

Adult Social Care Committee

Item No:

Report title:	Responding to the inquiry into long term sustainable funding for adult social care
Date of meeting:	5 March 2018
Responsible Chief Officer:	James Bullion, Executive Director of Adult Social Services

Strategic impact

Executive summary

The Government has launched a joint inquiry through the Health and Communities and Local Government committees into long term sustainable funding of social care. This is ahead of this summer's Green Paper, which is looking at how the Government intends to improve care and support for older people and tackle the challenge of an ageing population.

The inquiry provides an opportunity for the Council to submit evidence and set out the issues and solutions relevant for Norfolk.

Nationally a number of changes to the current system have been considered over the last five years which include:

- The recommendations from the Dilnot Review, which would have seen charging for social care extended to home care but with the introduction of a lifetime cap on care costs of £73,000
- the proposals outlined within the 2017 general election process, which considered raising the threshold at which people would be eligible for state help from personal assets of £23,250 to £100,000

The pressures of rising demand, growing costs and reducing funding mean that the current model of adult social care is not sustainable in the long term. The potential consequences of doing nothing include market failure, increased rationing of care and increased pressure on the NHS. We believe that these issues can be addressed and the inquiry offers an opportunity to share our ideas.

This paper sets out the detail of the inquiry and the proposed areas that will be the focus of the NCC submission.

Recommendations:

Members are asked to discuss and shape Norfolk County Council's submission through agreement of:

- a) The structure of the submission (para 1.6)**
- b) Options for funding that the government could investigate**
- c) Key approaches that the government could adopt for supporting political and public consensus**

1. Introduction

- 1.1 A joint inquiry was launched by Parliament's Health and Communities and Local Government committees on 23 January. The deadline for submission is 7 March 2018. This inquiry is asking for evidence on two areas:

- a) How to fund social care sustainably for the long term (beyond 2020), bearing in mind, in particular, the interdependence of the health and social care systems
- b) The mechanism for reaching political and public consensus on a solution

1.2 The outline information to the inquiry reflected on the outcomes from the March 2017 inquiry. The headlines and recommendations from that inquiry made the following points:

- a) Highlighted the move to a funding model that is focussed on business rates retention and council tax as part of the phasing out of Revenue Support Grant and the recognition that this funding alone would not meet social care demand
- b) Local government should be allowed to use additional revenue from business rates to help close the funding shortfall in social care. But recognition that this alone would not close the gap and funding should be made available via central government grant linked to need and rising demand
- c) The long term solution would need to be inclusive and attract wide public backing and cross party support
- d) Long term solutions should consider taking funding from a wide range of sources including personal contributions

It also led to recommendations for the Green Paper, which included:

- a) The Green Paper should involve all political parties, social care sector and the public
- b) All options should be on the table, including national taxation, age related expenditure, local taxes and personal contributions to the cost of care
- c) Consideration of the range of uses for which social care is required
- d) Ensuring solutions are linked to need and rising demand and aligned to local government finance reform
- e) Addressing wider issues, including commissioning, monitoring of care services and workforce pressures

1.3 Norfolk County Council's submission to the previous inquiry focussed on the key issues for Norfolk. It set out the extent that the adult social care precept fell short of meeting need and rising demand; it focused on the actions we were taking on demand management, recognising that this could only go so far; the value and impact of carers in the county and the issues within the care market and rising costs – including the impact of the national living wage.

1.4 Alongside the immediate need for additional funding, we recommended the need to set clear national expectations for social care. This included addressing personal responsibility and housing need; system changes to remove perverse incentives between health and councils; funding review to support a fair distribution of resources that reflect need; and proposed interventions to support providers and reduce costs.

1.5 Following the inquiry the Government announced additional one-off resources, as part of the improved Better Care Fund, to provide immediate support to social care and has been undertaking a fair funding review across local government.

1.6 Therefore, while we will need to continue to refer to the funding shortfall facing social care, this case has been made before and is already recognised nationally. It is therefore proposed that our focus within this submission will address the question of sustainability, with evidence structured on the following areas:

- a) Defining the scope of social care
- b) Exploring the key cost drivers and context that if addressed collectively, could help support a sustainable solution
- c) Addressing the funding options

- d) Addressing the risk and opportunities related to the interdependence of the health and social care system
- e) Proposing the key approaches that could support political and public consensus

2. Evidence

- 2.1 Our case will set out a summary of the issues for Norfolk. Norfolk has an ageing population and it is expected that around 25% of the population will be aged 65 and over by 2022, with a 40% increase in those over the age of 85. The average annual gross pay in Norfolk is around £25,458 and the pay gap has widened compared with regional and national pay levels. In addition, 70,400 of Norfolk residents live in areas which have been classified as being among the 10% most deprived in England. This places high demand on local authority provided social care, but conversely means that our ability to raise funding for social care – including council tax and personal contributions towards will be relatively less than other areas.
- 2.2 In 2018-19 £410m (40%) of the Council's gross budget £1.016bn (excluding schools) will be spent on adult social care. 38% of the council's growth pressures are driven by adult social care and it accounts for over 38% of demographic driven cost increases. Demographic growth alone increases the Council's costs by £6m a year. The ability to deliver a sustainable social care service affects all services that the council provides.
- 2.3 **Defining the scope of social care**
- 2.3.1 Unlike most health care, social care is not free at the point of delivery. In addition, national criteria is in place to define eligible social care need and means testing, so there is a different framework between self-funder and state provided care. In Norfolk, we have undertaken significant work to develop our preventative and reablement offer to residents, which is not charged for. There is therefore a complex health and social care system for individuals to navigate (often at a time of crisis), with different funding sources and expectations. Within Norfolk, and most of the country, social care is predominately delivered by independent and voluntary sector care providers and there is variation in price and quality across the self-funder and state commissioned services as providers work hard to maintain viable business models. Our submission will therefore set out some of the areas that the inquiry and Green Paper will need to address including:
- a) The breadth of charging for health and social care services
 - b) The role of carers
 - c) The position for self-funders and extent that social care provision is sustainable for individuals who fund their own care
 - d) The need for prevention and reablement services to be clearly included in future funding arrangements to improve outcomes for individuals and both secure future continuation and support demand management across the health and social care system
 - e) An opportunity to achieve a wider understanding and simplification of social care
 - f) Defining social care across the whole population. This should include children, transitions into adulthood, long term support for people with learning disabilities, physical disabilities and mental health needs and also include care coordination between health and social care within different charging models. In addition, it needs to take account of the rising demand for social care as people continue to live longer and into old age with complex needs
- 2.4 **Exploring the key drivers and context to help reduce costs and support a sustainable solution**

- 2.4.1 Increasing funding is just one side of the equation to achieve sustainability – nationally we also need to ensure that social care is structured so it can be delivered as efficiently and effectively as possible. Our submission will therefore explore the key areas which could be addressed to achieve this.
- a) Community Infrastructure – there is opportunity to improve the impact and strength within communities – increasing access to services, generating volunteer opportunities and combating loneliness; to redefine the role of carers and incentives to make this more feasible for many; to improve the wider role of housing authorities and associations to increase access to suitable housing and make it easier for people to downsize; and provide support to businesses to invest in affordable housing including innovative approaches to reducing housing costs or exploring inter-generational mortgages
 - b) Health and social care system – addressing the trends in funding that create perverse outcomes between the health and social system, including diverting investment into prevention that could improve outcomes for the wider population
 - c) Demographic demand – the 10 year projection of demographic growth shows an increase in demand in the Norfolk system; focus is on dementia, ageing of people with complex needs and prevalence of people especially young people with mental health needs
 - d) Cost of care provision – nationally, the majority of social care provision is delivered through private sector companies – a sustainable solution therefore needs to focus on support to providers and the mix of future provision including; incentives or support to reduce the level of expensive capital financing or leasing costs incurred, which is driving up costs; the role of the not for profit sector; workforce support where the sector is incurring higher costs and in some cases providers leaving the market as nursing and care skills are not available; investments and incentives into training for nursing; addressing funded nursing care payments to ensure that the ongoing health element of care is fully funded; funding for the impact of increases to the national living wage
 - e) Technology – providing national support particularly in relation to research and evaluation to maximise the opportunities through use of technology to improve care and mitigate risk

2.5 Addressing the options for raising funds for social care

- 2.5.1 In line with the recommendations from the previous inquiry our submission will focus on the spectrum of options rather than one solution. In overall terms it is proposed that there is a need to deliver an approach that provides an equitable way to generate funds that supports delivery of social care for the wider population balanced with an approach that continues to include personal contributions toward care, which will help moderate demand. The submission will need to consider Norfolk County Council's view of funding. The national debate about funding sources suggests that options could include:
- a) Approaches that would provide new or increase existing taxes – this could include approaches that would be simple to administer such as national mandatory taxation linked to work-based pensions schemes or European models of insurance. All options need to consider the link between payment, entitlement and demand, so taxation potentially is not a single solution. Although local taxation can align to local need and decision making on a practical level, the ability to raise local taxes is driven by the local economy and wealth – which does not correlate to social care need. Reliance on local taxation is likely to lead to funding shortfalls in Norfolk
 - b) Approaches that divert funding from other sources – the Green Paper is proposing looking at all age-related benefits, however, in seeking to consider social care as a whole population issue, the review could consider wider

benefits – looking at approaches that capped rather than removed benefits. In addition, ring fencing some aspects of social care funding would support increased sustainability – although could impact on other services. Consideration should also be given to the impact of long term policy changes, such as increase in state pension age and non-inflation linked benefits – potentially a more direct link could be made to these changes with the financial benefit redirected to support social care. In undertaking means testing of social care, access to benefits is taken into account and therefore consideration should be given to potential opportunities for the join-up of certain disability benefits and the need for care and support

- c) Approaches that increase personal contribution towards the cost of care – this has been the focus of previous reviews which have included increasing contributions but limit the lifetime costs through introducing a cap or focusing on the minimum assets that an individual is able to retain. Concerns have been raised with both types of proposals regarding fairness to some people with higher long term needs (such as people with dementia) and difficulty with administering a cap. However, the ideas within the previous proposals could be further developed and there is an argument for removing the distinction between charging for residential and home care. Support to allow people to plan early for the future would improve how people prepare for the potential cost of care needs and reduce the concerns of individual and families at the point that care is needed urgently

2.6 Addressing the risk and opportunities related to the interdependence of the health and social care systems.

2.6.1 There is opportunity now to address some of the barriers that have prevented more integration between health and social care, which include the distinction between means tested and services that are free at the point of delivery. Specific opportunities include:

- a) To enable the health system to operate in an integrated way, the government could explore the benefits of a single NHS regulator. This could be enhanced through appropriate checks and balances, but could remove some perverse incentives that arise between the provider and commissioning elements of the system and can act as a barrier for increased integration with social care
- b) Further pooling of resources between health and social care for investment in preventative approaches
- c) Increasing the governance role of the Health and Wellbeing Board within the Sustainable Transformation Programme areas
- d) Increased alignment of social care services with primary care; recognising the wider community roles and opportunities for targeted early help and prevention

2.7 Considering the approaches that could support political and public consensus

2.7.1 There is no doubt that the subject of social care and funding of services is emotive. It is also an area that many people have little knowledge of until they, or a relative, are already in a position of need. We now have an opportunity to have a much wider conversation about social care – including shaping people’s expectation about what support can be expected, the likely costs of social care and describing what the system could look like through the use of case studies. Wider consultation would help a debate on national standards and local priorities.

2.7.2 We propose that there is a nationally-resourced, nationally-led publicity and engagement campaign by the Government Communication Service, including online and face-to-face opportunities for people to feed in evidence and comments. This process should include Parliamentary hearings that enable political parties and interest

groups to provide detailed comments. This process is required in order to achieve buy-in and consensus.

3. Financial Implications

- 3.1 There are no direct financial implications from this report. However, the impact of the inquiry and the forthcoming Green Paper will be critical for the Council both in relation to the future delivery of social care for the residents of Norfolk and the consequences for other non-statutory services if the services are not fully funded.

4. Background

- 4.1 Information about the inquiry can be found on the parliament [website](#), this includes information about the Green Paper and previous published evidence.

5. Recommendations

- 5.1 **Members are asked to discuss and shape Norfolk County Council's submission through agreement of:**
- a) **The structure of the submission (para 1.6)**
 - b) **Options for funding that the government could investigate**
 - c) **Key approaches that the government could adopt for supporting political and public consensus**

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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