



advice and support for older age

**Independent
Age**

Independent Age's submission to HM Treasury ahead of the Budget 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.

Independent Age submission to the Treasury ahead of the Budget in March 2016.

Focus of our submission

This submission focuses on the key policies that the spring Budget 2016 must include in order to ensure our health and social care systems are able to meet the challenges of an ageing population.

The Spending Review provided the Government with the opportunity to put funding for England's system of care and support on to a fairer, more sustainable footing. However, whilst we welcomed the additional funding set out by the Chancellor, the Spending Review failed to provide the necessary ongoing funding for social care which will have significant implications for older people, and the NHS, throughout this Parliament.

Building a better country for older people

Our vision, like the Government's, is to see the UK become the best country in the world in which to grow old. Older people should be able to lead the lives to which they aspire and live with dignity, choice and control. **Unfortunately, this vision will remain unfulfilled as long as social care is underfunded. Whilst the Spending Review did commit some extra funding to social care, it is clear that it did not commit enough to deal with the challenges facing the system.**

Older people are the biggest users of health and social care services in the UK. People aged 65 and over account for one in six of the population, but they account for more than half (54%) of all bed days¹. Focusing on adult social care, over half (51%) of local authorities' adult social care budget is spent on those aged 65+², with this age group accounting for 78% of supported residents in residential care and 79% of those in receipt of council funded home care³.

With the UK population undergoing rapid demographic change, on current funding we will soon be unable to provide good quality care to the older people who need it.

While there have been welcome measures to increase the NHS budget, in line with NHS England's 5 Year Forward View, the budget for social care has actually declined since 2010, despite ever increasing demand.⁴ This has had the predictable result of undoing a lot of the Government's good work to prevent avoidable use of (costlier) health services. As we have seen, the NHS has consistently missed its four hour A&E

¹ Health and Social Care Information Centre. Focus on the Health and Care of Older People, June 2014.

² Health and Social Care Information Centre. Personal Social Services: Expenditure and Unit Costs, England 2013-14

³ Health and Social Care Information Centre. Community Care Statistics: Social Services Activity, England 2013-14

⁴ ADASS, ADASS Budget Survey, June 2015:

http://www.adass.org.uk/uploadedFiles/adass_content/policy_networks/resources/Key_documents/ADASS%20Budget%20Survey%202015%20Report%20FINAL.pdf

target. The last time the 95% target was met was July 2015 over the summer period, but prior to that it had not been met consistently since August 2014⁵.

The NHS is also facing monumental challenges. Despite the Government commitment to invest an additional £10 billion in the NHS by 2020⁶ spending on the NHS as a share of overall GDP will have actually fallen by 2020/21⁷. There are also real concerns as to whether the NHS will be able to meet the ambitious efficiency savings as set out in the NHS 5 Year Forward View as budgets continue to be squeezed and demand remains high.

With the pressures on social care, combined with the pressures in the NHS, set to continue, we need to examine how our health and social care system can meet the needs of an ageing population. That is why Independent Age is urging the Secretary of State for Health to establish a cross-party Commission to examine the future of health and social care so that we can fully address the challenges faced.

A Cross-Party Commission on the future of health and social care

Given that the funding settlement as set out in November 2015 did not adequately address the funding challenges faced by local authorities and the NHS, **Independent Age is supporting calls by former Care Minister, Norman Lamb, and former Secretaries of State for Health, Stephen Dorrell and Alan Milburn, for a cross-party Commission on the future of the NHS and social care.** Without a review of the way in which these two systems need to work together to cope with the ever increasing demand on them, the challenges they face will be monumental.

⁵ <https://www.england.nhs.uk/statistics/statistical-work-areas/ae-waiting-times-and-activity/statistical-work-areasae-waiting-times-and-activityae-attendances-and-emergency-admissions-2015-16-monthly-3/>

⁶ <https://www.gov.uk/government/news/unprecedented-investment-in-the-nhs>

⁷ <http://www.kingsfund.org.uk/blog/2015/10/nhs-spending-squeezed-never>

1. The funding for health and social across the spending review period

Over the past five years, social care funding had decreased from £14.9 billion to £13.3 billion – a reduction of 10.7% – and this gap grows wider once demographic change and inflation are taken into account⁸.

Councils in England face a funding gap of £5.8 billion in their budgets between March 2014 and the end of 2015/16 according to the LGA analysis in June 2014⁹. More recent analysis from ADASS suggests that – due to budget cuts, inflation and rising demand – there have been budget reductions of £4.6 billion in social care since 2010, a third of the 2010/11 net adult social care budget. Savings in 2015/16 represent a further reduction of almost a third (29%), compared with the planned savings in adult social care in 2014/15¹⁰.

Other figures quoted by national bodies make for equally worrying reading. The National Audit Office (NAO) have revealed that 360,000 fewer older people received the care they needed between 2009/10 and 2013/14¹¹.

The Spending Review presented the Government with an opportunity to put social care on equal footing with the NHS in terms of spending commitments. But the Government's funding decisions failed to meet the social care need. As a result, we have real concerns that **by the end of the Spending Review period, local authorities will be unable to carry out the aspirations as set out in the Care Act.**

In our submission to the Treasury in the run up to the Spending Review, Independent Age called for the Chancellor to ensure that the cost to local authorities of fully implementing the care cap, which the Minister for Care Services estimated to be £6 billion¹², be reinvested into social care to ease some strain on the system.

As the Spending Review highlighted, this £6 billion was not reinvested in the care system, with total investment amounting instead to around £3.5 billion, £2bn of which will be funded via additional taxation.

While we welcome the announcement that an additional £1.5 billion is to be invested in the Better Care Fund (BCF) to continue to support the integration of health and social care, we fear that the impact on social care will be minimal. As Independent Age highlighted in the run up to the Comprehensive Spending Review, the BCF has benefited the NHS more than it has benefited (or protected) social care¹³.

Guidance on the BCF focused on a need to reduce hospital emergency activity by 15%¹⁴, but did not include any social care related metrics. We urge **a more focused attempt to direct the funding into social care services, including putting in**

⁸ ADASS 'ADASS Budget Survey 2015 report' June 2015

⁹ Local Government Association 'Future Funding outlook 2014' June 2014

¹⁰ ADASS Annual Budget Survey, June 2015

¹¹ Health and Social Care Information Centre 'Community Care Statistics 2013-14'

¹² Letter from Minister for Care Alistair Burt to Cllr Izzi Seccombe, Chair of the LGA July 2015

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446309/Cap_on_care_acc.pdf

¹³ <http://www.nao.org.uk/report/planning-better-care-fund-2/>

¹⁴ Department of Health, Department for Communities and Local Government and NHS England 'Planning for the Better Care Fund' November 2014

place robust measures to improve local social care delivery, rather than focusing solely on health.

The Chancellor also stated that the additional BCF funding would not be seen before 2017/18. Therefore whilst the funding is welcome, its impact will only be felt in the latter half of this Parliament, leaving present underfunding a significant challenge.

With all of the above pressures mounting upon a social care system which is already unable to cope with current demand, by 2020 there is a real possibility that those who need care most will be unable to receive it. We therefore repeat our call in the run up to the Budget and urge the Chancellor to **reinvest the additional £4.5 billion which has been saved by postponing phase two of the Care Act reforms into the social care system.**

2. Attendance Allowance:

Within the Local Government Settlement was the announcement that the Government are looking to devolve Attendance Allowance (AA) to local authorities¹⁵. If carried out properly, this could be a good way of joining up services, which would be a more rational approach than the current overlap between local and national systems which both assess the needs of older people.

But, moving AA to local authorities will come with challenges of its own. Giving local authorities a cash boost will no doubt be welcome at a time of squeezed budgets. However, it is absolutely vital that this additional funding is used for its purpose – paying Attendance Allowance as an early intervention measure – rather than a way to plug gaps in underfunding which may see numbers of claimants decreasing as local authorities redirect funds into other areas of social care.

Independent Age published a detailed research report on Attendance Allowance in 2013 which 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. It was clear from the research that AA effectively functions as a form of income support to many older people with a disability who are at risk of living in poverty¹⁶. Any reduction in AA would have particularly adverse effects on this poorer group of older people.

We therefore urge the Chancellor to make sure that AA remains accessible to older people with a disability and that it continues to be given to all those who are eligible irrespective of their income.

3. A year since the Care Act:

As the Chancellor looks ahead to the March budget, local authorities will have been implementing the Care Act for almost a year. With added duties having been placed on local authorities, the pressures on councils has only increased.

¹⁵ Department for Communities and Local Government The provisional Local Government Finance Settlement 2016-17 and an offer to councils for future years December 2015

¹⁶ Independent Age and the Strategic Society Centre, 'Independence Allowance: Developing a new vision for Attendance Allowance in England' June 2013

If the Care Act is to be complied with fully, and the individual is to be put at the heart of all services, local authorities must increase rather than decrease service provision. However in the current financial climate, increasing services will not be possible without significant additional investment from central Government.

Independent Age is concerned that by leaving local authorities underfunded, councils will be neglecting their statutory duties under the Care Act as they struggle to fund essential services. This in turn, will have long term implications for the costs to councils and the NHS as the point of entry into the system is one at crisis point, which is costlier to both the NHS and local authorities.

The wider implications are that by 2020, we are faced with a social care system which is unable to meet demand and unable to implement phase two of the Care Act.

Independent Age therefore believes that in order for local authorities to fulfil their statutory obligations, **there needs to be adequate funding made available to councils so that they are able to meet their social care responsibilities.**

5. Conclusion

With warnings from across the sector that our social care system is chronically underfunded, and with the Comprehensive Spending Review failing to alleviate many of the significant pressures on local authorities, we are calling on the Chancellor to address the current funding shortfall for local authorities in the Budget in March.

As well as a cross-party Commission, Independent Age is calling for:

- A fully funded health and social care system.
- Local authorities to be given the support and funding that they need to fully carry out their duties as set out under the Care Act.
- Assurances that if Attendance Allowance is devolved, it remains accessible to older people with a disability and that it continues to be given to all those who are eligible irrespective of their income.