

House of Commons Debate on Treasury funding for the Department of Health and Social Care

House of Commons

4 September 2019



Key Messages

- Adult social care and public health services enable people to maintain their own health, wellbeing and independence and reduce the need for NHS services, in particular primary and secondary care. This is evidenced by councils' work with partners to reduce the number of delayed transfer of care days attributable to social care.
- Councils continue to do great work in keeping people healthy and since taking on responsibilities for public health, 80 per cent of the 112 indicators in the public health outcomes framework have been level or improving. This is despite cuts to public health budgets of £700 million in real terms by the end of 2020¹.
- Other council services, such as planning, housing, recreation, leisure and community support also play a part in keeping people healthy, resilient and independent. These all help to reduce the pressure on the NHS.
- Councils have protected social care relative to other services, despite this adult social care faces a £1 billion funding gap next year, rising to £3.6 billion by 2025. This is needed simply to keep on providing existing support at current levels and would not meet the cost of changing the current model of provision, or include the funding needed to tackle under met and unmet need.
- It is important that the Spending Round and other fiscal announcements address the challenges facing council's services, particularly in social care and public health.

Briefing

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Further information

The importance of social care and support

Adult social care is a vital service, supporting people's independence and wellbeing. It strengthens our communities, helps sustain our NHS and adds essential economic value to our country. We estimate that, since 2010, councils have had to bridge a £6 billion funding shortfall just to keep the adult social care system going.

Following the Government's repeated delays to its care and support green paper, we published our own last summer. [The lives we want to lead: The LGA green paper for adult social care and wellbeing](#) was a starting point for a public debate about how to fund care and how the care and health system can better support and improve people's wellbeing.

The consultation considered adult social care provision in the context of the role councils' play in shaping people's lives and communities. It posed a series of 30 questions covering issues including: the importance of care and support and wellbeing, the consequences of underfunding, how to make the system better and the options for implementing those changes, the role of public health and the relationship between care and health. The consultation was a real success and we received over 500 responses from members of the public, professionals, voluntary organisations and charities.

Our [response to our consultation](#) was published in November last year and sets out key findings, implications and recommendations, including on how to fund social care. It recommended that in consulting on the shape of, and sustainable funding for, social care through its green paper, the Government should make the case for increases in Income Tax and/or National Insurance and/or a social care premium.

In July this year, we launched our [One year on publication](#), to mark the anniversary of the LGA green paper for adult social care and wellbeing. This new publication gives a number of perspectives on what is happening to adult social care on the ground and what life is like for people who experience care and support; and what the context is to the debate about the future of adult social care and where that might go next. We called on the Government to publish its long awaited Green paper and offered to host cross-party talks to give people the certainty that they need.

Public Health

Councils have statutory responsibilities around public health, and as such have a stake in the future arrangements around these areas. There needs to be a greater shift away from health and care investment in treatment and towards prevention. We are pleased that the NHS Long Term Plan recognises this. By joining up care, health, planning, housing, transport, welfare and education, councils have made positive strides in tackling the social determinants of health and wellbeing from early childhood and throughout life.

We must place an emphasis on prevention including, tackling the wide range of determinants that contribute to poor health to improve health and wellbeing, and reducing health inequalities.

Good public health has the potential to make a real and large-scale difference to our society. As well as improving people's quality of life, early interventions can also help save money further down the line. For example, a recent Public Health England report on falls prevention programmes shows that every £1 spent on home assessment and modification schemes for older people has generated savings of £2.17 on primary and secondary care spending. It has also been shown that this investment reduced the number of falls requiring admission to hospital over two years by an estimated 23 per cent, and that the societal (quality of life) return on investment was £7.34 for every £1 spent.

Since the transfer of public health to local government, councils across England have seized new opportunities to make health everybody's business. They have done this despite cuts to public health budgets of £700 million by the end of 2020. Investment in public health must be increased. Reductions to public health budgets must be reversed and public health needs to be put on a sustainable footing.

Taxpayer investment in the NHS will not be used to best effect if only one part of the health and care system is adequately funded. Local government currently faces significant pressures that will affect other services, such as parks, leisure, libraries, children's centres and support to the community and voluntary sector, that all help improve the nation's health.

Funding

Adult social care is a crucial service that transforms peoples' quality of life. Years of significant underfunding coupled with rising demand and costs for care and support, have combined to push adult social care services to breaking point. Councils have protected adult social care in comparison with other services. Despite this, in adult social care there is a £3.6 billion funding gap by 2025. This comprises two main elements: first, 'core pressures' posed by demography, inflation and the National Living Wage; and second, the provider market pressure (for example, the difference between what providers say they need and what councils pay).

Spend on adult social care accounts for a growing total of councils' overall budgets, up from 36.9 per cent in 2017/18 to 37.8 per cent in 2018/19². As a result, by 2019/20, 38p of every £1 of council tax will go towards funding adult social care. Councils' budgeted expenditure on adult social care for 2018/19 stands at £16.1 billion.³ Latest figures show that councils in England receive 1.8 million new requests for adult social care each year – the equivalent of nearly 5,000 a day⁴.

They have found efficiencies and innovated to deliver services in the most cost-effective way. This is unsustainable and takes investment away from other vital services such as parks, libraries, leisure facilities and other services that contribute to the wider wellbeing of our communities. From 2010 to 2017, councils have had to bridge a £6 billion funding gap to keep the adult social care system afloat.

The NHS, through the Long Term Plan is able to plan and invest in service transformation as it has certainty of funding for five years. But there is no equivalent funding clarity for adult social care or council services in general. The continuing uncertainty over social care is impacting on the health, wellbeing and independence of people who rely on these services, and this has consequences for the NHS.

Whilst we welcome the Government's recent cash injections for social care, we are clear that short term bailouts are not the answer, and the Government must find a long-term funding solution for adult social care and support. The short-term funding gap must be closed as an urgent priority and as an initial step in securing the sustainability of care and support.

Government responses to the challenge of adult social care funding in recent years has been short-term and incremental in nature. One-off grants, the council tax precept for social care and increases in improved Better Care Fund (BCF) have been helpful. But each mechanism has its limitations and they have not been sufficient to deal with all short-term pressures, let alone address the issue of longer-term sustainability. They also cease in 2019/20 with no clarity from 2020 onwards, which makes even short and medium-term planning extremely difficult. It is vital that the Government uses the Spending Round and its forthcoming green paper to deliver sustainable funding for social care for the long-term.

Although we continue to support local systems to improve safe and timely discharge from hospital, the disproportionate focus on delayed transfer of care has had a negative impact on community and social care provision through directing funding away from these vital,

underfunded services. We are calling for a return of the BCF to its original intentions of protecting adult social care services, supporting prevention and community based support, and promoting integration.

Impact on care providers

Providers of social care are an absolutely vital part of the social care landscape, delivering practical care services with an essential human touch both to self-funders who pay for their own care and those who are funded by their council. But the provider funding gap outlined above, coupled with new pressures (such as the potential future uncertainty on liabilities for 'sleep in' care) is putting providers under impossible pressure.

In more than 100 council areas, residential care homes and home care providers have ceased trading, or handed back their contracts to councils, affecting more than 8,000 people in the last six months⁵.

The market is fragile and failing in some parts of the country with 72 directors say they have seen home care providers closing or ceasing to trade in the last six months (impacting on 7,019 people – more than double the number affected last year). 38 directors had contracts handed back by home care providers (impacting on 3,464 people) in the same period. Earlier this year, the company that was Allied ceased trading and care for over 9,000 people was transitioned to new providers, a proportion of which were run by a new company called Allied. Other care went to alternative providers and some was transitioned to Local Authority Trading Companies. Despite raising fees to providers, fees do not match what providers say they need to be sustainable. Directors' biggest concern about the impact of savings made or planned is the prospect of providers facing financial difficulty and quality challenges. 79 per cent of directors are concerned about their ability to meet the statutory duty to ensure market sustainability within existing budgets⁶.

The solution

Councils have a key role to play in keeping communities running and without sustainable funding, councils are unable to deliver essential services such as adult social care and public health services.

Councils need financial certainty in the upcoming Spending Round, to allow them to continue to lead their local areas, improve residents' lives, reduce demand for public services and save money for the taxpayer. The Government must also give councils and their partners certainty on social care by publishing the long awaiting Green paper as soon as possible.

¹ LGA, Improving the public's health, Local government delivers, https://www.local.gov.uk/sites/default/files/documents/1%2088_LGA_Improving%20the%20publics%20health%20local%20government%20delivers_February%202019.pdf

² Directors of Adult Social Services budget survey report, <https://www.adass.org.uk/media/6434/adass-budget-survey-report-2018.pdf>

³ MHCLG, Local Authority Revenue Expenditure and Financing, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720336/RA_Budget_2018-19_Statistical_Release.pdf

⁴ Adult Social Care Activity and Finance Report, 2017-18, <https://files.digital.nhs.uk/35/6A192B/Activity%20and%20Finance%20Report%20201718.pdf>

⁵ ADASS budget survey, <https://www.adass.org.uk/media/6434/adass-budget-survey-report-2018.pdf>

⁶ ADASS 2019 budget survey, https://www.adass.org.uk/media/7276/key-messages-2019_sans-embargo.pdf