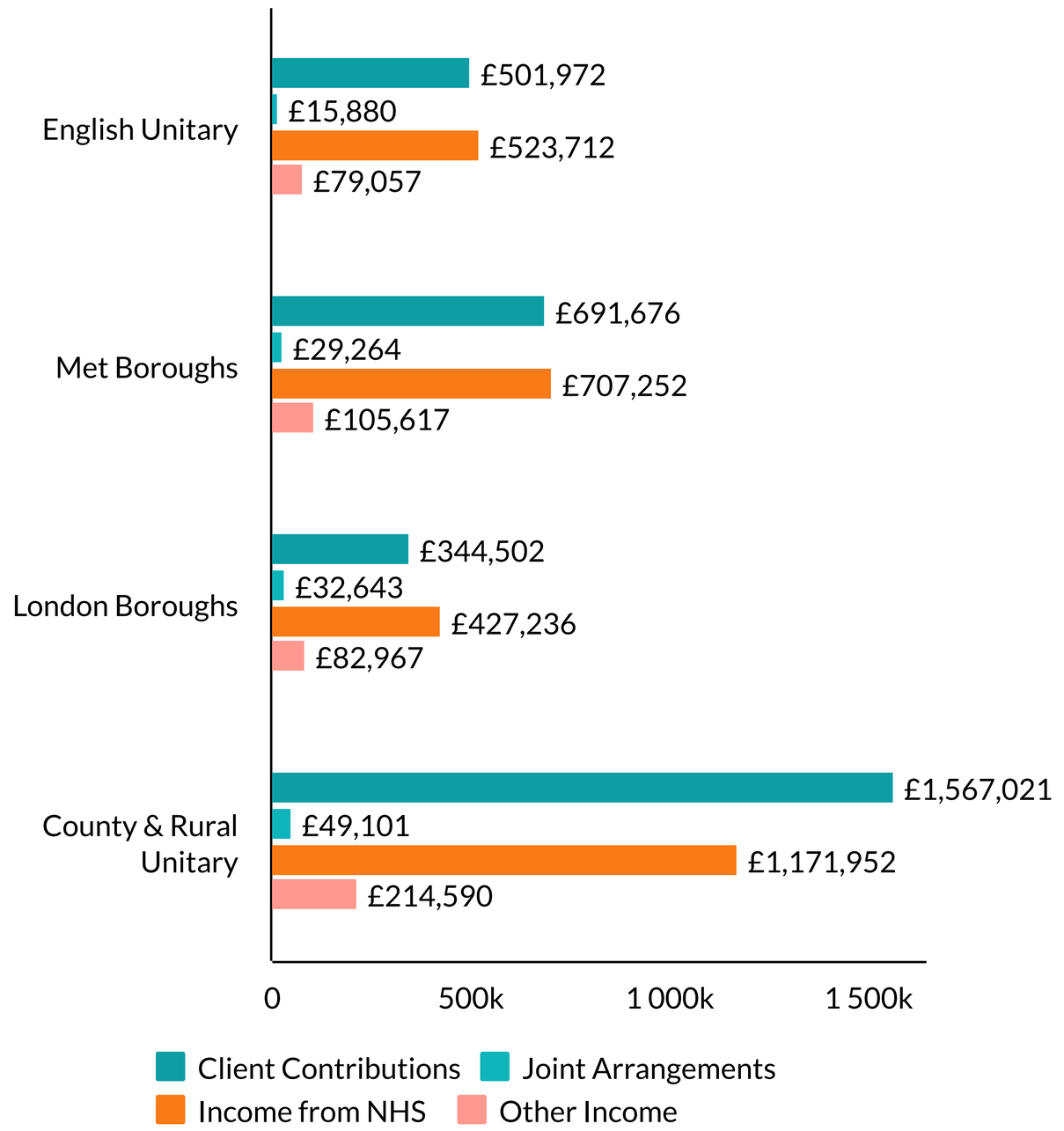
Graph 23 shows the service income which is drawn in from different sources. Over half of all client financial contributions (charges for local authority arranged care) towards the cost of social care in England were in county and rural unitary councils in 2019/20, some £1.5bn.

County and rural unitary councils draw a disproportionately high amount from client contributions compared to other types of council, tallying with the higher number of self-funding service users situated within their boundaries.

GRAPH 22 - Gross expenditure, by service provider (including capital), 2019-20 (£/k) (NHS Digital, 2020)



GRAPH 23 - Service income (excluding core funding) by type, 2019/20 (£/k) (NHS Digital, 2020)



Unit Costs of Residential and Nursing Care

Graphs 24 and 25 plot the average weekly unit cost of providing long-term residential and nursing care for clients of working age and those aged 65 and over respectively.

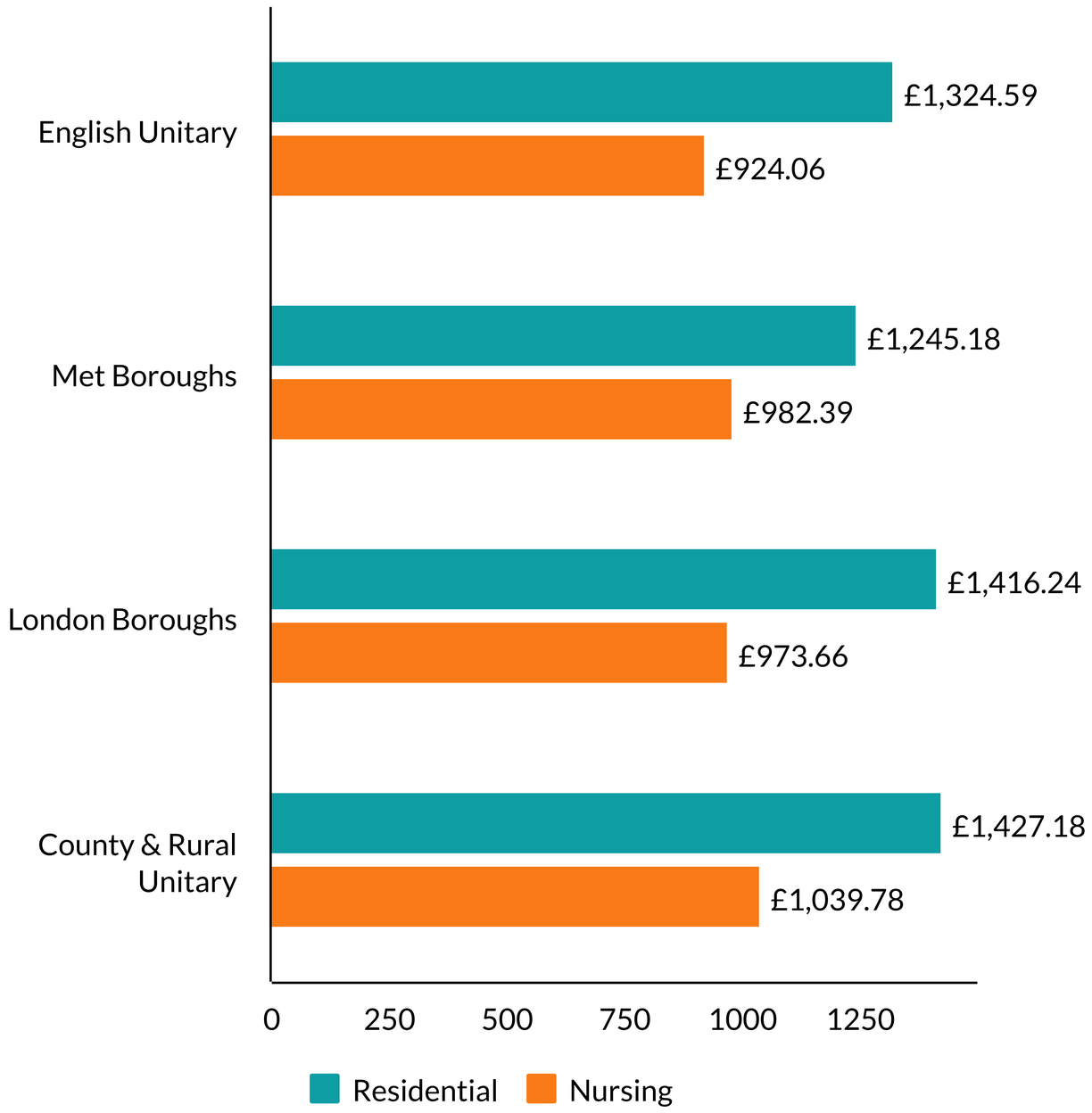
The data shows that the unit costs for clients aged 18-64 are most expensive in county and rural unitary councils for both residential and nursing care. Residential care for this age group is 15% higher compared to metropolitan boroughs.

Ratios of cost between the two forms of care are relatively stable across type of authority, although the data indicates metropolitan boroughs pay proportionally slightly lower unit costs for their residential care, whilst county and rural unitary authorities pay a slightly higher amount proportionately for nursing care.

The picture of costs for the older age group though is much more fragmented. Here county and rural unitary councils do not pay the highest unit cost for either form of care - possibly as the prevalence of self-funders in these authorities helps to cross-subsidise what the council can negotiate with providers (as explored further on). This is particularly evident in the cost of residential care.

London boroughs pay the highest amounts for both forms of care for those aged 65 and over, likely reflecting the low number of homes in the capital and the need to place residents outside of area more often. Metropolitan boroughs pay the lowest amount for both types of care, possibly driven by the fact that a greater number of this type of council are situated in the north of England where costs of accommodation are generally lower than the south - likely also a factor in the low costs for under 65s too, particularly of residential care.

GRAPH 24 - Average LA type unit costs per week for clients aged 18-64 accessing long term support in residential and nursing care, 2019/20 (NHS Digital, 2020)



GRAPH 25 - Average LA type unit costs per week for clients aged 65+ accessing long term support in residential and nursing care, 2019/20 (NHS Digital, 2020)

Costs of Home Care

Graph 26 illustrates an average weighted standard hourly rate for the provision of home care sourced from an external provider. It shows that the cost of providing care in rural and county areas is significantly more expensive for these authorities than other types of council.

This finding underlines the specific cost pressures faced by county and rural unitary councils in delivering social care services. It is just under 10% more expensive to deliver services when compared to English unitaries and London boroughs, and as much as 18% more compared to the average metropolitan borough.

This cost premium reflects many of the issues already outlined in this report, but particularly sparsity and the extra costs incurred when delivering services across long distances to remote communities, alongside the infrastructure challenges which may also be a factor in these areas (for instance with limited broadband access some cost effective technology may not be able to be employed in rural areas).

GRAPH 26 – Unit costs, average weighted standard hourly rate for the provision of home care, external provision, 2019/20 (NHS Digital, 2020)

CARE MARKET INSTABILITY & THE CARE ACT

Over the last five years CCN has published extensively on the topic of county care market instability and the implications of previously planned reforms under the Care Act Part 2. CCN's report with LaingBuisson in 2015, along with an update in 2017,[4] identified the unsustainable nature of county care markets and the potential impact of social care reforms that introduce a cap on care and more rights for self-funders to ask councils to arrange their care.

At the heart of the concerns raised in these reports has been the impact of the limiting of fees paid for publicly funded care home places, which has been compensated for by providers largely through raising fees for those who pay privately. The budget reductions to central government grants faced by local government since 2010 has meant that local authorities were forced by constrained budgets to negotiate significantly lower fees, with providers offsetting this through higher fees for private payers for similar care packages.

Ultimately this has gradually distorted and begun to destabilise local care markets. Public and private fee polarisation has become more deeply embedded as a structural feature of the care home market, with private fees more than 40% higher than publicly paid fees for the same level of amenity, and in all probability the same level of care. **LaingBuisson's update for CCN in 2017 estimated this had led to a care home fee gap of £684m in 2016/17, projected to grow to £761m by 2020/21.** The care home fee gap is defined by LaingBuisson as the amount by which council fees fall short of the care cost benchmark required to achieve market sustainability and maintain local capacity, without resorting to cross subsidies from self-funders or the relatively small amount of third party top-ups.

With an already significant sustainability risk within the care market before the introduction of reforms, *County Care Markets & the Care Act* (2015) analysed how the existing fee polarisation and market instability could be further exacerbated by the reforms contained in Part 2 of the Care Act.

The Care Act proposed actively encouraging self-funders to approach their councils for the first time, either to access the cap on care or ask commissioners to arrange care on their behalf, potentially at the lower rates paid by councils. In addition, many self-funders as a result of the reforms would become local authority supported care users under the new asset threshold. Increased contact between councils and self-funders would change the balance in the market and weaken the sustainability of the market as a whole even further.

CCN and LaingBuisson warned that the underlying sustainability challenges in the social care market were likely to increase due to the Care Act and market equalisation. With more self-funders accessing local authority rates of care this would undermine the profitability of providers and weaken councils' position in the market. This would lead to additional unfunded costs for councils (impacting on other essential services), with councils having to raise fees to sustain a functioning market and prevent provider exits. Moreover, if the average cost of care arranged by local authorities increases, more residents will also reach the care account cap quicker thereby increasing the new financial cost for councils of meeting the cap on care.

Crucially, the report warned that due to some care home providers focusing almost exclusively on the self-funder market, local authorities and the NHS would be likely to find it increasingly difficult to arrange care with a market discount, or worse, even arrange care at all. This will lead to escalating costs to the health service and could also lead to increasing numbers of delayed discharges, due to councils and health providers being unable to find quality and affordable residential and nursing placements to reduce demand on acute healthcare.

In announcing the recent reforms, the Government have explicitly stated their intention to enable self-funders through Section 18(3) of the Care Act to ask their local authority to arrange their care. This in many ways goes further than the original intention of this policy in 2015, with a stated *ambition* for self-funders to access local authority rates of care. The challenges that faced the implementation of this reform in 2015 highlighted above remain key issues for serious consideration and assessment in relation to the proposals recently announced.

Even before considering reform, it was imperative that county care markets were placed on a sustainable footing, or risk not having sufficient high quality capacity available to meet needs and also to discharge patients from acute settings to. The picture is likely to become significantly more pressing in the wake of COVID in the light of some of the additional pressures and market shifts outlined in this report.

[4] County Care Markets: Sustainability & The Care Act (2015) http://www.countycouncilsnetwork.org.uk/download/122/
County Care Markets: Update (2017) http://www.countycouncilsnetwork.org.uk/download/1179/

SUMMARY - *Care Costs & Spending*

This section highlights the varied nature of care markets across the country. Local care markets are dictated by a number of factors including balance of demand, type of provision, and availability of providers. Geography is also important - and county and rural care markets demonstrate distinct trends, such as 10% higher costs for delivering home care due to needing to deliver across long distances.

Of particular note is the balance between expenditure on younger and older adults. The data shows that although working age adults only constitute around a third of requests for support - and less than 30% in county and unitary councils - they make up close to half of all spending on adult social care provision.

There are clear reasons for this. 18-64 year-olds seeking social care support are likely to have more complex needs; they are more likely to require intensive support from services they do access - often through residential care; and they are less likely to have any existing wealth to self-fund or support elements of their care.

There are also expectations that demand from this age group may increase in the coming years. CCN member authorities for example believe it is possible that 'long-covid' - an as yet poorly understood condition but one which appears to cause a variety of long-term symptoms and can exacerbate existing care needs - may be likely to cause a spike in demand from working age adults in years to come. Similarly the increased incidence of mental health problems among teenagers and young people over recent years is likely to impact on services given mental health conditions are known to first appear in adolescence but continue into adulthood.

Given these trends, it is vital that social care reform is focused on addressing the system as a whole across all age groups. Much of the public debate around social care reform is focused on older people, but the needs of working age adults are just as important and in financial terms constitute nearly half the provision. As previously stated, only a very small proportion are likely to benefit from the proposals and funding announced to date.

Social care reform must take full account of the present nature of social care spending This includes carefully considering the impact on working age adults as well as older people.

Such reform will need to consider how to balance the maintenance of residential care for young adults even as older people look to other forms of care. It will also need to address the financing of such provision for both age groups given the dramatically lower costs of residential care for older people, created to some extent by the cross-subsidy of self-funding older adults.

The Government has outlined that a key objective of their reforms are to the *"tackle persistent unfairness in the social care system"* arising from this cross-subsidisation. It will do this by enabling self-funders through Section 18(3) of the Care Act to ask their local authority to arrange their care, with a stated ambition for self-funders to access local authority rates of care.

CCN and RSN recognise the need to address the unfairness in the fee levels paid for care. But these commitments will have enormous implications for councils and providers. The Government intention to actively encourage self-funders to access council-arranged care will lead to greater market equalisation between council and self-funder fees. County and rural unitary councils will be particularly exposed to the risks of increased demand and greater financial pressures, given their higher average percentage of self-funders (53%) and proportion of care homes. These areas already facing a care market-fee gap of at least £761m - the estimated annual cost of bringing local authority fees closer to self-funder rates.

It was these costs and risks associated with market equalisation that lead to the delay in the implementation funding reforms in 2015. With financial strain in the provider market intensifying since this point, unless significant resources are provided this would potentially further undermine the profitability of providers and result in large-scale care home closures, or unfunded commissioning costs for councils to sustain their local provider market.

While the Government have committed to funding a 'fair price for care', it is extremely uncertain that the funding announced to date will be sufficient to meet the costs arising from reform when the full additional costs from market equalisation are considered - estimated at £761m annually in county and rural areas alone. The impact of extending commissioning duties to self-funders must be consulted on, and risk assessed, with appropriate funding and policy mitigation to prevent unsustainable financial costs and risks to councils and providers.

SECTION 5:
FUNDING & FINANCIAL OUTLOOK

While the reductions in funding for social care have been well documented, since changes to the local government finance system in 2013/14 it has been increasingly difficult to identify how much of local government's core grants are intended to fund adult social care services in England and the extent to which they have met the rising costs faced by councils.

The funding of ASC services, for both older and younger people, has been buried in a complex and opaque system of different formulae and grants, alongside an overall shift in the way councils are funded - with direct grant funding for services significantly reduced, and councils expected to fund more services from local revenues such as council tax, increasing the disproportionately higher rates of council tax paid by county and rural residents compared to their urban counterparts.

Moreover, as Governments have responded to concerns over the sustainability of services, an array of 'one off' and temporary funding streams have been introduced. This includes the Improved Better Care Fund (iBCF), the Social Care Precept, and several other social care support grants.

CCN has previously commissioned LG Futures to conduct analyses of adult social care funding since 2015 (see panel opposite). In 2019 CCN published an overview of these figures, focusing on funding for services in 2019/20. This section uses the full analysis provided by LG Futures for the period 2015/16 to 2019/20 to demonstrate the trends in funding for care services in county and rural areas. It also uses data CCN commissioned from PwC estimating future spending need for adult social care to show the extent to which Government funding has contributed towards the overall costs of these services.

An outline of the methodology used in each of these studies is provided opposite. Please note both studies were undertaken at local authority class level, and therefore it was not possible to incorporate the four RSN rural unitary councils within the county and rural category. Therefore these authorities remain in English unitary authorities, with only county and CCN unitary authorities included in the county and rural category.

LG Futures - Funding Analysis

Analysis was carried out to estimate the share of adult social care funding within core spending power for 2015/16 to 2019/20. Within core spending power the Settlement Funding Assessment figure was broken down into its original components, including formula funding, going back to 2013/14. The share of funding that could reasonably be attributed to younger and older ASC was estimated for each component of core spending power.

This was based on these services' share of assessed need, as measured by the Ministry of Housing, Communities, and Local Government's (MHCLG) Relative Needs Formula (RNF). The exact method used varied for each funding stream. For example, Care Act funding within the Settlement Funding Assessment was split between younger and older adults, based on their respective shares of adult social care RNF, while the New Homes Bonus was apportioned to services based on their shares of total RNF.

The full technical summary of the methodology, including the breakdown of how each funding stream was treated, can be found in CCN's report ***Adult social care and the Spending Review*** (2019).

PwC - Spending Need Analysis

In 2019 PwC were commissioned by CCN to undertake an independent analysis of the financial pressures that local authorities in England have experienced and expect to continue to experience over the period 2015-2025. This report, based on estimating councils 'spending need'. More recently, in June 2021, PwC extended the analysis to cover the period 2025-2030.

PwC's estimates of spending need were an evidence-based estimate of the amount of resources local government, and specific tiers of councils, required to meet its demand and costs for services. PwC used 17 different service specific cost drivers (volume/demand indicators) across 10 different service areas. In addition, generic cost drivers are applied to unit costs over time, such as inflation, the living wage, pension obligations and the apprenticeship levy. The full technical methodology can be found in PwC's report ***Independent Review of Local Government Spending Need and Funding - Technical Report*** (2019) and ***Future of Local Government*** (2021).

Core Funding 2015-2020

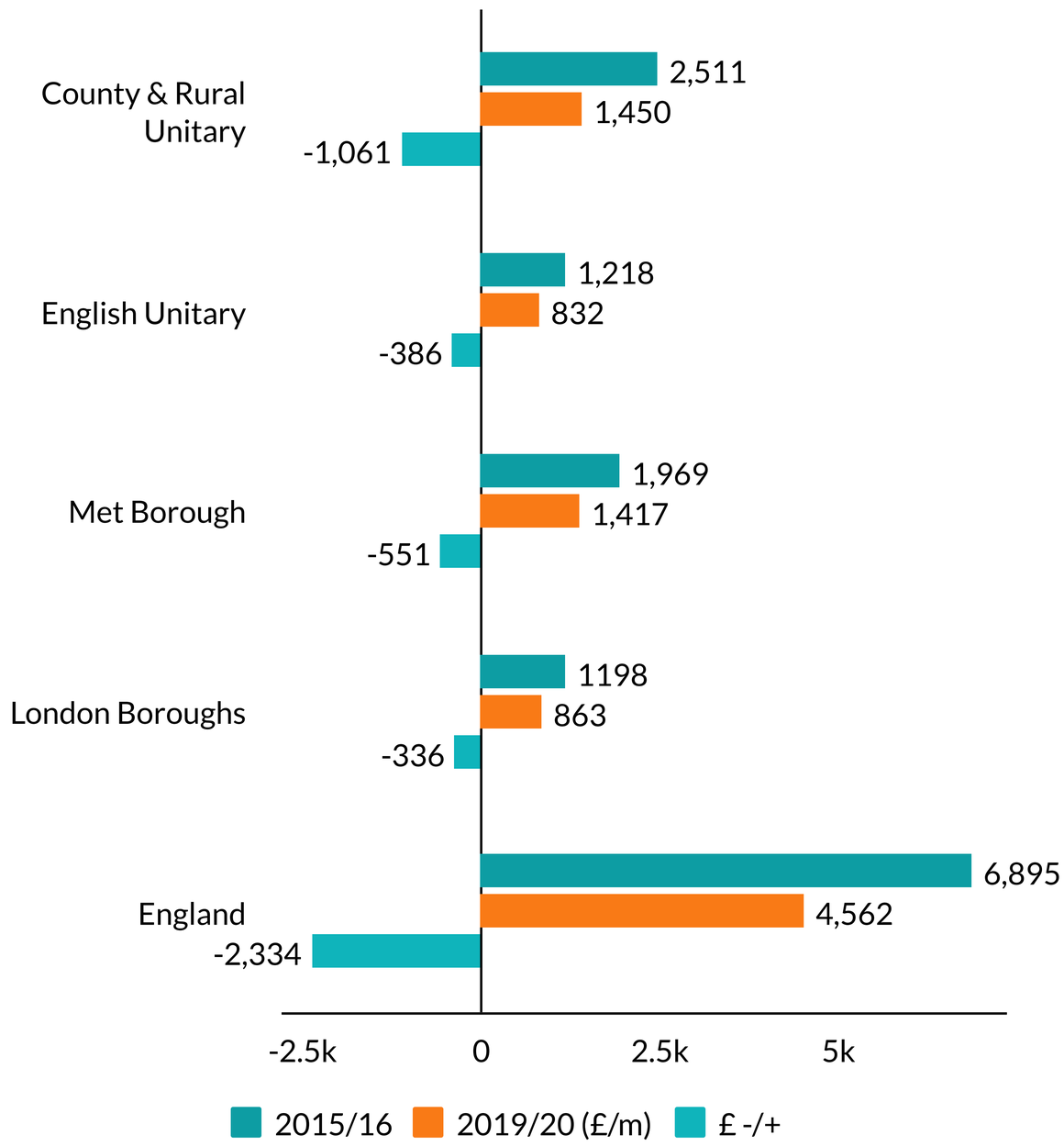
Based on the analysis undertaken by LG Futures, Graph 27 shows total grant funding attributable to adult social care (excluding temporary grants) 2015/16-2019/20, with the funding reducing £2.3bn (33.8%) nationally.

There is a variation across the different parts of local government with county and rural unitary councils having absorbed substantially larger reductions to their funding than any other type of council (42.3%). Overall nearly half of the overall £1.1bn in cuts have been drawn from CCN member councils.

Decreases in funding have been offset to a large extent since 2017/18 by an increase in temporary grant funding (such as the Winter Pressures Grant, improved Better Care Fund and social care grants). These funding streams have overwhelming been targeted on adult social care, with flexibility only given in 2019/20 for a proportion of the £420m social care grant to be used in children's social care.

As a result of temporary grants, all council types except county and rural unitary councils have seen a rise in grant funding in nominal terms, albeit small. By contrast county and rural unitary councils have seen an overall reduction of £128m during the period.

GRAPH 27 - Total ASC Grant Funding (excluding temporary grants) 2015/16 - 2019/20 (£/m) (LG Futures, 2019)



GRAPH 28 - Change in Total Core Grant Funding for Adult Social Care (with Temporary Grant Funding) 2015/16-2019/20 (£/m) (LG Futures, 2019)

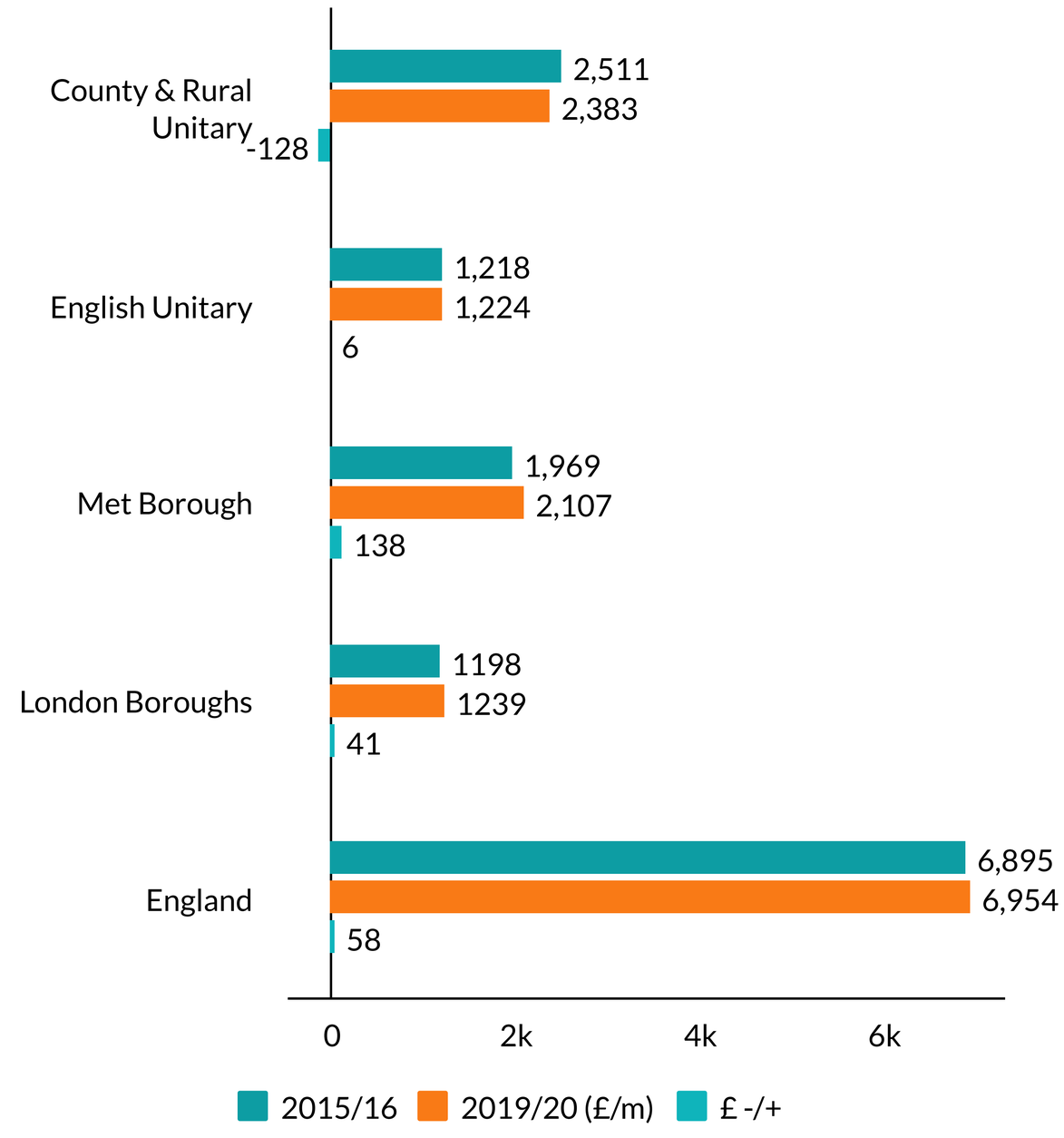


Table 6 - % change in funding 2015/16 to 2019/20 with and without temporary funding

LA Type	Without temp.	With temp.
English Unitary	-31.7%	+1%
Met Boroughs	-28%	+7%
London Boroughs	-27.9%	+3.5%
County & Rural Unitary	-42.3%	-5%

Young & Older Adults

The analysis by LG Futures also broke down funding changes between 2015-20 by younger and older adults, with graphs 29 and 30 showing the change in funding for each age band, including temporary funding.

For younger adults aged between 18 and 64, funding has reduced 32%, with a wide variation amongst different types of councils. The reduction for county and rural unitary councils is again the highest.

Conversely, funding for older adults has increased 38.9% nationally, with all councils experiencing an increase, but with the lowest rate of increase in county and rural areas.

The key factor driving the decrease in younger adults funding is the recent concentration of temporary resources on older adults (such as the iBCF) coupled with reductions to formula funding and other grants predominantly funding services for younger adults, such as the cuts to learning disabilities.

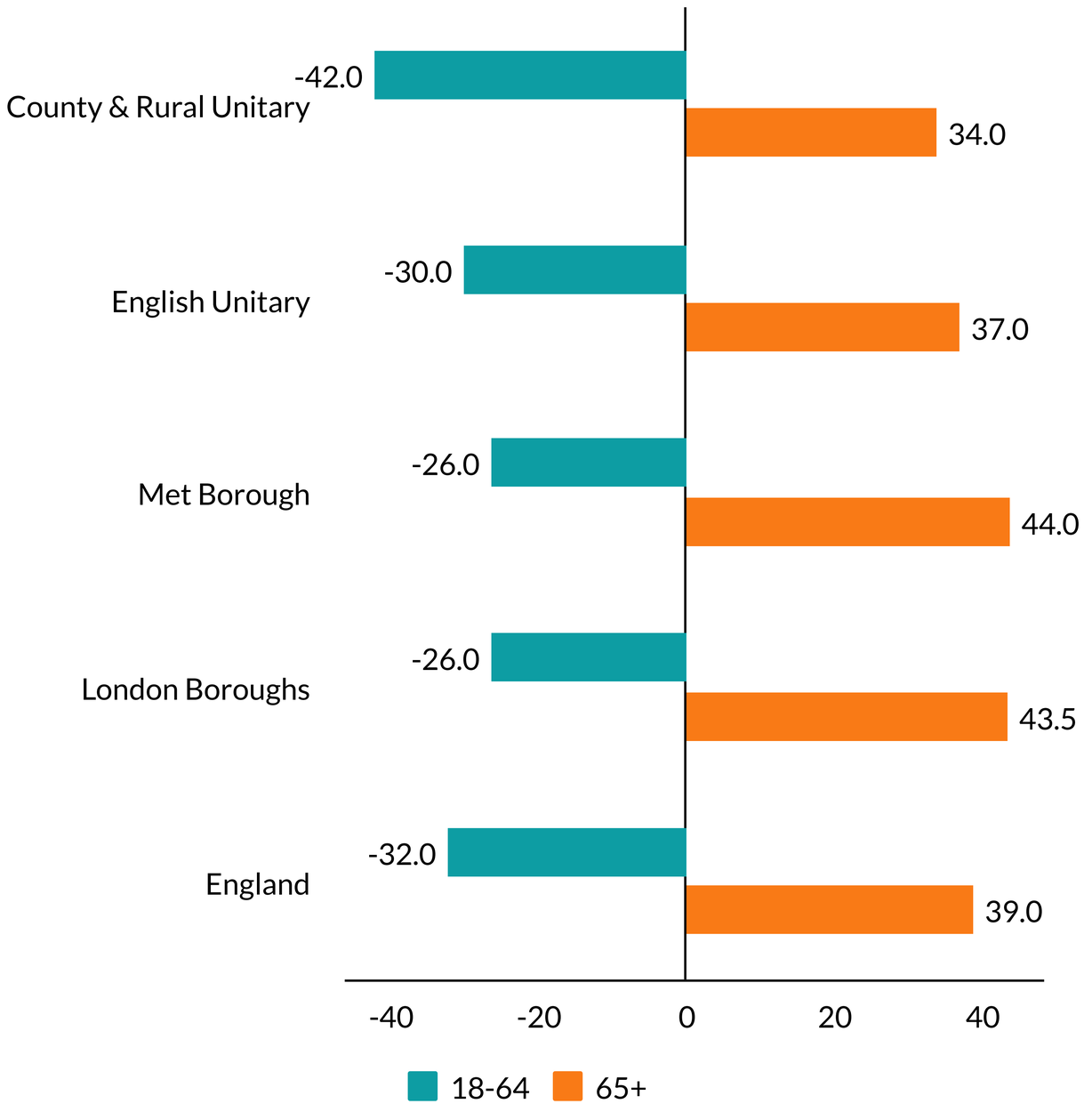
Table 7 below show the change in estimated funding for learning disabilities over the same period. Overall there has been a £622m reduction in dedicated funding for learning disabilities, with county and rural areas once again experiencing disproportionately large reductions compared to other types of councils.

Table 7 – £m and % change in funding 2015/16 to 2019/20 for learning disabilities

LA Type	£ -/+	% -/+
English Unitary	-£99m	-40%
Met Boroughs	-£112m	-35%
London Boroughs	-£80m	-36%
County & Rural Unitary	-£332m	-53%

GRAPH 29 – £m change in total core grant funding for 18-64 younger adults and 65+ older adults (with Temporary Grant Funding) 2015/16-2019/20 (LG Futures, 2019)

GRAPH 30 – % change in total core grant funding for 18-64 younger adults and 65+ older adults (with Temporary Grant Funding) 2015/16-2019/20 (LG Futures, 2019)



Funding & Service Costs

To ascertain the contribution of direct government funding to the costs borne by councils for adult social care services in England, total grant funding levels are now compared to PwC estimates on spending need (see panel on page 30).

It is important to note that the adjusted spending need figures used in PwC's estimates represent *net* rather than gross expenditure.

Graph 31 shows PwC's estimates for ASC spending need nationally and by different tiers of local government plotting the respective increases between 2015/16 and 2019/20. Graph 32 shows the growth in estimated spending need for adult social care over the same period set against funding changes for different types of councils.

Funding and the costs of services has diverged dramatically over the past five years. As a result of growing demand for services and costs, the difference between funding and service costs has grown 20.8% over the period, some £1.2bn for county and rural areas.

Table 8 shows the contribution of total grant funding as a percentage of total spending need. Overall government funding in 2019/20 was meeting almost 42% of the costs of providing services. There is a large variation between council types, with just 30% of costs met through grant funding in county and rural areas.

GRAPH 31 - PwC spending need estimates 2015/16 and 2019/20 (£/m)

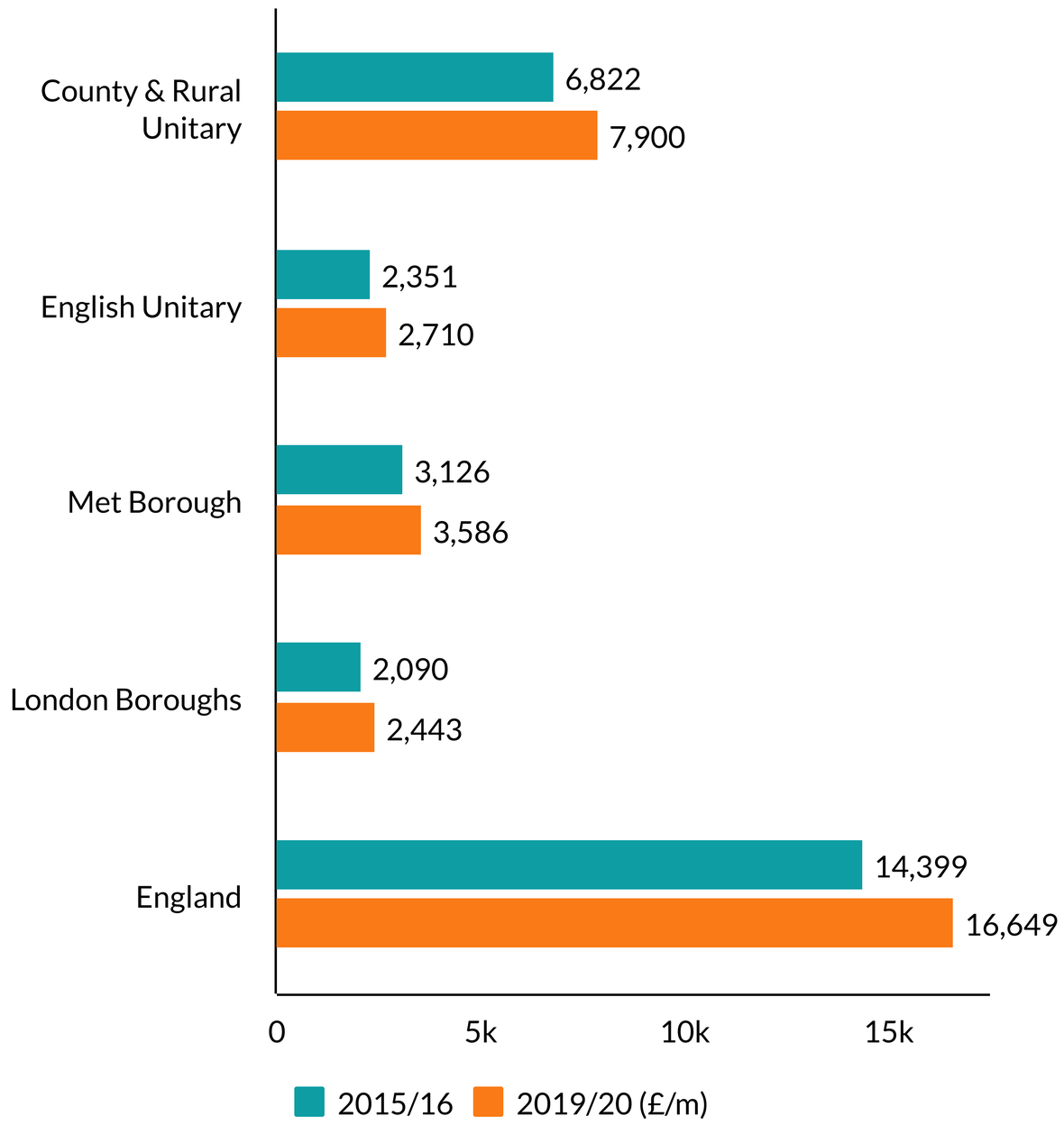
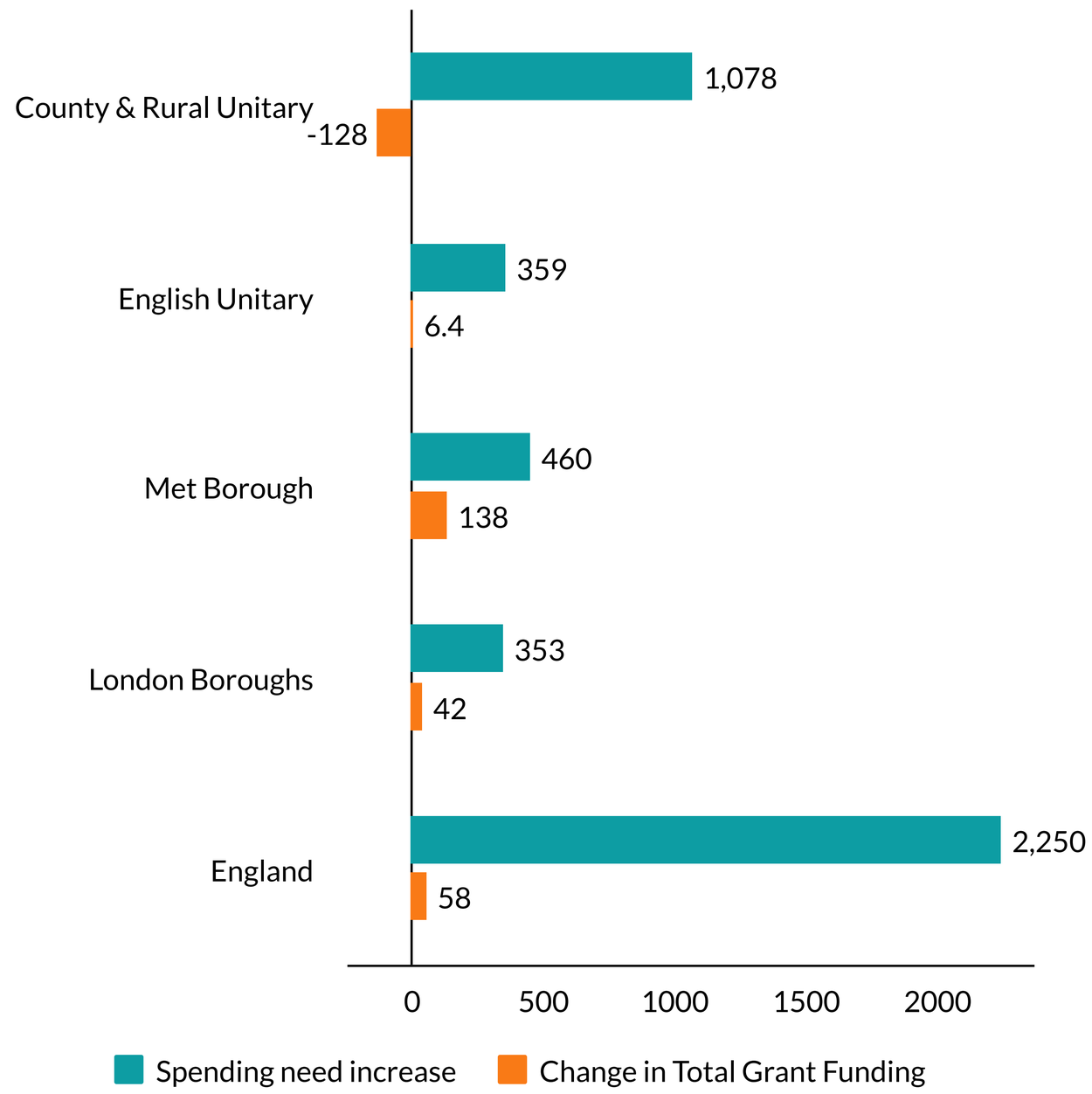


Table 8 - Total grants (including temporary grants) as a % of spending need

LA Type	2015/16	2019/20
English Unitary	52%	45%
Met Boroughs	63%	59%
London Boroughs	57%	51%
County & Rural Unitary	37%	30%

GRAPH 32 - Change in funding 2015/16 -2019/20 compared to change in PwC spending need



The State of Care in County & Rural Areas

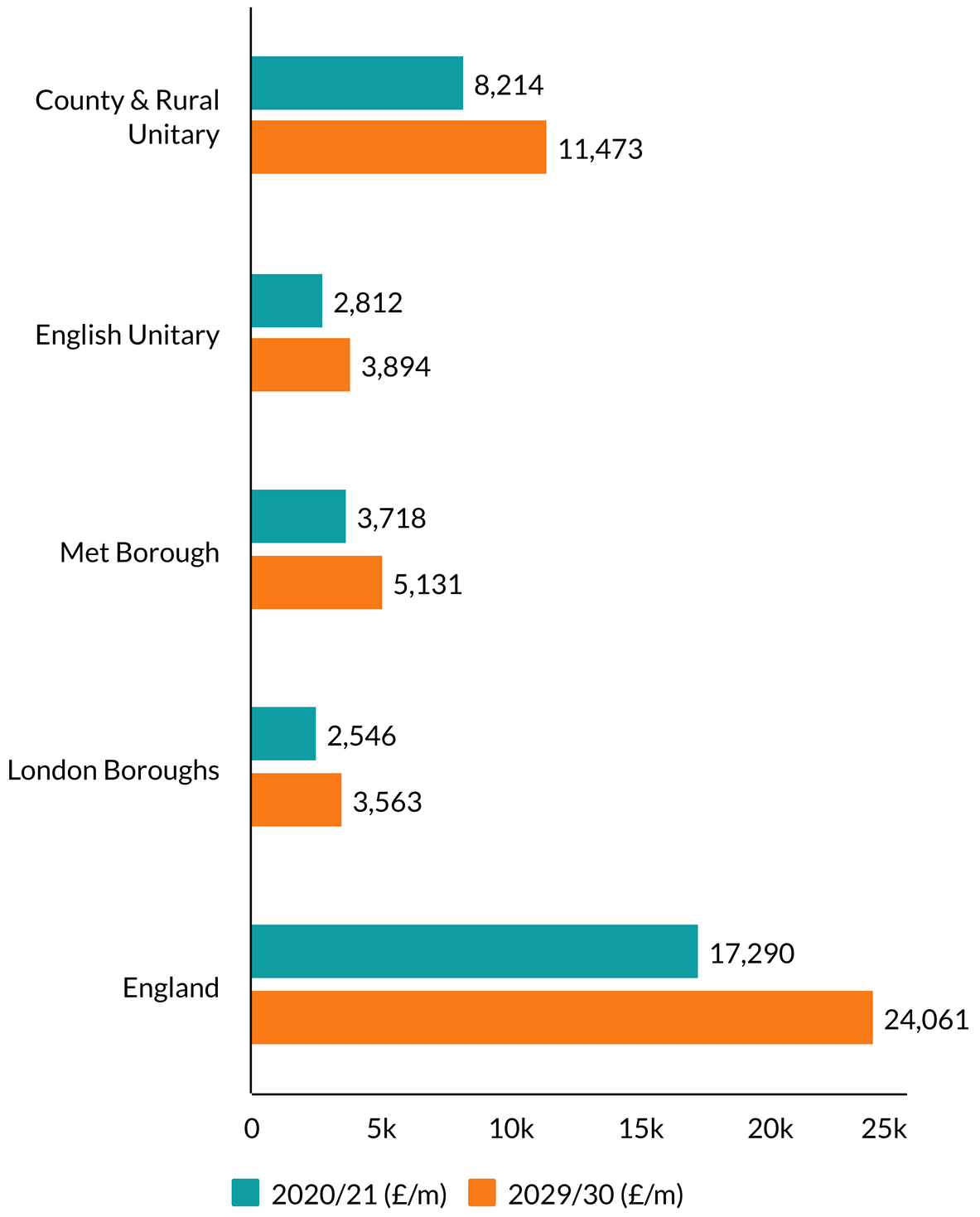
CCN recently commissioned PwC to update their previous spending need analysis to provide a forecast to 2029/30. This has involved updating the spending need estimates for 2024/25 using the GDP deflator and population projections for the period up to 2029/30.[5]

PwC's spending need projections only include core adult social care service costs, excluding any additional expenditure in response to Covid-19 and potential (as yet unknown) ongoing costs due to the pandemic. They also exclude any costs associated with introducing a cap on care, extended means test, and funding to meet the current 'fee gap' that exists within the social care market.

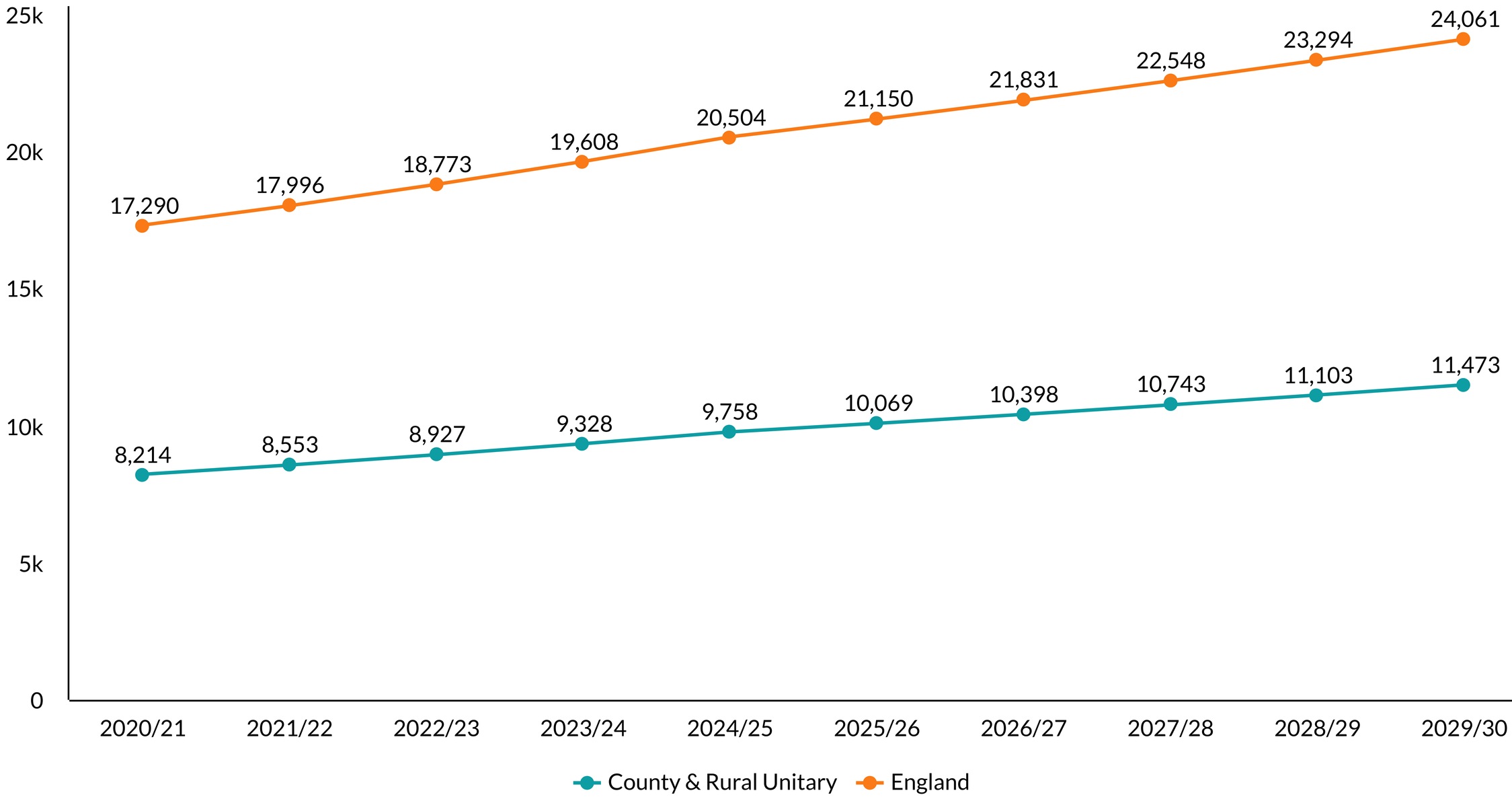
Graphs 33 and 34 break down the estimated core spending need for adult social care for the period. It shows that nationally total costs will rise by £6.7bn, some 38%. This would be just to keep services operating as they are presently are without any increase the level or quality of services.

County and rural unitary councils account for £3.3bn of this total increase in costs over the period, with estimated spending need rising 40% - higher than the national average and for metropolitan boroughs.

GRAPH 33 - PwC spending need estimates 2020/21 and 2029/30 (£/m)



GRAPH 34 - Breakdown in estimated spending need for county and rural unitary councils and England between 2020/21 and 2029/30 (£m)



[5] *The Future of Local Govenrnment (CCN & PwC)* http://www.countycouncilsnetwork.org.uk/download/3635/

Impact of Covid-19

Covid-19 has given rise to an unprecedented level of unplanned expenditure by local authorities, particularly in relation to adult social care. Research by CCN and Grant Thornton[6] analysed in detail the main drivers of additional costs:

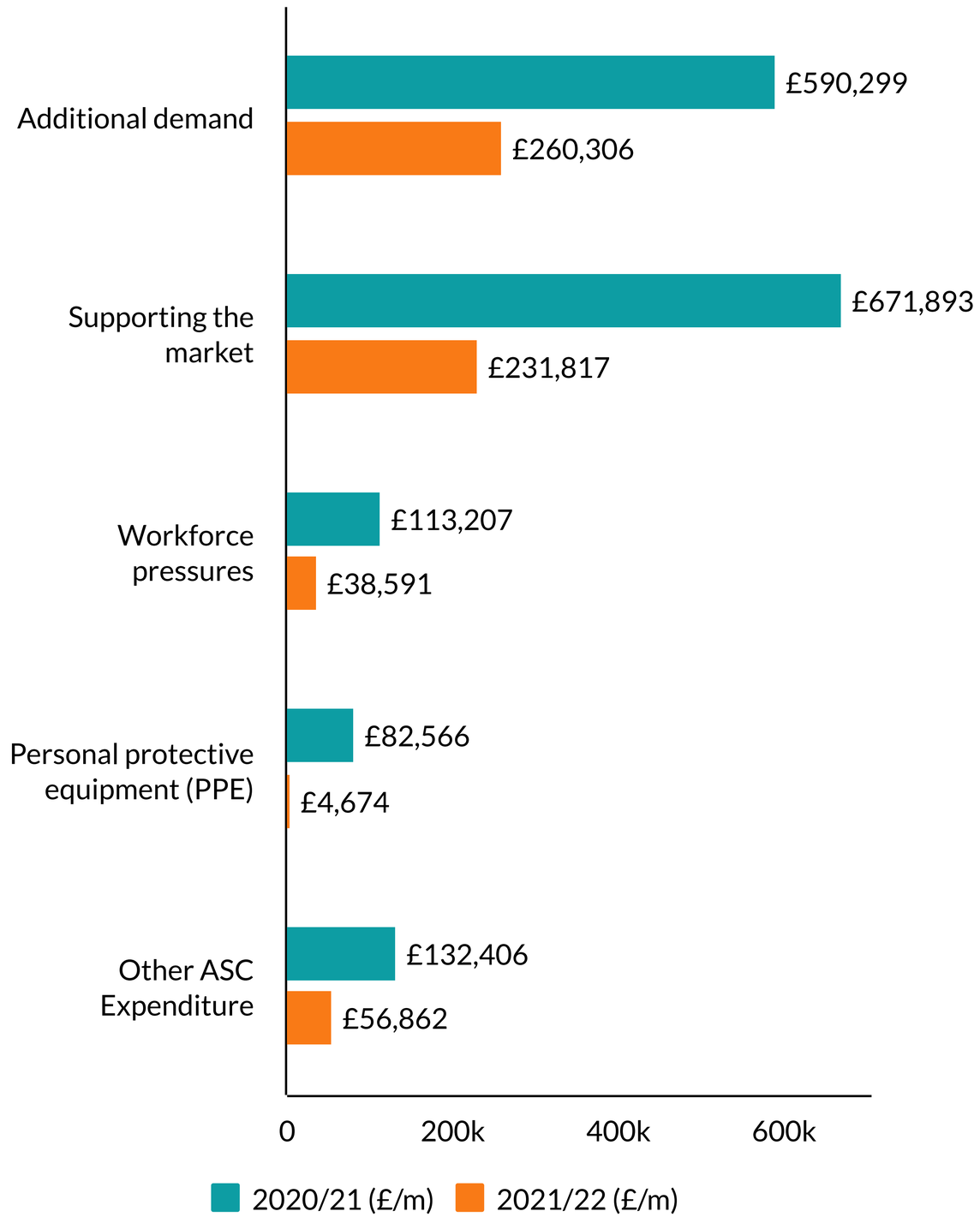
- Increased demand from the acceleration of patients transferred from NHS care into various social care settings.
- Significant cost of providing PPE across all social care settings.
- Reduced income from new adult social care self-funders and fee payers.
- Payments to private and third sector providers delivering day care and respite with this income loss having to be compensated to sustain the market but without any service being delivered.
- The need to increase unit prices paid to providers to enable them to cover their additional costs.
- Additional staffing costs to cover illness and enable social distancing measures, in addition to security and deep cleaning.

Analysis of the latest Delta returns to MHCLG by shows that in 2020/21 county and rural unitary authorities incurred £1.6bn of additional expenditure. Some 79% of these costs were due to additional demand and support to the social care market.

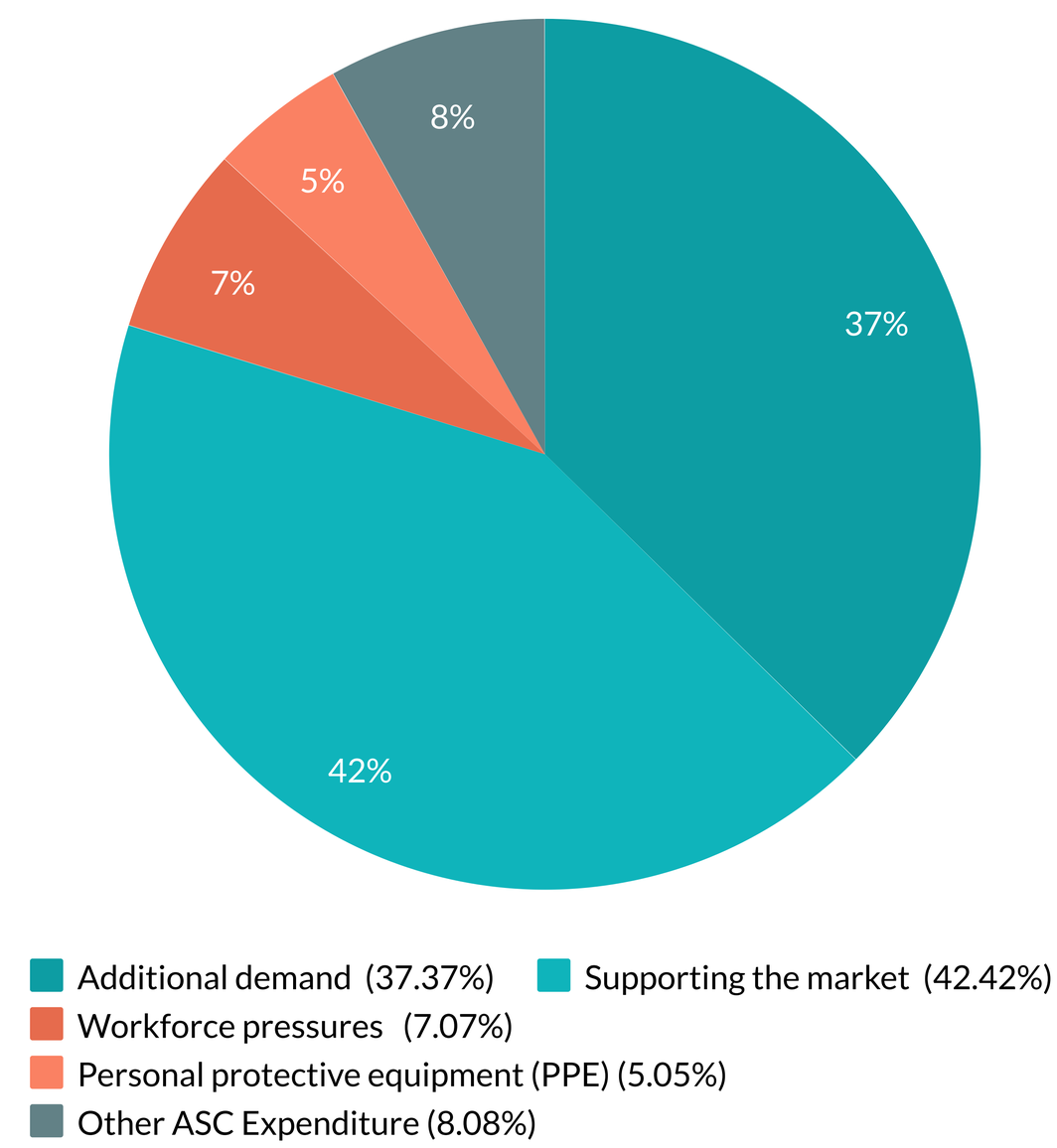
Estimates by county and rural unitary councils for the current financial year show they still expect to incur considerable additional costs for the foreseeable future, particularly to meet additional demand and the need to continue to support the sustainability of the market.

While the additional Covid-19 expenditure on social care has been funded by Government - with this expenditure reducing by almost two-thirds during this financial year - there is growing evidence there will be medium-term 'legacy costs' from the pandemic which could become embedded beyond 2021/22.

GRAPH 35 - Additional Covid-19 expenditure related to adult social care services by County & Rural Unitary Councils 2020/21 and 2021/22 (estimate)



GRAPH 36 - Additional Covid-19 expenditure related to adult social care services by County & Rural Unitary Councils 2020/21



[6] *Analysing The Impact Of Covid-19 on County Finances {Grant Thornton)* http://www.countycouncilsnetwork.org.uk/download/3052/

SUMMARY – *Funding & Financial Outlook*

While the Government has provided additional specific resources to adult social care services over recent years, the impact of this investment has been counteracted by reductions in core grants at a time of rising costs for services. By 2020, county and rural unitary councils had seen the greatest divergence in government-funded resources set against the costs of delivering services. Over the course of the next decade the core costs of providing care services will rise significantly just to maintain service levels as they are currently are.

The inadequate quantum of resources to meet existing demand for services is also compounded by the way in which funding is currently allocated. While adult social care has always received temporary grants, this analysis shows that there has been an increase in piecemeal funding initiatives, with temporary grants currently making up 59% of all adult social care funding from central government.

The Government has committed to retaining the £1bn per annum additional grant funding for social care first provided in 2020/21 for the duration of the parliament. This is welcome but previous analysis by CCN has shown this would fail to offset the increase costs of providing services by 2025.[7]

Additional expenditure from Covid-19, coupled with other trends in care provision and workforce pressures highlighted earlier, will undoubtedly widen the gap between council costs and available resources. For instance, the national insurance rise for providers is likely to drive up commissioning costs for councils, while creating further challenges in recruiting and retaining an already underpaid workforce.

Moreover, the ongoing impact of Covid-19 beyond 2022 and wider system reform present a number upward cost pressures. For instance, while the national hospital discharge pathway is welcome and has generally worked well it requires urgent long-term funding**.** Current, discharge pathways are only funded until the end of this year and there is uncertainty about future funding and legislative requirements. Some areas, especially those with a higher proportion of people who self-fund their care, face a significant cost impact.

Existing funding commitments, coupled with council tax rises, will not provide the resources necessary to fulfil the commitment to improve the quality and access to care services in the lead up to 2023.

Unless the Government provides more funding at the Spending Review to expand service provision to prevent needs going unmet and better support younger adults, further reductions to services will be required in county and rural unitary councils in the lead up to reform.

The cap on care and duties to arrange care for self-funders will come with additional administrative costs of operating care accounts for people approaching the authority to access this entitlement. As highlighted elsewhere, greater market equalisation between council and self-funder fees will potentially further undermine the profitability of providers already under financial strain, and significantly increase commissioning costs for councils.

The Government have outlined the new Health and Social Care Levy will raise £12bn per annum, with this to be dedicated to spending on these services. However so far there are no commitments on how these resources will be distributed between health and care services beyond 2025. Only 20% resources before this date are dedicated to the reform elements of the adult social care proposals.

The nature of insufficient short-term settlements and temporary resources for social care have undermined efforts to transform services. It is therefore imperative the Government enshrines in law the proportion of the Health and Social Care Levy that will be dedicated to social care. Without a proportion of funding being enshrined in law for social care, there is no guarantee that income from the levy beyond 2023 will be used to prominently fund social care once the NHS backlog is cleared.

A sustainable and fair distribution of resources between health and social care must be coupled with a new formula for distribution between different councils. This must recognise the costs of service delivery in county and rural areas and also an understanding that reform to social care will change demand patterns and eligibility for support for self-funders, in the process creating new, specific pressures, for these councils. Any funding distribution must also recognise the already disproportionate burden placed on council tax to fund services in county and rural areas.

[7] *Comprehensive Spending Review: CCN Submission* (2020) http://www.countycouncilsnetwork.org.uk/download/3248/

SECTION 6:
CONCLUSIONS & RECOMMENDATIONS

As the Government develops its White Paper and further details to underpin funding reform, this report provides the basis for a timely assessment of how far the plans for investment and reform announced, so far, will be likely to be sufficient to meet the multiple challenges facing the social care system.

CCN and RSN strongly welcome this administration's determination to reform adult social care, including many of the proposals set out. Importantly, these reforms place local government at their heart. The announcement of a White Paper on wider reform and are also welcome, particularly if it seeks to get to the root of the challenges within the social care workforce and on prevention.

More money alone will not in itself solve the existing financial pressures in social care, as a recent ground breaking report by CCN and Newton - *The Future of Adult Social Care*[8] - demonstrated. Investment needs to go hand in hand with the opportunities for service improvement and transformation which drive down long-term care costs through better demand management; integration with health; and new approaches to service delivery. Reform must also set out a vision for social care based on a value and belief system that is focussed on promoting people's independence.

Newton estimate that delivering the optimised model for adult social care across all local authorities in England can significantly improve outcomes, enabling tens of thousands of individuals could live more independent lives every year. In aggregate, this could help reduce the demand for increased spending in future years by an estimated £1.6bn per year. However, they are clear that this can only be achieved once a long-term, sustainable and predictable funding settlement is put in place.

The analysis in this report demonstrates that the current system of adult social care is under severe strain. By themselves the reforms and funding announced to date will not be sufficient to fortify the system to address the challenges in the years ahead and provide the basis for the delivery of this optimised model of delivery.

Moreover, as outlined throughout this report, some proposed reforms in relation to self-funders also pose a number of financial and sustainability risks to councils and providers that will need to be fully assessed and consulted on to ensure they do have unintended consequences.

Below, are set out a number of key recommendations ahead of the publication of the White Paper and Spending Review. **Unless the headline challenges identified below are recognised and acted upon, adult social care could be in worse position in the short term while facing a number of sustainability risks as a result of reforms.**

CCN and RSN forward to working with government on these proposals to ensure the final package of reform provides the long-term sustainability adult social care desperately needs.

Recommendations

- **RECOMMENDATION 1: INCREASE FUNDING IN THE SPENDING REVIEW TO MEET RISING COSTS & UNMET NEED BEFORE 2023**

Unless the Government provides more funding at the Spending Review to meet rising costs; expand service provision to meet needs presently going unmet; and better support younger adults, further reductions to services will be required in county and rural unitary councils in the lead up to reform.

- **RECOMMENDATION 2: FULLY ASSESS THE IMPACT OF NEW DUTIES FOR SELF-FUNDERS**

While the Government have committed to funding a 'fair price for care', it is extremely uncertain that the funding announced to date will be sufficient to meet the costs arising from reform when the full additional costs from market equalisation are considered - estimated at £761m annually in county and rural areas alone. The impact of extending commissioning duties to self-funders to enable them to have their care arranged by councils, and access local authority contracts and fee levels, must be consulted on, and risk assessed, with appropriate funding and policy mitigation to prevent unsustainable financial costs and risks to councils and providers.

[8] *The Future Of Adult Social Care* (2021) http://www.countycouncilsnetwork.org.uk/download/3392/

- **RECOMMENDATION 3: ENSHRINE IN LAW A DEDICATED PROPORTION OF THE NEW HEALTH & SOCIAL CARE LEVY FOR CARE SERVICES**

The nature of insufficient short-term settlements and temporary resources for social care have undermined efforts to transform services. It is therefore imperative the Government enshrines in law the proportion of the health and social care levy that will be dedicated to social care. Without such legal protection, there is no guarantee that income from the levy beyond 2025 will be transferred to predominantly fund social care once the NHS backlog is cleared.

- **RECOMMENDATION 4: SUPPORT THE SOCIAL CARE WORKFORCE IN COUNTY & RURAL AREAS**

CCN and RSN welcome the emphasise on improving the workforce. However, the details of proposal must recognise the particular challenges faced in county and rural areas and ensure that the workforce is adequately recognised and rewarded. This may involve specific policies and resources to allow county and rural unitary councils, which have difficulty recruiting staff, to work across long distances to be able to compete with industries such as hospitality and retail who draw from the same labour pool which have recently faced pay inflation.

- **RECOMMENDATION 5: ENSURE FAIR FUNDING AND EQUALITY OF SERVICE ACROSS THE COUNTRY**

The Government needs to ensure that all citizens are able to access the similar levels of social care service regardless of where they live. A sustainable and fair distribution of resources between health and social care must be coupled with a fair formula for distributing monies between different councils. This must recognise the costs of service delivery in county and rural areas and also an understanding that reform to social care will change demand patterns and eligibility for support for self-funders, in the process creating new, specific pressures for these councils. Any funding distribution must also recognise the already disproportionate burden placed on council tax to fund services in county and rural areas.

- **RECOMMENDATION 6: MANAGE THE TRANSITION FROM RESIDENTIAL TO DOMICILIARY CARE**

To help support the expected ongoing transition from residential to domiciliary care, reform should help encourage the better development of mixed forms of provision such as retirement communities which offer specifically adapted housing with care on site enabling a more gradated approach to planning for infirmity and meeting the care needs of those who are ageing.

COUNTY COUNCILS NETWORK

Founded in 1997, the County Councils Network is a network of 23 county councils and 13 unitary authorities that serve county areas. The network is a cross party organisation, expressing the views of member councils to the Local Government Association and to the government.

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County Councils Network

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To discuss this document in more detail, please contact:

James Maker
Head of Policy & Communications
020 7764 3009
james.maker2@local.gov.uk

Jonathan Rallings
Senior Policy Officer
020 7664 3018
jonathan.rallings@local.gov.uk

www.countycouncilsnetwork.org.uk

RURAL SERVICES NETWORK

The Rural Services Network (RSN) is the national champion for rural areas. We are a membership organisation working on behalf of our members to ensure that the rural voice is raised up the agenda with parliamentarians and decision makers.
The RSN represents 115 Rural Local Authorities across England supporting district, county and unitary rural authorities. We also represent 232 Rural Market Towns and larger Parishes and over 200 organisations delivering services in rural areas such as housing associations, health trusts, businesses and umbrella organisations supporting rural services. For more information visit www.rsnonline.org.uk.