

House of Lords Economic Affairs Committee
Social care funding in England
Call for evidence

Executive summary

- i. South East England Councils (SEEC) and South East Strategic Leaders (SESL) are membership organisations for elected local authority leaders in the South East of England. SEEC represents over 55 local authorities at all tiers and SESL represents 15 county and unitary councils. Together our members represent the interests of more than 9 million residents covering an area from Buckinghamshire in the north to Hampshire in the south and from Swindon in the west to Kent in the East.
- ii. Key points and recommendations from our submission include:
 - The need for a long-term, national solution to funding the national problem of rising social care demand. A national priority, such as social care, should not be wholly funded through local Council Tax.
 - The need to review boundaries between social care and health care to design a seamless service that promotes wellbeing before clinical needs are identified and offers viable cost-effective community-based alternatives to acute or hospital care.
 - The need to review whether it is equitable for healthcare to be free and social care to be means-tested.
 - The opportunity to rebalance national spending to provide greater funding for local authority work in social care, leisure, housing and promoting wellbeing, as these will reduce demands on NHS acute services.
 - The importance of recognising the contribution of all tiers of local authority in delivering transparent, accountable social care and wellbeing services that reflect local needs and help keep people healthy and in their own homes for longer.
 - The importance of recognising that South East local authorities face particular pressures from a combination of two factors:
 - the scale of social care demand due to the UK's highest and fastest-rising population of residents aged over 75 and over 85; and
 - high staff, property and land costs, which encourage care providers to leave the market, creating a capacity shortage.
 - The opportunity for the Government to start a national dialogue on future social care funding and whether individuals should make compulsory or voluntary contributions to care costs. This should also include a review of care funding systems successfully introduced in other countries.
 - The need for a time-limited Royal Commission to make recommendations to the Government on long-term, sustainable funding for social care. This should include cross-party representation from national and local politicians, alongside local authority directors of adult social services.

Q1: What are the funding challenges for social care in England, and how can they be overcome?

- 1 Adult social care, including its funding challenges, is one of the most significant pressures faced by local government and one that has not been addressed to date in a sustainable way. While welcome, the one-off

injection of £240 million announced in October, 2018, will not address long-term challenges.

- 2 Particular societal pressures in the South East include:
 - having the highest and fastest-rising number of older people. The South East has more residents aged 75+ than any other area of the UK – 820,000 in 2018. This cohort is growing more quickly than elsewhere, expected to nearly double to 1.5 million by 2041. Likewise the number aged 85+ is expected to rise from 254,000 in 2018 to 524,000 by 2041;
 - increasing numbers of adults aged 18-74 who have long-term and complex care needs and/or learning disabilities. These cohorts are going to grow dramatically over the coming years, with associated increases in the costs of their care; and
 - contrary to the commonly-held view of the South East as universally wealthy, it has high levels of deprivation. There are 909,000 South East residents living in income deprivation, 238,000 of whom are aged over 60.
- 3 The South East is a high cost area where land values, property prices, the cost of living and higher wages mean it costs more to deliver services here compared to other parts of the country.
- 4 High property prices, availability of labour and land values in the South East are important factors when care providers consider how to set a price that enables them to deliver services whilst covering costs and making a profit. This drives up the cost of care in the South East. It also risks encouraging providers to leave the care market and release their property for redevelopment. Where this happens it reduces capacity and leads to delayed transfers from NHS as the care market cannot accept sufficient numbers.
- 5 In addition, high property prices and levels of home ownership in the South East affect how councils respond once an individual's resources are depleted and the state becomes the care funder. An example might be where a self-funder has been a care home resident paying a higher price than the council can afford.
- 6 Higher living costs and wages drive up the cost of care. These will increase as the National Living Wage rises.
- 7 In development schemes, Section 106/CIL contributions do not cover the basic infrastructure needs of growing and new communities in the South East, never mind the additional burden that care costs bring.

Q2: Why have successive governments been reluctant to address challenges in the delivery of social care?

8 No comment.

Q3: How can a sustainable funding model for social care supported by a diverse and stable market be created?

- 9 While the pressure on social care is acute in the South East due to high numbers of older residents, its funding cannot and should not be resolved locally. Like health care, adult social care is a national challenge and needs a national funding solution with cross-party political support within national and local government.
- 10 There needs to be a national approach to funding adult social care. There are many possibilities linked to addressing the issue – the Government should put forward options for comment. Options to explore and seek views on include:-
- asking individuals to contribute to meeting their care costs through compulsory arrangements (perhaps deducted at source like National Insurance or auto-enrolment pension schemes);
 - formal tax-based approaches;
 - models developed overseas such as those in France, Germany, Japan, Australia and the Netherlands;
 - encouraging the financial services market to offer products on a voluntary basis (perhaps with tax incentives) so people can save for their own or their relatives' long-term care costs. This would need to extend further than previously-proposed ideas about equity release from property solely to fund residential care. While a voluntary system would be less of a tax imposition it would raise significant questions about gaps in funding for those who do not sign up; and
 - how to ensure the best value is gained by self-funders, where there may be options for better information to preserve their resources (perhaps an online assessment tool) or councils playing a role in advising on appropriate care packages for self-funders.
- 11 The Government should also consider the need for major programmes of information and incentives (perhaps tax breaks) to underpin and promote approaches to funding social care.
- 12 In the meantime, more needs to be done at a national level to alert people to the fact that they may have to pay for care costs in older age. There are still too many people who do not expect to have to pay and who have not made appropriate provision for long-term care.
- 13 Pooling NHS and local government budgets to design and deliver a seamless service and reduce duplication could provide a more cost effective support for those with health and care needs, with a clear role for local authorities that recognises local diversity. This could include a greater proportion of funding for preventative work designed to reduce long-term demands on health and care services. Pooling would need more careful design than the Better Care Fund, which many local authorities believe is flawed, with perverse incentives. Pooling has only worked in particular areas of current shared responsibilities, for example short-term provision of intermediate care to prevent acute admissions. Pooling does not address long-term care needs which are around 75% of council social care spending and where provision of free care is means tested.

- 14 There is potential to significantly increase the balance of national public health funding to local authorities to support preventative work with clear outcomes-based targets around reducing NHS and social care demands. This could be funded by redistributing some of the funding currently allocated to NHS acute services.
- 15 There is a need to consider the seasonal variations in demand and the strains that these place on both social care and health care. Planning for the changing nature and scale of demand should also include the funding to provide the necessary care, rather than hoping for short-term, last minute funding.
- 16 The forthcoming Green Paper is an opportunity to design a system that will provide stable, adequate, long-term funding for all social care for older people and working age adults.
- 17 It is also an opportunity to consider the effects of, and address, wage structures, the minimum wage and the mobility of care workers. Changes in local economies and job markets, something as simple as a new supermarket opening, can significantly affect recruitment and retention. The lack of career progression in care work makes it less attractive than other services as a career of choice.
- 18 This is a key opportunity to identify structures, services and a funding model that bring together health and care to provide a seamless service. Efforts to devise new structures should recognise that local knowledge leads to effective local solutions, rather than try to impose uniformity. However, there needs to be incentives to make this happen without fear of the costs being transferred between parts of the system.
- 19 Whatever the structure, it must seek to increase capacity in the care market and reflect the Government's greater emphasis on housing and the role of local authorities in public health, housing and service areas such as leisure and libraries, with initiatives to promote active lifestyles, which can have positive effects on:-
 - preventative health measures that promote wellbeing before residents need clinical support, not just once they have a recognised health problem. This is important to extend residents' ability to live independently;
 - reducing/delaying admissions to costly residential social care, for example by funding councils to provide extra care accommodation and other forms of supported living as alternatives to care homes; and
 - reducing delayed transfers of care from NHS hospitals. Availability of options such as extra care accommodation can reduce delayed transfers from NHS and can provide high quality care that is more cost effective than hospital care. There also needs to be much greater emphasis on primary care and community health services working together to avoid admissions to care homes in the first place and help support people in their own homes. The importance of social care needs to be recognised in its own right rather than as simply a route to reducing pressure on the NHS.

- 20 SESL and SEEC members welcome the recently announced £240m of extra social care funding to help ease winter pressure on hospitals, by paying for care in the community and freeing up hospital beds. However, even that sum will be insufficient - more money will be needed to address ongoing social care needs because the problem is larger than that of simply speeding up seasonal transfers from hospitals. The scale of the older population in the wider South East means that pressures on hospital beds and adult social care are intense all year round.
- 21 Options in the Green Paper should be developed in partnership with local government, not by Whitehall in isolation.
- 22 Cross-party consensus is vital to achieving a long-term solution for funding all social care – to ensure that proposals/changes are not unpicked following any changes of government.
- 23 One route to achieving consensus is to establish a formal commission to report back to Ministers. However, a clear timescale would be needed for recommendations to come forward, as social care is a problem that needs urgent resolution.
- 24 It is important that local government is fairly represented in whatever body considers the future funding of adult social care. Local government must have seats at the table, with representation from both local authority leaders and directors of adult social services to ensure councils' practical and detailed experience in social care is used.
- 25 The chosen approach should engage the public in the debate about how to fund care needs in an ageing society.

Q4: How can the cost of the provision of social care be fairly distributed?

- 26 Funding social care through the burden of local Council Tax is unsustainable. Work by the LGA shows that despite councils' savings, funding is not keeping pace with the growing demand for social care for adults aged 18 and over including those with learning disabilities. As a national problem, it should not fall to local tax payers to be the main funders of social care. This is particularly pertinent in the South East where many authorities receive significantly less Government funding than metropolitan councils, so residents are paying a disproportionate share of local authority costs through their Council Tax. A new system needs to recognise that – unlike national taxation – Council Tax rates vary significantly in different parts of the country and the current system of percentage increases to fund social care bears no relation to a council's demand for care.
- 27 The Green Paper should address what many see as the inequitable situation where NHS services are free while social care is means tested. It should also address the disincentives that this places on the system with a view to ensuring seamless and swift transitions, especially in relation to hospital discharge. Additionally, the inequities between people with long-term conditions, such as complex dementias, need to be resolved. For example,

the care for some people is funded through Continuing Healthcare, whilst that for others is local authority funded or self-funded.

- 28 As part of a comprehensive review of costs and funding, the Government should redefine the boundaries between health care and social care to design a seamless system that makes sure our residents have fair access to the most appropriate services for their needs. Social care cannot be seen in isolation from other community based services, such as economic development, libraries or country parks, which promote messages about staying well and living healthier lives into old age. Fairly funding this broader view of social care has potential to reduce the cost pressures on acute health care. For example, a recent report by the National Audit Office¹ identified 24% of the 5.8 million NHS emergency admissions in 2016-17 as avoidable. Adequate funding for local authorities to provide prevention and social care solutions could help reduce the number of avoidable acute admissions.
- 29 While the funding solution for social care should not be locally based, it is important to recognise that councils have a wealth of experience in providing cost effective and efficient community-based services. A new system should build on this experience to give councils a clear role in making sure that services reflect the needs of local people. Current examples of this include work in Hampshire on Extra Care Housing, which allows adults of all ages to stay close to support from family and friends as their needs increase.
- 30 In two-tier areas, there are positive examples of councils working together to adapt housing so that older people can stay at home instead of moving into costly residential care. Examples include: work on home adaptations in Kent and Surrey; collaboration to ensure that district-led leisure services encourage healthier lifestyles that enable residents to stay independent for longer; and in Buckinghamshire where additional capacity has been commissioned on a block basis in a private sector/District Council-led scheme to develop an extra care village.
- 31 Local government is the best option for delivering social care as it has the experience of delivering these services on the ground. It also brings, and is subject to, democratic accountability and transparency in decision-making, investment and outcomes.

Q5: What lessons can be learnt from elsewhere in the United Kingdom, or from other countries, in how they approach social care?

- 32 In developing a national approach to funding adult social care with a view to putting forward options for comment, the Government should consider models developed overseas such as those in France, Germany, Japan, Australia and the Netherlands.

¹ [Reducing Emergency Admissions](#), National Audit Office, 2 March 2018.