



advice and support for older age

**Independent
Age**

**Independent Age's submission to the Health Select Committee inquiry –
The impact the Comprehensive Spending Review will have on the
distribution of funding and access to services throughout the review
period**



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 Health Select Committee's inquiry on the impact of the Comprehensive Spending Review on health and social care

Focus of our submission

This submission focuses on the impact that the Comprehensive Spending Review has on health and social care for this Parliament, with a particular focus on social care.

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 Chancellor's recognition of the additional need facing the health and care systems, the Spending Review failed to provide the necessary ongoing funding for social care. This 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 whilst social care is underfunded. Whilst the Spending Review did commit some extra funding to social care, 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 hospital bed days¹. Focusing on adult social care, over half (51%) of the adult social care budget of Councils with Social Services Responsibilities 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.

The UK population is undergoing rapid demographic change, which means that on current funding we will soon be unable to provide good quality care to 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 limiting any progress towards lowering the use of (costlier) health services. As we have seen, the NHS has consistently missed its four hour A&E target. The last time

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

the 95% target was met was July 2015, and prior to that it had not been met since August 2014⁵.

A fundamental review of the future of health and social care

With the Spending Review failing to truly address the challenges faced by our health and social care system, **Independent Age is supporting the call made by former Care Minister Norman Lamb, and former Health Secretaries Stephen Dorrell and Alan Milburn for a cross-party Commission to examine the future of the NHS and social care.**

The Office for Budget Responsibility (OBR), in its June 2015 Fiscal Sustainability report, warned that public finances are likely to come under pressure as a result of our ageing population⁶ and it would only be through changes in policy that the Treasury could hope to offset the impacts of demographic change.

The Review failed to examine spending on health and social care in a suitably wide context, and failed to identify how as a country we plan to pay for the public services an ageing population needs. This omission has left us 'woefully underprepared for ageing', as noted in 2013 in the House of Lords Select Committee on Public Service and Demographic Change

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 Office for Budget Responsibility, 'Fiscal Sustainability Report 2015' June 2015

This submission will address four of the terms of reference that the Health Select Committee laid out in the initial inquiry, with a particular emphasis on the impact of the Comprehensive Spending Review on the social care system.

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

Over the past five years, NHS funding has risen from £97.5 billion in 2010-11 to £116.4 billion in 2015-16, an increase of 19.3%. Over the same period, 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 account⁷.

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 2014⁸. More recent analysis from ADASS suggests 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%)⁹.

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 in 2013/14¹⁰ compared to 2009/10.

The Government's funding decisions in November 2015 failed to meet 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 deliver the aspirations as set out in the Care Act.**

In our submission 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 billion¹¹, 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 was 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, a report by the National Audit Office expressed concerns that a change in the scope of the BCF has benefited the NHS more than it has benefited (or protected) social care¹².

⁷ ADASS 'ADASS Budget Survey 2015 report' June 2015

⁸ Local Government Association 'Future Funding outlook 2014' June 2014

⁹ ADASS Annual Budget Survey, June 2015

¹⁰ Health and Social Care Information Centre 'Community Care Statistics 2013-14'

¹¹ Letter from Minister for Care Alistair Burt to 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

¹² <http://www.nao.org.uk/report/planning-better-care-fund-2/>

Guidance on the BCF focused on a need to reduce hospital emergency activity by 15%¹³, 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 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 2018/19. Therefore whilst the funding is welcome, it will not be seen until 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 many of those who need care most may be unable to receive it.

The NHS:

Whilst the focus of our submission is predominately on social care, Independent Age also believes that the NHS is facing monumental challenges. Despite the commitment of this Government to invest an additional £10 billion in the NHS by 2020¹⁴ according to the Kings Fund, spending on the NHS as a share of overall GDP will have actually fallen by 2020/21¹⁵. 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.

2. Social care funding, including implications for quality and access to services, provider exit, funding mechanisms, increasing costs and the Care Act provisions

Care Act provisions

Independent Age welcomed the introduction of the Care Act in April 2014, which signalled the biggest change in our social care legislation in over 60 years. These big changes, however, require funding to match as local authorities struggle with new responsibilities.

Prevention is a key component of the Act. However with budgets shrinking, preventative services are being cut ever deeper resulting in more people only coming to the attention of statutory services when they reach crisis point. This is inevitably more costly than prevention to both councils and the NHS.

Further, with all of the funding pressures faced by local authorities, there is a real chance that effective delivery of the Care Act will remain an unattainable aspiration,

¹³ Department of Health, Department for Communities and Local Government and NHS England 'Planning for the Better Care Fund' November 2014

¹⁴ <https://www.gov.uk/government/news/unprecedented-investment-in-the-nhs>

¹⁵ <http://www.kingsfund.org.uk/blog/2015/10/nhs-spending-squeezed-never>

and calls into serious question whether local councils will be in any position to launch phase two of the Care Act reforms, currently planned for 2020.

Funding mechanisms:

We are concerned that the announced 'social care precept' will not be a politically viable option for many local authorities. There are also questions as to whether local authorities – particularly those in the poorest areas - would be able to raise enough additional funding via this approach to meet ever-growing demand.

Independent Age understands that those local authorities who are unable to raise sufficient funds will have their funding supplemented by the BCF. However, we are worried that such a move would leave important work facilitating the integration of health and social care undone.

With local authorities being unable to raise the funds required to meet the demands of their residents, the burden may well fall further on self-funders. People who pay for their own care often pay more for the same level of care received by residents who are funded by their local authority.

Laing and Buisson estimate that self-funders typically pay £50-£100 more per week for similar levels of residential care – a 'cross subsidy' in effect¹⁶. The cross subsidy helps make good any shortfall borne by providers who receive below-inflation rises in care home fees for council funded residents.

¹⁶ Laing and Buisson *UK Market Survey 2013/14'*

3. The impact of the Spending Review on the integration of health and social care

Attendance allowance:

Within the Local Government Settlement, was the announcement that the Government are looking to devolve Attendance Allowance (AA) to local authorities¹⁷. 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 – than as 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 poverty¹⁸. Any reduction in AA would have particularly adverse effects on this poorer group of older people.

We therefore urge the Government 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.

4. Quality and access in health and social care including the cost and implications of new policy objectives

Independent Age is currently undertaking research on the fundamental markers of quality and safety within residential care for older people. We have started to identify what we believe to be the key indicators of good quality care, which include:

- Having highly skilled, well paid and motivated staff
- Employing highly qualified managers who are able to run their care home in a way that meets the needs of the residents whilst maintaining strong relationship with their families
- The ability of care homes to monitor their own performance, identify scope for improvement, and be open and willing to communicate this well to current and potential residents

Some of these elements of good quality care carry with them cost implications – for example, staff pay (including the implementation of the National Living Wage), staff training and data systems. However, if we are truly to be the best country in the world to grow old in by 2030, we feel that these things should not be treated as

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

¹⁸ Independent Age and the Strategic Society Centre, 'Independence Allowance: Developing a new vision for Attendance Allowance in England' June 2013

optional extras when it comes to the funding of social care and health. We are concerned that the under-funding of care will make it more difficult to deliver care that is of good quality.

Furthermore, we see the Care Quality Commission as playing an important role in ensuring that quality remains at the heart of health and care delivery, irrespective of funding issues. The Care Quality Commission has indicated that it will be increasing its regulatory fees from 2016/17 in order to recover the full costs of its new inspections. We are concerned that the costs of quality assurance are being passed on to health and care providers, and that vital resources for care inspections are being taken away. We strongly oppose any moves to reduce the CQC budget - a well-resourced regulator is a fundamentally important factor in a care system fit for older people.

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 Secretary of State for Health to consider the proposals for a cross party commission looking into the future of health and social care.

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.
- Quality to be seen as a key component of care services and no reduction in the CQC budget.