



North Yorkshire County Council
Harrogate and Knaresborough Area Constituency Committee
30 August 2018
Adult social care funding and the Green Paper

1.0 Purpose of the report

- 1.1 To provide the committee with an overview of: adult social care funding in the county; the challenges posed in delivering adult social care services in the county; and details of what may be considered as part of the Government's anticipated Green Paper on adult social care funding.

2.0 Introduction

- 2.1 Adult Social Care is the largest single service and budget area (excluding schools) in North Yorkshire County Council, with a net budget of £155m countywide. The social care budget for the constituency is £30m and the County employs c200 social care staff in the area and commissions services from care providers and voluntary sector organisations who employ many more people.
- 2.2 The service has 20,000 contacts per year countywide, many of which can be resolved at first point of contact through advice and basic support. In the first quarter of 2018/19, more than 1,200 people in the constituency have been supported longer term. Over half of people locally fund their own care (known as 'self-funders').

3.0 What are the key issues and what are we doing about them?

- 3.1 Funding - Adult Social Care accounts for over 40% of County Council spend in the constituency and this share has increased since 2010 due to relative protection of budgets. £15m savings have been made countywide in the service since 2015, with a further £8m to be delivered by 2021. Voluntary sector budgets have been protected overall, as has mental health spend, although funding has been re-allocated to address areas of greater need – historically this constituency had c50% of all voluntary sector funding.
- 3.2 Our transformation and savings agenda has included spending more on prevention which will have an overall positive impact both on people's lives and on the budget for long term support. Benchmarking shows that we would need to spend £11m more on long-term support to mirror the Shire authority average and this has helped us deliver the savings referred to above.
- 3.3 Within the Harrogate area the average hourly rate we pay providers for domiciliary care is 15% higher in super rural areas compared with the rate in urban areas.

- 3.4 We have undertaken work that shows that key ASC workers in the county spend 45 minutes on average as “downtime” – for each visit in rural areas. This compares with 20 minutes in urban areas. This “rural premium” costs us over £2.5m per annum for domiciliary costs and a similar amount for residential services. We also pay £2.8m in transporting users to day centres. Transport is not part of the means-tested assessment and users currently contribute a small amount to this – approx. £100k.
- 3.5 Over 70% of care home placements for older people in the constituency cost us more than our agreed rates with providers, which is significantly higher than in all other constituencies, with the exception of Selby, due to the high costs of labour and estates, particularly in central Harrogate.
- 3.6 Approximately 12% of the local social care budget depends on funding being passported from the NHS. Part of this funding (the Improved Better Care Fund) is due to cease in March 2020, with no Government plans as yet for its continuation. If this funding ends, then there will need to be significant cuts to social care services, and, in particular, to the additional support to hospitals for rapid patient discharge, as this is where the passported funding is targeted.
- 3.7 Public Health Grant has been used to invest in prevention, with over 500 people in the constituency referred to the Living Well service and, subsequently, at least two thirds of them not requiring long term care following early intervention. The County Council is investing £9m countywide in extra care schemes, including The Cuttings at Starbeck, which will open later this year. The constituency has 2 of the County’s current 22 extra care schemes, with plans in place for a new scheme at Boroughbridge and an intention to develop further schemes in the coming years. In addition, an innovative partnership with the NHS is providing step-up, step-down beds at Station View in Starbeck and joint work underway between the County Council, NHS Trusts, GPs and Harrogate and Rural District CCG to develop an integrated community health and social care service.
- 3.8 Overall, adult social care is increasingly reliant on a fragmented mix of funding sources: government grants (reducing), council tax, social care precept (which, in part, covers the national living wage costs), charges and funding passported from the NHS. People who use services often have to pay for some or all of their care costs, with limited ability to plan for the future. Providers we commission who accept the County Council’s rates usually have different charging arrangements for self-funders in order to ensure they have the income to remain sustainable. This risks a public perception that self-funders subsidise people funded by the State.
- 3.9 In response, the County Council has given relative protection to adult social care budgets. A demographic contingency fund of £3m has been provided each year up until 2020 to manage pressures. Significant contact has been made with MPs, Ministers and Government departments to make the case for remote rural areas and the additional challenges that communities face and the cost premiums experienced by service providers. Savings programmes continue to transform services and release cash for re-investment in frontline care.

- 3.10 The Care Market - The care market nationally is facing an existential challenge. Locally, the situation is better but still under significant pressure.
- 3.11 The County Council works with 59 residential and nursing homes and 27 home care providers in the constituency. Fee rates for the latter vary between £18.13 and £19.83, which is above the national benchmark. Sourcing care packages at home is less of a problem than elsewhere in the County. 44 of the local care providers do not accept County Council fee rates.
- 3.12 Care Quality Commission ratings for the County are better than the national average. However, most of the 'outstanding' and 'good' rated care homes charge significantly more than the Council's published fee rates.
- 3.13 The Council has signed up to a four year fees deal with residential and nursing home providers. Various approaches have been introduced to stimulate the home care market. Additional support has been introduced to help failing providers and to support recruitment. County Council services have been expanded in areas where there is market failure.
- 3.14 Mental Health - Mental Health services locally have, historically, lacked the investment that other areas in the West Yorkshire and Harrogate NHS Integrated Care System (which covers the constituency) have seen. Mental Health Act admissions are lower than in other parts of the County, although emergency out of hours work has increased significantly in the last year.
- 3.15 Mental Health funding has been protected and the social care element of the service has had additional investment in experienced staff. The Stronger Communities programme has funded mental health prevention.
- 3.16 Working with the NHS - There are 5 CCGs, 6 main NHS Trusts and 3 STPs serving the County. This constituency is served primarily by:
- Harrogate and Rural District CCG
 - Harrogate District NHSFT
 - Leeds NHSFT
 - York NHS FT
 - Tees, Esk and Wear Valleys NHSFT (Mental Health).
- 3.17 Over the past year, social care Delayed Transfers of Care (people ready for discharge from hospital) have halved countywide. This constituency has amongst the lowest delays in the County – approximately 10% of delayed bed days, as a result of innovative working between the County Council and the NH, such as the step up step down beds mentioned above within Extra Care and the implementation of a joint discharge to assess pathway.
- 3.18 Workforce - Virtual full employment means that the care sector, alongside hospitality and retail are often seeking to recruit the same people. Supermarkets will pay people on average £2/3 more than even the best care providers for jobs that have fewer responsibilities.
- 3.19 The County Council is undertaking a number of initiatives to attract new entrants into the workforce, including via its www.makecarematter.co.uk programme.

4.0 What needs to be done nationally?

4.1 The County Council welcomes the Government's commitment to publishing a Green Paper on adult social care in November, alongside the long term plan for the recently announced £20 billion investment in the NHS. We have argued for a two-pronged approach:

- A long term funding settlement for social care, to stabilise the care system and to provide certainty for service providers
- Reform of the current system so that individuals and families can plan for future care needs and costs.

4.2 As we understand it from Government sources, there is unlikely to be any commitment made about future social care funding before the next Spending Review and it may be 2023/24 before a longer term package of reforms and a sustainable funding settlement is in place.

4.3 The Local Government Association is undertaking a consultation on its own Green Paper, *The lives we want to lead* <https://www.local.gov.uk/lives-we-want-lead-lga-green-paper-adult-social-care>

4.4 This paper sets out options for how the system could be improved and radical measures that need to be considered given the scale of this funding crisis. Possible solutions to paying for adult social care in the long-term outlined in the consultation include:

- **Increasing income tax for taxpayers of all ages** – a 1p rise on the basic rate could raise £4.4 billion in 2024/25
- **Increasing national insurance** – a 1p rise could raise £10.4 billion in 2024/25
- **A Social Care Premium** - charging the over-40s and working pensioners an earmarked contribution (such as an addition to National Insurance or another mechanism). If it was assumed everyone over 40 was able to pay the same amount (not the case under National Insurance), raising £1 billion would mean a cost of £33.40 for each person aged 40+ in 2024/25.
- **Means testing universal benefits**, such as winter fuel allowance and free TV licences, could raise £1.9 billion in 2024/25
- **Allowing councils to increase council tax** – a 1 per cent rise will generate £2.6m in North Yorkshire (£285 million nationally).

4.5 In addition, the County Councils Network has also published its own Green Paper, *Sustainable Social Care: A Green Paper that Delivers a New Deal for Counties* <https://www.countycouncilsnetwork.org.uk/counties-set-out-their-social-care-policy-p...>

4.6 This paper argues that if the government's reform agenda is to be successful, then social care must remain a local service and ministers should 'not be swayed' by overly-simplistic arguments to combine all, or elements of social care into the NHS.

4.7 In North Yorkshire, the Adult Social Care budget increased by £10m (7%) and £12.1m (8%) in 2017-18 and 2018-19. This was after savings and efficiencies of £8m and a further £3m respectively. Without these savings, the budget would have increased by 13% in 2017-18 and a further 11% this year.

- 4.8 This increasing cost has an impact on the rest of the Council. In 2015-16 the proportion of the overall budget spent on ASC was 38%. That amount is now 43%.
- 4.9 With counties facing a funding gap of £1.6bn in social care by 2020/21 and new figures showing the average county authority now spends 45% of its entire budget on adult social care, the report makes several key recommendations to government:
- If government implements a cap on care at £50,000 per individual, this could cost county authorities collectively £691m a year – double that of a £72,000 cap which was previously put forward. This would add another pressure to North Yorkshire of around £7m.
 - County leaders suggest these reforms, and the funding gap, could be filled by national taxation and means-testing of winter fuel allowance and attendance allowance to avoid ‘catastrophic consequences’ for local services. Separately, they say they agree with the exploration of further proposals to make the system sustainable, including the recently floated ‘social care levy’ proposals.
 - Social care must remain a local service, and social care councils’ role in the reform and integration agenda should not be overlooked by government. Councils contain democratic accountability and strong links to other service areas, such as housing, and they have a proven track record in financial prudence and commissioning.
 - With the number of over 85s households in county areas set to rise to ‘unprecedented’ levels by 155% over the next two decades, government must address shortages in both retirement properties and supported housing, by introducing reforms to the planning system and to the administration of grant funding such as Disabled Facilities Grant.
 - Prevention should be a key focus of the green paper. To that end, government should invest a ‘significant’ proportion of the £20bn NHS windfall in primary, community, and mental health services.
- 4.10 However, the lower the cap is set, the higher the costs for county authorities – and with county authorities already facing an existing funding black hole of £949m in social care by 2020 and care home providers in these areas estimating a short-fall of £670m in the fees they receive from councils, the introduction of an un-costed cap would have ‘catastrophic’ consequences for local services; pushing services closer to the brink, fewer residents actually receiving care, and care homes potentially closing. In North Yorkshire we are looking at a funding pressure of approx. £4m per annum – assuming that IBCF continues and we are still able to cover normal inflationary costs.
- 4.11 These councils also say that a failure to fully fund any care cap, and provide genuinely new money to meet the existing funding gap of £1bn, will further threaten the financial sustainability of England’s largest councils. A CCN survey of county leaders recently showed that only 33% of leaders were confident in delivering a balanced budget by 2020/21; with the outcome green paper pivotal to dealing with the financial uncertainty facing their councils.
- 4.12 The report presents evidence that shows the consequences of an unfunded cap for rural councils could be particularly acute, with counties facing an ‘unprecedented’ rise in those aged over 85 and these areas containing more

'self-funders' who would now, for the first time, be eligible for the cap and potentially enter state-funded care.

- 4.13 Population projections show that the number of over 85 households in county areas are set to balloon by 155% by 2039, rising from 491,000 to 1,254 million. This growth in rural areas represents over half of the country's entire projected growth in over 85s, with on average 53% of social care users in counties self-funding their care.

5.0 Next Steps

- 5.1 This paper sets out some of the actions we are already taking, including continuing to make savings where we can. One area we are looking at is passing on more of the cost of some services (such as transport) to clients, which is a particular issue in this county.
- 5.2 We will continue to look at new models with the NHS and others, but aware that this cannot simply be about cost-shunting from one organisation within the system to another.
- 5.3 It is clear however that while a fundamental review of the expectations of state v individual funding is needed, that review needs to take into account the challenges faced by councils and populations in rural areas and the significant extra costs that they both have to pay.

Recommendation

1. That the committee identifies some specific lines of enquiry to follow up at its next meeting.

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