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25 September 2018

Dear Gary

**The lives we want to lead: South East response to consultation**

On behalf of South East England Councils (SEEC) and South East Strategic Leaders (SESL) we write to strongly endorse the LGA's social care green paper initiative. The LGA's green paper '*The lives we want to lead*' has brought welcome focus to a long-overdue debate on detailed options to address the challenges of funding adult social care. As one of the most significant pressures on local government, adult care needs to be addressed in a sustainable way.

**1. Background**

- 1.1 SEEC and SESL are both membership organisations representing local authority leaders. SEEC represents over 55 local authorities at all tiers in the South East and SESL represents 16 county and unitary councils from across the wider south east. Together our members represent the interests of more than 9.2 million residents.
- 1.2 This letter sets out areas of consensus across SEEC and SESL and highlights particular demographic pressures affecting the South East, which make resolution of social care funding a pressing issue.
- 1.3 Within our members there is not yet a single view on how best to resolve all of the questions you pose in the green paper. Individual member authorities will also respond to you directly, setting out their preferred options. However it is clear that all authorities recognise the need to urgently resolve the structural budget pressures within adult social care and that further funding is required to enable councils to meet their statutory duties in the face of unprecedented demand pressures, which are set to escalate.

**2. South East pressures**

- 2.1 South East local authorities are keen to see a solution for adult care funding shortages as many of our member councils face particularly acute social care pressures due to a number of factors. These are illustrated below:
  - 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. Numbers of South East residents aged 85+ are also the UK's highest and are set to increase dramatically 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.
- 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.
- 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.
- High property prices, the availability of labour and land values in the South East are key to care providers when considering how to set a price that enables them to deliver services whilst covering their costs and making a profit. This drives up the cost of care in the South East and risks encouraging providers to leave the care market and release property for redevelopment. Where this happens it reduces capacity and leads to delayed transfers from NHS as the care market cannot accept sufficient numbers.
- 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 (for example, if a self-funder has been a care home resident paying a higher price than the council can afford).
- Higher living costs and wages in the South East drive up the cost of care. Costs will also increase as the National Living Wage rises.
- 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.

### **3. Local role in adult social care**

3.1 Reform of social care is an opportunity to design a system that will provide stable, adequate, long-term funding for social care for older people and working age adults. In doing this, it is important to recognise that all tiers of councils have an important role to play in care and wellbeing, and have a wealth of experience in providing cost effective and efficient community-based services.

3.2 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. 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 or can return home more quickly from hospital, avoiding delayed transfers of care. Current examples from SEEC and SESL members 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.
- Use of telecare in Surrey, which allows people to remain in their own homes by installing IT or telephone links that give them quick access to healthcare and support when required.
- Work on home adaptations in Kent and Surrey and cross-tier collaboration to ensure that district-led leisure services encourage healthier lifestyles that enable residents to stay independent for longer.
- In Buckinghamshire additional capacity has been commissioned on a block basis through a private sector/ district council led scheme to develop an extra care village.

3.3 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.

#### **4. Opportunities to improve structures**

4.1 There is an opportunity to redesign adult care systems to create structures and services 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 costs being transferred between parts of the system.

4.2 A new structure should seek to increase capacity in the care market and place greater emphasis on the role of local authorities in public health, housing and service areas such as leisure and libraries, which can help promote active lifestyles. Measures such as these 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.
- Reducing delayed transfers of care from NHS hospitals. Availability of options such as extra care accommodation can reduce delayed transfers from NHS and provide NHS savings by offering 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.

#### **5. Addressing the need for additional funding**

5.1 Funding social care through the burden of local Council Tax is unsustainable. Despite councils' savings, funding is not keeping pace with the growing demand for adult social care. 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.

5.2 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.

5.3 It is also important to address what many see as the inequitable situation where NHS services are free while social care is means tested. This anomaly creates disincentives in the system that can prevent seamless and swift transitions, especially in relation to hospital discharge.

5.4 A comprehensive review of costs and funding 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

Office<sup>1</sup> 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.

- 5.5 Pooling NHS and local government budgets should be considered. This would allow design of a seamless service that reduces duplication, provides more cost effective support for those with health and care needs, and includes a clear role for councils that recognises local diversity. This new approach could include a greater proportion of funding for preventative work designed to reduce long-term demands on health and care services. 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.
- 5.6 However, any future 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.
- 5.7 Funding for social care cannot and should not be resolved locally. Like health care, adult social care is a national problem and needs a national funding solution with cross-party political support within national and local government.
- 5.8 SEEC and SESL support the LGA's work to start a national dialogue on how to deliver long term sustainable funding for social care. While there is agreement that a national funding solution for social care is important, there is no single view within SEEC and SESL on a preferred option. The situation facing local authorities is so grave that all possibilities should be considered, including:
- 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 appropriate products on a voluntary basis so people can save for long term care costs, perhaps with tax breaks for doing so. 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.

## **6. Next steps**

- 6.1 Detailed options for future social care funding should be developed in partnership between local government and Whitehall. Central Government cannot resolve the problem in isolation. It is important that local government is included in discussions on adult social care, 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.
- 6.2 Cross-party consensus is also vital to achieving a long-term solution for funding social care – to help ensure that proposals/changes are not unpicked later. One route to achieving consensus is to establish a formal commission to report back to Ministers. However, a

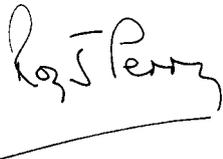
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<sup>1</sup> [Reducing Emergency Admissions](#), National Audit Office, 2 March 2018.

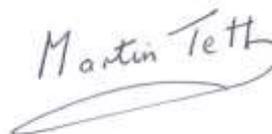
clear timescale would be needed for recommendations to come forward, as social care funding is a problem that needs urgent resolution.

We hope you find this high level response helpful. We strongly support the LGA's initiative in advancing the social care discussion. We look forward to seeing the national results from consultation and working with you to continue to highlight the importance of resolving challenges of social care funding.

Yours sincerely



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Chairman, South East England Councils



**Cllr Martin Tett**  
Chairman, South East Strategic Leaders



**Cllr Ralph Bagge**  
Deputy Chairman,  
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