Written evidence submitted by Care England [FSR 050]

Introduction:
Care England is the leading representative body for independent care services in England. Our members provide a wide range of services for adults with care and support needs including residential and nursing settings, homecare, housing and community-based support. Our members also deliver specialist care home services such as rehabilitation, respite, palliative care, mental health and learning disability services.

Care England welcomes the opportunity to submit evidence to the Housing, Communities and Local Government Committee inquiry on Local Government Finance and the 2019 Spending Review. Professor Martin Green OBE, Chief Executive, Care England would be happy to give oral evidence and looks forward to hearing from the Committee in due course.

Care England has drawn together a series of published data and FOI responses to provide a unique overview of the how councils are responding to supporting a sustainable care market in meeting the health and care needs of older people. The dataset is subject to regular quarterly updates as from April 2019.

A number of questions are posed throughout that Care England hopes will inform the Committee’s inquiry.

Key points made in this submission:

- Are low base rates, particularly in areas dominated by local authority commissioning impacting upon the provision of a sustainable market?
- What are the Government’s plans for the social care precept?
- What is the impact on the care market of decisions by councils to either not make provision or allocating less than 30% of their iBCF on supporting the market?
- Is there a relationship between council allocation of funding on older people and the level of (base rate) fee paid for residential / nursing home beds by councils?
- Is the allocated £240m winter pressure funding targeted at the right locations with highest relative levels of delays?
- Are council fees commensurate with encouraging market growth of care homes both in terms of level of fee paid compared to the true cost of care and over a longer term planning horizon?

There are many lessons to be learned with pockets of good and bad practice. The question remains as to why good practice when identified cannot be rolled out across the country. There are too many parts of local government working in silos as well as the artificial separation between health and social care.

Base Rate Fees:
This data has been collated through a series of FOI issued to councils in May 2018. It is acknowledged that the data only covers base rates paid by councils and further analysis and data collection is being planned to capture average rates paid by councils.
Care England members are reporting that continued low council fees are impacting upon decisions to accept council placements or contracts. This observation has also been made in the ADASS Budget Survey 2018\(^i\) and in the Competition and Markets Authority final report of the Care Home Market Study\(^ii\). NB it is noted that the uplift in the National Minimum Wage was 4.4%\(^iii\) in 2018/19 alone and 4.9% in April 2019.

- Of the councils where we know their base rate fee offers for 2018/19 we can report;
  - For nursing home beds, one in five made no increase in the baseline rate
  - 18% of councils reported that they gave no increase for nursing with dementia beds
  - 22% of councils reported no increase for residential care home beds, including residential care beds for older people with Dementia.

- Looking at known data and making assumptions that fees are the same for councils where we did not know the fee rate for 2018/19, we can report;
  - Average Nursing Home base rates fees increased by 2.4% in 2018/19 (from £494pw in 2017/18 to £506 pw in 2018/19)
  - Average Residential Home base rate fees increased by 2.6% in 2018/19 (from £457pw in 2017/18 to £469 in 2018/19)

**Question:**

1. Are low base rates, particularly in areas dominated by local authority commissioning impacting upon the provision of a sustainable market?

**Social Care Precept:**
Care England has drawn upon data from MHCLG setting out the core spending powers of councils including details of the social care precept being raised.

The latest Core Spending documentation\(^iv\) issued on 13\(^{th}\) December 2018 notes that “For 2019-20, this has been estimated by assuming authorities set the Adult Social Care precept to the maximum allowable level, given their past decisions” and the Local Government Association\(^v\) notes “This is subject to total increases for the Adult Social Care precept not exceeding 6 per cent between 2017/18 and 2019/20, and increases being no more than 2 per cent in 2019/20”.

The analysis indicates that many types of council have already “used up” their flexibility ahead of 2019/20.

- 44% of councils (66 in total) have already exhausted their adult social care precept flexibility for 2019/20.

The social care precept has been an important means for raising additional funds for adult social care. However, this is limited and does not adequately impact the gap in funding which needs to be bridged for a sustainable market. We also realise that the social care precept raises varying amounts across Councils which may not be related to need.

2. What are the Government’s plans for the social care precept?
**Improved Better Care Fund (iBCF):**

Whilst the Improved Better Care Fund announced in 2017 is decreasing each year up to 2019/20, it still offers the opportunity for councils to invest funding into the care market (which in turn supports the other 2 themes permissible under the iBCF scheme, namely reducing pressures in the NHS or reducing pressures on adult social care budgets).

- Councils on average allocated 29.5% of this money to support the market in 2017/18. This equates to £295m out of an overall budget of £1bn.
- Analysis shows that 13 councils did not make any provision of this additional funding to support the market in 2017/18 and around one in five (18%) only allocated up to 10% of their iBCF funding to support the care market in 2017/18.

**Question:**

3. What is the impact on the care market of decisions by councils to either not make provision or allocating less than 30% of their iBCF on supporting the market?

**Spend per Head on Older People:**

Care England has taken data from MHCLG regarding net revenue budgets to understand how councils are responding to local pressures.

Care England welcomes the decision by the Government to open the consultation on the “Review of local authorities’ relative needs and resources” (which is now completed) as an important step forward to ensure vital public resources are targeted at the right places and we welcome the outcome of this feedback.

- The average spend per head by councils on older people for 2018/19 is £631.10 (based upon calculations of spend of the total allocated adult social care budget for older people proportioned by all older people aged 65+ in the council area). The range is £527.10 in Eastern England to £826.60 in London.
- Whilst it follows that higher spending councils are proportionate to the relative level of Health deprivation and Disability (in line with the RSG formula) it is noted that even though London councils spend the most per head, there are no London councils in the lowest quartile for Health Deprivation and Disability rankings, and that whilst Yorkshire and Humberside councils are the 3rd lowest region for spend per head, 40% of councils in the region are in the lowest quartile of councils with highest levels of Health Deprivation and Disability.

**Question:**

4. Is there a relationship between council allocation of funding on older people and the level of (base rate) fee paid for residential / nursing home beds by councils?
Delayed Transfers of Care:
Despite additional money being allocated to spend on reducing delayed transfers of care, Care England analysis of NHS England data and then projecting costs of keeping patients in hospital (set at the NHS national Emergency Bed Day Rate of £313 per day) or in a care home setting (set at the particular Local Authority base rate for either residential or nursing home respectively) has identified that;

- In July 2018, there were 35,858 delayed days for individuals waiting for care home beds and by October this has increased by 8.8 %, with 39,028 delayed days waiting for care home beds.

- At the same time, Care England analysis indicates that the potential efficiency gain to the NHS of getting patients (who are waiting for care home placements) out of hospitals into care homes was £7.52m in July 2018 alone and this increased to £8.24m in October 2018 alone. This is an increase of 9.6% over 3 months within the summer period.

Question:

5. Is the allocated £240m winter pressure funding targeted at the right locations with highest relative levels of delays?

Supply of care beds and market projections:
Care England has based its analysis upon research conducted by PSSRU on the proportion of beds per population aged 75+ and then indexed the totals for each council of care home beds, as well as charting the number of market opening and closures captured by CQC.

- Whilst the national data shows a slight fall in beds and a market which is marginally under-supplied, the analysis identifies that 12% of councils are experiencing low levels of supply combined with net reductions in the numbers of beds over the first half of 2018.

- The analysis shows that there is a geographical correlation of low levels of supply and falling numbers of beds within a pocket of London Boroughs, although there are a number of other council areas experiencing similar challenges in isolation from other neighbouring councils.

- Care England analysis with Skills for Care show a projected 7.5% jump in the number of older people in care homes by 2020.

- Care England analysis estimate the direct care workforce will need to increase by a total of 37,550 individuals by 2020 and if these direct care staff were to be paid at the current NMW levels, this would require an additional £581m next year (2019/20).

Question:

6. Are council fees commensurate with encouraging market growth of care homes both in terms of level of fee paid compared to the true cost of care and over a longer term planning horizon?
April 2019

1 ADASS
https://www.adass.org.uk/adass-budget-survey-2018

2 CMA
https://www.gov.uk/cma-cases/care-homes-market-study

3 Low Pay Commission
https://www.gov.uk/national-minimum-wage-rates

4 Ministry of Housing, Communities and Local Government

5 Local Government Association

6 NHS England