Written evidence submitted by NHS Providers [FSR 045]

NHS Providers is the membership organisation and trade association for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS foundation trusts and trusts to deliver high-quality, patient-focused care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate. NHS Providers has all trusts in membership, collectively accounting for £84bn of annual expenditure and employing more than one million staff.

Key messages
 Our response focuses on the fundamental role of an appropriately funded local government system with capacity to deliver social care and public health services and to address the wider determinants of health.
 We remain concerned about the impact of significant funding pressures on councils’ ability to deliver services which help people to maintain their independence, make healthy choices and keep well.
 Local government is facing reductions in its central government grant of up to 77% by 2020 and the public health grant has been reduced by over £500 million since 2015. Local authorities are reducing their spending on core services including adult social care and public health services.
 These funding pressures threaten the sustainability of critical local services. Alongside growing demand for medical treatment, the NHS is experiencing the effects of rising levels of unmet or under-met social care need through increased pressure on A&E services and delayed transfers of care. When local authorities reduce the public health services they provide, the cost of meeting people’s health needs is shifted to the NHS.
 Repeated one-off injections of funding to prop up adult social care services in crisis have not put the system on a sustainable footing for the future. The spending review and the two green papers expected on social care, and prevention, present an opportunity to adequately fund social care and public health services and restore local authorities’ ability to fulfil their crucial role in maintaining the health of local communities.

The current financial situation facing councils, and how this has affected their ability to deliver services

1. Local councils are responsible for the funding and provision of a range of services related to peoples’ health and wellbeing, including social care, public health services as well as services which help to address the wider determinants of health including housing, leisure, green spaces and local public transport. Local government is operating under severe financial pressure, with local authorities seeing reductions in their central government grant by 77% between 2015 and 2020. Councils more reliant on the central government grant have been hit hardest by the cuts, and are often areas with higher levels of deprivation and need. ¹ Funding pressures generated by increased need and demographic changes are compounded by inflation, which contributes a 4% increase in costs.

¹ https://www.ifs.org.uk/research/197
2. Adult social care provision makes up 38% of local authority spending, and this proportion is increasing as local authorities reduce spending on other local services to ensure the funding of statutory responsibilities, including social care, public health and children’s services.\(^2\) While many savings have been achieved by local authorities through efficiencies rather than direct reductions in service provision, directors of adult social care reported in the Association of Directors of Adult Social Services (ADASS) budget survey 2018 that reducing the number of people in receipt of care is important or very important for them to achieve necessary savings.

3. This is evident in the rising levels of unmet need, and the increasing number of councils who provide social care only to those in ‘substantial’ or ‘critical’ need. Around 1.4 million older people are estimated to be unable to access the support they need. Many of those ineligible for public funding face catastrophic costs when purchasing their own social care.\(^3\)

4. NHS providers have seen the impact of rising pressures on social care in a number of ways. The NHS is seeking to reduce the number of delayed transfers of care (DTOCs) arising from a lack of capacity within the health service itself (a shortage of community based NHS facilities for example). However it is also true that delayed transfers of care as a result of patients waiting for a home care package have increased from under 12,000 bed days in December 2010/11 to almost 28,000 bed days in December 2018/19.\(^4\)

5. It is worth noting however that DTOCs decreased from a peak of 42,000 in 2016/17 as a result of increased integration between health and social care, such as in Ipswich and East Suffolk where reforms to the discharge process and the provision and assessment of social care needs, led by closer joint working between local authorities and NHS providers reduced DTOCs from 49 to 10.\(^5\) There is also evidence that reductions in local authority spending on social care has led to increased emergency hospital attendances among the over 65s in local areas affected by the biggest reductions in social care spending.\(^6\)

6. The role of local government in supporting the population’s health and wellbeing reaches much further than public health and social care services. Local councils are responsible for a wide range of services contributing to the wider determinants of health including housing, support for vulnerable families and children, aspects of education, local transport and employment. These services are critical to the wellbeing of communities. However financial pressures have led to reductions in spending across the board for many councils as they attempt to balance their books. For example, spending on planning and development, housing, culture and related services has been cut by more than 40% on average, spending on social care by 20%.\(^7\)

7. The central government public health grant has been reduced by £531 million between 2015/16 and 2019/20. This has a direct impact on how much local authorities spend on public health - 85% of councils reported reducing their spending on core public health services in 2017/18 and like-for-like spending on public health services was 8% lower in 2017/18 compared to in 2013/14.\(^8\)

\(^6\) [https://www.kingsfund.org.uk/sites/default/files/2018-06/NHS_at_70_what_can_we_do_about_social_care.pdf](https://www.kingsfund.org.uk/sites/default/files/2018-06/NHS_at_70_what_can_we_do_about_social_care.pdf)
The efficiency, fitness for purpose and sustainability of the current system, how it could be improved including options for widening the available sources of funding

8. The current funding system for local government has led to widespread pressures on local authority finances. There have been a number of high profile cases in which local councils have warned that they were at risk of spending more in the financial year than the resources it had available, the most notable recently being Northamptonshire County Council. The Public Accounts Committee (PAC) has also expressed concerns that central government was overly reliant on the prospect of a funding settlement for local government in the 2019 spending review in assessing the financial sustainability of councils, leading to complacency about the looming crisis.⁹

9. Short term financial settlements aimed at alleviating pressure on adult social care have not proved successful in putting the social care sector on a sustainable footing for the future. The Better Care Fund (BCF) and then the improved Better Care Fund (iBCF), were found by the PAC to be insufficient to support more integrated care, better services or significant financial savings.¹⁰ Repeated one-off injections of funding to prop up a system facing increasing need and rapidly deteriorating finances cannot secure the longer-term sustainability of adult social care services. There is further uncertainty about how funding will be raised post-2020.¹¹

10. The Institute for Fiscal Studies raised concerns that other planned revenue-raising measures such as 100 per cent business rates retention and the social care precept are not responsive to local needs and could put councils in a situation where finances do not match up with the money required.¹² The shift in the nature of funding models for social care, including increased reliance on business rates over the revenue support grant, contributes to a risk of increased variation in the amount of funding available proportional to the amount of money councils can raise through business rates. There is a risk that relying on this source of funding could worsen existing regional variation in levels of provision and quality of care, with higher income in the south of England than in the North.

11. Rising levels of need coupled with ongoing cuts to funding for local authority-provided services risks reducing the effectiveness and responsiveness of these services. This is evidenced not only by the rising levels of unmet need for social care, as outlined above, but also in the threat to market stability of the social care provider sector. Local authorities are currently unable to pay a fair price for home care, with average prices being paid by local authorities for individuals’ care falling short of the cost to providers, on average, by £2 per hour.¹³

12. Ultimately this places the social care sector on an unsustainable footing in terms of finance and workforce, and providers and local authorities have raised concerns that there is a risk of a market collapse where it becomes unsustainable for providers to remain in the current market. In its latest annual budget survey, ADASS found that 32% of directors of adult social care had seen home care providers closing or ceasing to trade in the last six months, and 29% reported contract hand-backs in the same period.¹⁴ The precarious situation of many social care providers

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⁹ https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/970/97005.htm#_idTextAnchor002
¹⁰ https://publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/959/95902.htm
¹¹ https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7903#fullreport
¹² https://www.ifs.org.uk/publications/12913
¹³ https://www.ukhca.co.uk/downloads.aspx?ID=589#bk1
presents a risk that the loss of providers further reduces the availability and choice of social care to those who need it.

13. As part of the increased focus on system working in the NHS, integrated care systems (ICSSs) are working closely with local government locally to ensure the joined up planning of all the services which impact on a person’s health. The interface between the NHS and social care is widely recognised with pressure on one system impacting on the other. There is a lack of alignment between the NHS long term plan’s focus on prevention, and widespread cuts to local authorities’ financial ability to maintain the services essential to the prevention agenda.

14. The emphasis on prevention and population health in the NHS long term plan is welcome but we remain concerned that it has not been matched by an uplift in funding for public health spending, and it remains essential that this is secured in the comprehensive spending review later this year. There is a need for fiscal policy to be more closely aligned with the priorities set out in the NHS long term plan, and for recognition that local government and the NHS are equally implicated in improving and maintaining the health of the population. Both need to be adequately and sustainably funded.

The approach to local government funding as part of the 2019 spending review, and what key features of that settlement should be and what the potential merits are of new or alternative approaches to the provision of funding within the review

15. NHS Providers is an active participant of the NHS Confederation led, Health for Care coalition which comprises 15 organisations representing the NHS. Health for Care has called for a long term funding settlement for social care sufficient to enable local authorities to provide the services that people want and need, putting the sector on a sustainable path for the longer term as well as addressing immediate needs. The estimated funding gap for adult social care is estimated to be £1.5 billion, set to rise to £3.5 billion by 2024/25.\(^\text{15}\) Any settlement announced in the 2019 spending review should take into account this funding gap and make a meaningful contribution towards closing it. This should be accompanied by system reform to ensure the system works well for those who need it.

16. There are a number of options for funding an increase in the adult social care budget, including changes to tax contributions, a social care premium, and changes to the self-funding model. The merits and drawbacks of these have been explored at length across numerous publications over the last five years. The choice of which option to pursue is ultimately a political decision for the government to take. However the Health for Care coalition has set out a number of principles which any settlement for adult social care should meet:

   a. Eligibility should be based on need and must be widened to make sure that those with unmet or under-met need have access to appropriate care and support
   b. Any settlement should provide secure, long-term funding at a local level to enable the social care system to operate effectively and deliver the outcomes that people want and need, addressing immediate needs from April 2020 as well as putting the sector on a sustainable path for the longer term.


\(^{15}\) https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7903#fullreport
c. Social care funding would need to rise by 3.9% a year to meet the needs of an ageing population and increasing numbers of younger adults living with disabilities, and any additional funds must be accompanied by reform and improved service delivery.

17. Similarly the spending review should urgently address the shortfall local authorities are facing in funding public health services. In order for local authorities to continue to effectively deliver public health services funding for these services should be restored so as to support the long-term focus on prevention.

18. Good health is supported not just by health services and social care, but also by access to green spaces, leisure activities, libraries, education, and accessible public transport. With many local authorities forced to reduce spending and cut services across these areas just to fund their statutory duties in respect of adult social care and social services, much has already been lost in the way of local authorities’ financial capability to support a holistic and tailored approach to population health. The spending review should consider population health in the round and restore sufficient funding for local authorities to deliver these services.

April 2019