

Spending Review 2015: a representation from across the care and support sector

The depth of shared concerns about the quality, safety and sufficiency of social care services has brought together national organisations from across the public, private and voluntary sectors to make this unprecedented joint statement on behalf of an estimated 1.9 million people using such care services.



The quality, safety and sufficiency of social care services are fundamental to a dignified society.

But the social care sector is in danger of a deepening crisis. This is compromising the dignity, health and wellbeing of older and disabled people, their families and carers, the workforce and the economy. It is also threatening the sustainability both of the care market and of the NHS.

The depth of these shared concerns has brought together national organisations from across the public, private and voluntary sectors to make this unprecedented joint statement on behalf of an estimated 1.9 million people using social care. We hope its message will be heard by those making decisions in relation to the spending review and that the outcomes of the review will demonstrate the value that our country justly places on getting it right for disabled and older people who need care and support.

We urge a transparent debate about the cost of and funding for sustainable care of decent quality.

Demand is growing: Life expectancy has risen faster than disability-free life expectancy and the number of people living with multiple long term conditions is expected to increase by more than 50% in the decade 2008-18. So more people are living longer and with more complex long term needs that require vital care and support. If they are unable to pay for it themselves, or if they need protection from abuse or neglect, they will need support from council-funded adult social care.

Resources are reducing: There have been 5 years of funding reductions in council-funded adult social care totalling £4.6 billion and representing 31% in real terms of net budgets. This year (2015/16), adult social care budgets will reduce by a further £0.5 billion¹ in cash terms. Taking the growth in numbers of older and disabled people into account, this means that an additional £1.1 billion would be needed just to provide the same level of service as last year. This year, councils are running out of new 'efficiency savings' to make and will be forced to make service reductions of £420 million to people needing that care and support and their carers.

The LGA estimate that the already yawning funding gap for social care will grow by a minimum of £700 million a year on average, chiefly as a result of rising demand. This is exacerbated by the introduction of the National Living Wage.

The impact of this is that:

- 1. Fewer people are receiving state funded support:** 90% of councils are now only able to respond to those people with what, prior to the Care Act, would have been deemed 'critical or substantial' needs. In 2005, the comparable figure was 47%. At least 400,000 fewer disabled and older people are getting publicly funded help. Our knowledge of the growing numbers of people who are 'lost to the system' (because they are no longer entitled to publicly funded care) is limited, but it seems inevitable that their unmet needs will be displaced to other people and places, such as unpaid carers and NHS settings. This creates unnecessary human, as well as significant financial, costs. The need for care and support is broader than just those people who meet eligibility criteria. Age UK estimates that the number of older people who have difficulty with basic tasks such as getting out of bed, washing and dressing but who get no help has now soared to over one million and is set to increase further. A further consequence of the financial pressures, as well as unmet need, is that those people paying the full cost of their own care (or where a 'top up' is in place) are paying disproportionately more than those receiving state funded support. Providers assert that a significant cross-subsidy now operates within the social care sector.

¹ ADASS budget survey 2015

- 2. People's needs are growing more complex:** Although family and community play vital and often irreplaceable roles in providing care, publicly-funded social services are absolutely essential ingredients in the mix of care which people require. There are increasing numbers of people with complex needs (including the need for safeguarding from abuse and neglect) and who are often very isolated. So we need a specific skill-mix of additionally trained and supported staff. It is vital that these needs and the way they are met by social care services, working in tandem with other statutory services, are given thoughtful and purposeful consideration in the current Parliament.
- 3. The care market is fragile:** Many Councils have kept provider fees frozen for a number of years meaning a decrease in real terms. This year directors report that only £32 million of efficiencies will be found through this route (just 3% of overall savings). Given the many challenges facing social care - providers making strategic decisions to exit the market, high staff turnover, issues of poor quality, wage pressures and the need to find up to a million more care workers by 2025 - maintaining a caring, compassionate and trained workforce in a sustainable provider market should be a matter of national concern. A majority - 56% - of directors of adult social services report that providers are facing financial difficulties now². The market is becoming more fragile and essential supply is being compromised. We already understand that lenders could be delaying their investment decisions in the care industry as they await the announcement of the Spending Review. There is a growing anxiety that the period between the Chancellor's Summer Budget in which the move to the National Living Wage (NLW) was announced and the upcoming announcement of the final Spending Review decisions could lead to a reduction in the number of care home and home care providers - as we move into the winter months when people need them the most. Insufficient social care will put people's health, safety and wellbeing at serious risk and place increasing pressure on the NHS.
- 4. Quality is compromised:** There are concerns about the quality of care: in CQC's published data in April 2015, 8.7% of adult social care providers inspected were rated as inadequate and a further 31.9% as 'requiring improvement'. As well as issues of poor quality, of concern are those good quality providers that are, or will soon, exit the market because of the sustained downward pressure on fees. We want dignity and security when we need care and support.
- 5. The labour market is challenging:** The number of 1.5 million workers currently involved in the care industry is set to increase by up to a further 1 million in the next ten years at a time when the social care labour market is growing increasingly complex. Without a properly managed, well-trained and fairly remunerated workforce, disabled and older people will not get the level of care with dignity which they have every right to expect, and which we have every responsibility to provide. The recent decision to move towards a National Living Wage (NLW) of £9 per hour seems to acknowledge this too, and it is one which we very much welcome in principle - but without the necessary government funding to realise this ambition we have serious concerns as to how councils will be able to meet the costs. We, as care providers, commissioners, and representative organisations across the public, private and voluntary sectors, fear that a strategic approach to planning for and managing the social care workforce within this new context could be imperilled by increased competition for labour paid at NLW levels throughout the economy, especially from burgeoning retail growth, compounded by a shortage of nurses in health and care and the continuing severe restraint being imposed on local authority/adult social care budgets. According to an LGA estimate, implementing the NLW may add at least an extra £1 billion to council social care costs by 2020 to pay the increased wages for residential and homecare staff. The Resolution

² ADASS budget survey 2015

Foundation put the estimate of total public investment in social care required to meet NMW and NLW commitments for the estimated 50-60% of the workforce affected at the even higher figure of £2.3 billion by 2020.³

- 6. There are impacts on the NHS:** Health funding has increased by 5% in real terms from 2010/11 to 2015/16. Over the same period, social care funding has decreased by 10% in cash terms and 31% in real terms - taking demography and increasing complexity into account. Money transferred from the NHS will not make up for spending reductions in social care budgets, especially as demand for health services continues to grow. Senior NHS leaders have already publically shared concerns about the funding for social care services to support people in greatest need. A survey of NHS leaders highlighted that 99% believe cuts to social care funding are putting increasing pressures on the NHS as a whole.⁴ We all share a desire for better co-ordinated care, an increased focus on prevention and services that enable people to be well and independent at home with as much care and treatment provided in the community as possible. An efficient and effective healthcare system depends on a diverse, vibrant and financially sustainable social care system. The two need to be in balance. Insufficient funding for social care threatens to undermine the investment in the NHS.

We want to see a system that is protected, aligned with the NHS, and re-designed.

We want to see the Care Act fully implemented.

For too long social care has been allowed to decline, to the detriment of growing numbers of older and disabled people. As organisations that work in this area we are clear that the sustainability of the sector has now reached a 'crunch'.

Unless decisions are made during the spending review to reverse this downward trend we fear for the future of people who need social care, for the NHS and for our society.

We urge the Government to ensure that social care funding is protected including making provision for the gap in social care funding by 2020, alongside the £8 billion gap in health service funding over the same period.

4th September 2015

³ Resolution Foundation, www.resolutionfoundation.org/media/blog/budgeting-for-the-national-living-wage-in-the-social-care-sector/

⁴ NHS Confederation member survey, June 2015