



advice and support for older age

**Independent
Age**

Local Government Finance Settlement January 2016



About Independent Age

Independent Age is a growing charity helping older people across the UK to live more independent, fulfilling lives.

Founded over 150 years ago, we are an established voice for older people and their families and carers, offering free advice and information and providing services, such as befriending, to promote wellbeing and reduce loneliness.

In addition to this, we use the knowledge and understanding gained from our frontline services to campaign on issues that affect older people, like poverty, loneliness and carers' rights.

For more information, visit our website www.independentage.org

Speak to one of our advisers for free and confidential advice and information. Lines are open Monday to Friday between 10am - 4.30pm. Freephone 0800 319 6789 or email advice@independentage.org

Independent Age is also a member of the Care and Support Alliance: a consortium of over 75 organisations that represent and support older and disabled people campaigning to keep adult care funding and reform on the political agenda.

Registered charity number 21072 9

Independent Age Response to the Local Finance Settlement

Introduction

This document sets out Independent Age's response to the provisional local government finance settlement for 2016. Our response relates to content of the settlement overall, but with particular relevance to Question 17, which asks for comment on how the 2016-17 settlement might impact groups with a particular characteristic, such as older people.

The funding shortfall in social care

We welcome the proposed shift to multi-year funding settlements, which should provide more certainty for councils and allow longer term planning for service delivery. However, this does not address the fundamental issue of a significant social care funding shortfall. Changes including the introduction of the National Living Wage, increased legal requirements for local authorities under the Care Act and an increase in the numbers of older people requiring care and support are together creating a particularly challenging environment for social care provision. And yet in the past 5 years there have been funding reductions representing 31% in real terms of net budgets.¹

ADASS, the LGA, and others have previously warned that our current social care system is underfunded by at least £4.3 billion.² The measures introduced by the recent Spending Review allowing councils to raise an additional 2% for social care via council tax and allocating an additional £1.5 billion via the Better Care Fund will not be sufficient to meet this shortfall. The Chancellor's estimate that that this could raise 'nearly £2 billion a year by 2019-20' is based the assumption that every council would raise taxes by this amount each year.³ There is widespread agreement that this would be extremely unlikely, given the political costs of doing so. The Kings Fund have estimated that the precept will bring in just £800 million a year.⁴ Furthermore, poorer councils, where additional money is most needed, will be able to raise the least via council tax – around £5 per head compared to £13 per head in the richest councils.⁵

The Better Care Fund

¹ 'Spending Review 2015: a representation from across the care and support sector', September 2015 https://www.adass.org.uk/uploadedFiles/adass_content/news/press_2015/Spending%20Review%20Representation%20from%20Care%20and%20Support%20Sector.pdf

² Local Government Association 'Adult Social Care Funding: 2014 State of the nation report' October 2014

³ HM Treasury, Spending review and autumn statement, November 2015, <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents/spending-review-and-autumn-statement-2015#fn:44>

⁴ Denis Campbell, 'Using council tax to offset care cuts "will widen gap between rich and poor"', The Guardian, December 2015: http://www.theguardian.com/politics/2015/dec/06/council-tax-offset-care-cuts-widen-gap-rich-and-poor-kings-fund?CMP=share_btn_tw

⁵ Richard Humphries, 'Where does the spending review leave social care?', Health Service Journal, December 2015, <http://www.hsj.co.uk/comment/where-does-the-spending-review-leave-social-care/7001005.article>

Independent Age welcomed both the introduction of the Better Care Fund (BCF) in 2013, and the announcement from the Chancellor that the Fund would be increased by an extra £1.5 billion by the end of this Parliament. The pooling of resources across health and social care is an essential step in achieving effectively integrated care.

However, since the increased funding for BCF will only be available from 2017, it will not impact on the immediate funding shortfall. Furthermore, we are concerned that the impact of BCF on social care will not be as significant as many had hoped. A report by the National Audit Office highlighted concerns that a change in the scope of the BCF has benefited the NHS more than it has benefited (or protected) social care.⁶ The National Performance Metrics for BCF continue to focus on health and hospital outcomes rather than vital social care for older and disabled people. There is little to indicate that BCF funding will reduce the considerable pressure on social care services. This is short-sighted given that health and social care are co-dependent systems that cannot be reformed independently of one another.

The provisional settlement indicates that additional BCF funding from 2017 will be distributed in such a way as to try to compensate for the differing amounts that councils can raise through increased council tax. However, this raises concerns about whether the BCF will, rather than facilitating the integration of health and social care, be used as a way to plug the gaps in basic social care funding. And since the new BCF funding is back-loaded, variations between richer and poorer councils' funding levels can only be addressed from 2017 onwards. The result will be poorer quality, sparser social care services leaving many older people struggling with basics such as getting dressed, washing and feeding themselves.

Attendance Allowance

The provisional settlement indicates that the Government is considering devolving responsibility for Attendance Allowance to councils. Latest figures from the Department of Work and Pensions show 1.45 million people currently claim Attendance Allowance.⁷ It is particularly significant for older pensioners (69% of recipients are aged 80 or over) and for women (66% are female).⁸

We agree that the principle of devolving Attendance Allowance to councils is a reasonable one; there is a good case for rationalising all care and support into a single locally controlled budget. However, it is absolutely vital that any new arrangements include clear protections to ensure that Attendance Allowance is used for its original purpose: to provide an early intervention that helps cover the additional cost of disability to an individual and help prevent or delay their care needs from getting worse. These additional costs of disability relate not just

⁶ National Audit Office, Planning for the Better Care Fund, <http://www.nao.org.uk/report/planning-better-care-fund-2/>

⁷ Department of Work and Pensions, Quarterly Benefits Summary https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/477328/dwp-stats-summary-nov-2015.pdf

⁸ Ibid.

to care needs but other expenditure essential for wellbeing such as heating and transport costs.

With councils under huge financial pressure, our concern is that without clear ring fencing of Attendance Allowance, incentives will be high for councils to use this funding to plug gaps in meeting their statutory social care responsibilities. This would be counterproductive since Attendance Allowance helps prevent many older people requiring higher levels of support in the future. We are also concerned that if devolved, there may be no guarantee that spending on Attendance Allowance would rise in line with the numbers of frail and older disabled people.

Independent Age published a detailed research report on Attendance Allowance in 2013. Our research highlighted that AA recipients are notably poorer than the rest of the retired population, with median wealth of £127,000 compared to around £210,000 among the whole older population in England.⁹ It is clear that Attendance Allowance effectively functions as a form of income support to many older people with a disability who are at risk of living in poverty. Any reduction in Attendance Allowance would have particularly adverse effects on this poorer group of older people.

Since Attendance Allowance is a cash payment, we cannot be certain the extent to which it is used for disability related spending. However, in our qualitative research with Independent Age members, all interviewees were able to identify specific expenditure that would not have been possible without Attendance Allowance.¹⁰ This included spending on items such as personal care, including cleaning, washing and haircutting, support with domestic tasks and mobility aids such as walkers and trolleys.

Our research also concluded that, given entrenched problems with means-tested systems and a take up that is already skewed to lower income households, there is no clear case for introducing means testing for this benefit. We would want to see clear guarantees that Attendance Allowance will not become means tested when devolved to councils. We will also be seeking assurances that the overall spend on Attendance Allowance will not be cut, and that no older people will be cash losers as a result of the changes. We look forward to reviewing and responding to the full details of the consultation regarding Attendance Allowance later this year.

The need for a comprehensive debate about the future of social care

Unless we develop an NHS and social care system that is fit for purpose, it is the elderly, disabled people and their carers who will bear the brunt of inaction. A radical rethink is now required about the size, shape and scope of services we want the NHS and social care to provide – and an honest debate about how much as a society we are prepared to pay for them. Independent Age welcomes recent calls from ex-

⁹ Independent Age and the Strategic Society Centre, 'Independence Allowance: Developing a new vision for Attendance Allowance in England', June 2013

http://www.independentage.org/media/537775/independence_allowance_report_final.pdf

¹⁰Ibid.

Health Ministers for a Commission to examine these questions and has called on the Prime Minister to establish such a Commission.¹¹

For more information on this submission please contact:

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¹¹ Independent Age, 'Prime Minister urged to hold Commission on the future of health and social care', <http://www.independentage.org/news-media/latest-releases/2016-press-releases/prime-minister-urged-to-hold-commission-on-future-of-nhs-social-care/>