

Local Government Association (LGA) Briefing

House of Commons debate on the NHS and Social Care Commission

28 January 2016



Key messages

- This year is the tenth anniversary of the Wanless Review of social care for older people. Over that time, and under successive governments, there have been further major reports on the future of care and health in addition to key shifts in policy direction and new legislation. These have all sought to optimise our care and health system for the challenge of meeting growing demand. The challenge is no less acute today and the financial environment that both local government and the NHS are operating in make the need for change ever more important.
- The importance of integrated health and social care is widely recognised and we now need to turn this into a reality. Adult social care needs to be on a sustainable financial footing and the pressures on the system need to be properly understood. The integration of health and social care is crucial to providing a seamless, person-centred service which makes the best use of resources. Health and social care need to be seen as equal partners, provided with the necessary resources to deliver high-quality services.
- This is why we support a cross-party approach to exploring future funding requirements for, and the structure of, health and care services. For this reason, we recognise the idea of a commission could help tackle these issues, and ensure there is a collective view on how this should be achieved.
- Most importantly, social care is important in its own right. There is a continuing lack of proportionality between additional funding for the NHS and adult social care. Whilst much of the funding for the NHS is frontloaded, additional resources from the Better Care Fund will not be available until 2017.
- Although the new council tax flexibilities, and the Better Care Fund investment, will provide some assistance with social care provisions. This does not address the full costs of policies such as the National Living Wage and the Deprivation of Liberty Safeguards (DoLS). On top of that, we estimate that councils will face £10 billion cost pressures across all council services by the end of the decade, which will require savings.

Briefing

Background

Local government

Financial pressures and the need for higher quality services make the working relationship between the NHS and local government more important than ever. For local government, working together to bring about real transformational change is essential, not just desirable.

Local government makes a vital contribution to the NHS in three important areas: adult social care, public health and community wellbeing. These contributions are set to diminish over the 2015 Spending Review period if there is not greater integration and sustainable funding.

Adult social care

The level of unmet need is rising and service reductions are beginning to account for a greater proportion of overall savings requirements. In many cases this simply postpones the point at which needs escalate, requiring more intensive (and costly) interventions from care and health.

Overall funding pressures have resulted in planned spend on adult social care prevention activity decreasing from £937 million in 2014/15 to £880 million in 2015/16, a 6 per cent reduction in cash terms.

Delayed transfers of care attributable to social care are increasing. The latest statistics (for November 2015) show that of the 153,200 total delayed days 62.1 per cent were attributable to the NHS, 31.1 per cent were attributable to social care (up from 26.7 per cent in November 2014), and 6.9 per cent were attributable to both the NHS and social care.

Public health

Local authorities were eager to take on public health duties in 2013 but many now feel they have been handed all of the responsibility without the necessary resources to do the job. The in-year cut of £200 million to the 2015/16 public health budget, and the further reduction of over £330 million over the SR period, undermine the shared objectives of improving the public's health and keeping pressure off social care and health.

Wider wellbeing services

The LGA has argued for a separate transformation fund with the aim of implementing a new prevention strategy to implement genuine change. This would enable some double running of new investment in preventative services alongside 'business as usual' in the current system until savings be realised. The 2015 Spending Review provided very little in this regard and is a missed opportunity to recalibrate the system towards prevention and transformation.

National Health Service

The NHS Five Year Forward View outlined the need for at least £8 billion a year in real terms investment by the end of 2020, to help to sustain the National Health Service to meet current and future demand. As confirmed in the Spending Review, the Government spending on the NHS is expected to be front-loaded, whilst additional resources for the Better Care Fund will not be available until 2017, and with

most of the additional funding not being available until 2019/20.

There is cross-party consensus within local government that integration is the only way to achieve a sustainable and effective health and care service, improving outcomes for citizens, and providing value for money in the long-term. Furthermore, while health and social care are still, for the most part, funded separately, the continuing funding gap for adult social care will inevitably create greater demand on the NHS. Without a financially sustainable social care system, the NHS cannot hope to be financially sustainable.

Social care funding

Ahead of the Provisional Local Government Finance Settlement, we drew attention to the varying impact of the council tax measures across the country. The government has proposed to allocate the Better Care Fund monies in such a way as to ensure that those councils with a smaller council tax base still receive adequate shares of the total additional funding. Whilst these new flexibilities will help councils raise additional funds, we want to ensure the administrative burden on councils is kept to a minimum. In particular, not all councils will be able to, or will want to, use this flexibility. And even if all councils did use it in each of the four years, we estimate that raising council tax would only raise a maximum of £1.7 billion by 2019/20.

We called for a delay to phase two of the Care Act reforms and called for the earmarked money to be reinvested into the system to deal with the ongoing social care pressures. The provisions to increase the Better Care Fund go some way to meeting our proposals, but it is less than the £6 billion earmarked which we wanted to see retained in the system.

The Better Care Fund

Additional resources for the Better Care Fund are not available until 2017, with the majority £1.5 billion not available until 2019/20. This means councils will not see the benefit of the money until towards the end of decade. Even by 2018, there will only be £105 million made available to local government through the BCF.

As with any conditions attached to the council tax precept, we are calling for any conditions attached to the use of additional funding through the BCF to be kept to an absolute minimum.

Distribution of funding

The Spending Review announced a 56 per cent cumulative real terms reduction in government grant funding for local government. When taking into account OBR forecasts of income raised locally by councils (council tax and business rates) the overall position is a 6.7 per cent real terms reduction in local government spending. This has translated into the provisional LGFS offer for future years, which set a reduction in core spending power (similar to local government spending above) of 0.5 per cent before inflation.

This contrasts sharply with funding for the NHS, which will receive £10 billion more in real terms by 2020/21 than in 2014/15. A majority of this will be frontloaded, with £6 billion available by the first year of the Spending Review period. NHS spending will increase from £101 billion in 2015/16 to £120 billion by 2020/21.

It's clear that despite the rhetoric of integration and a 'single' or 'whole' system of care, the two component parts of that system face dramatically different funding

outlooks.

Integration

Integrating social care and health, and taking decisions closer to where people live, is crucial to improving services and keeping older people living in their homes for longer. It allows us to focus on prevention and public health and helps to close the health inequalities gap.

Health and wellbeing boards are driving a place-based approach to improving health and wellbeing outcomes for communities. With their accountability and local knowledge, we need to maximise their potential to achieve system transformation.

We would like to work on a cross-party basis to ensure health and wellbeing boards become 'system leaders' in health and social care integration. There is growing evidence health and wellbeing boards have begun to make a difference to health and care outcomes by: joining up strategic commissioning of health and care, taking a preventative, place-based approach and bringing together all the key local players and public services.

We have suggested health and wellbeing boards need greater freedom to determine local priorities. There should be a review and alignment of financial accountability processes within health and care, and an integrated place-based commissioning framework to support local accountability.

The LGA has also called for a review of the tariff system and the development of a new payment system that looks across entire care pathways and incentivises a preventative approach.