20th May 2022

Levelling Up, Housing and Communities Committee

House of Commons

London

SW1A 0AA

Dear Levelling Up, Housing and Communities Committee,

Additional evidence on the long-term funding of adult social care.

Following Care England's written submission to the Levelling Up, Housing and Communities (LUHC) Committee in April 2021, the Government has now published a raft of mutually reinforcing reforms: the adult social care reform white paper, People at the Heart of Care; the Health and Care Bill and reforms to the public health system.

Consequently, Care England wishes to outline further concerns about the long-term funding of adult social care following recent reforms introduced by the Government. Please consider the points raised in this letter in conjunction with the evidence already submitted by Care England in April last year.

Fair Cost of Care (FCC)

Stakeholders across the adult social care sector have serious concerns about the FCC work being conducted at a local and national level, and the plans for further implementation of Section 18(3) of the Care Act 2014.[1] The data in the Government's Impact Assessment[2] is simulated on inaccurate forecasts and unknown information, and, as such, will in no way provide an accurate picture of exactly how the implementation of the new policies will affect the sector or if it will provide a sustainable future for adult social care.

Key issues

1. The Quantum

   A report on behalf of the County Councils Network shows that the Government is seriously underestimating the costs of its proposals by at least £854 million a year,[3] should a 50% uptake of Section 18(3) of the Care Act be implemented. This, however, will likely be far higher (80% as per the Government's own Impact Assessment[4]).
2. 18(3) of the Care Act

[1] Care Act, *GOV.UK*, 2014

[2] Social Care Charging Reform Impact Assessment, *Department of Health and Social Care*, 2022.

[3] Impact Assessment Of The Implementation Of Section 18(3) Of The Care Act 2014 And Fair Cost Of Care, *LaingBuisson*, 2022.

[4] Social Care Charging Reform Impact Assessment, *Department of Health and Social Care*, 2022.

Reports predict that care homes could face widespread closures and a reduction in support places and services when reforms are introduced,[5] as the chronic underfunding of the sector causes a severe sustainability risk to care homes across England. Furthermore, these closures could lead to councils being unable to find beds for those who need care and thereby trigger deterioration in the quality of care between Local Authorities (LAs) and private placements, whilst increasing pressure on the NHS

3. First and Third Party top-ups

   Clarification as to whether the payments for third-party top-ups would fall to the LAs, or to care providers as is proposed for first-party top-ups under the revised guidance. The rules for LAs to determine the application of a top-up are unclear and could breach a resident's Choice under the Care Act.

4. Sustainability

   Current FCC costs are built from a deficit funding position as a result of years of below-inflation fee rate levels being set by LAs with little guidance for Market Sustainability Positions (MSPs) to provision for Workforce, Quality Care, Investment, and Innovation and must not be the basis for sustainable provision for the future.

5. Review of funding, guidance, and allocation of monies for 23/24 to avoid working within the current financial envelope.

   Continued uncertainty of additional funding from 23/24 to avoid LAs producing MSPs that can only work within the current financial envelope under their obligation to work within a balanced budget.

6. Governance by the Department of Health and Social Care (DHSC)

   Insufficient oversight of the DHSC's role in respect of assessing if an LA has done enough in respect of the language the guidance uses, that LAs should be 'working towards' the FCC.

Health and Social Care Levy

Additionally, the recently introduced Health and Social Care Levy will do little to address funding issues. Of the £39bn that will be generated over the next three years for Health and Social Care, just £5.4bn is provisioned for social care, with the vast majority going to the NHS. Of the £5.4bn, the majority will go towards the implementation of the cap on care costs, with only £1.362bn to be provisioned and split between home care and care homes to support the FCC exercise over the three years.

Employees, employers, and the self-employed are all paying an additional 1.25p more in the pound for National Insurance Contributions in order to cover costs, which in itself will be hugely damaging for an already underfunded sector. The increase in general taxation will have an estimated annual impact of £600m on adult social care providers and staff[6], who are already struggling with chronic underfunding and the ongoing cost of living crisis. This is at odds with the NHS where employer contributions are being recompensed by the government; adult social care and the NHS are two sides of the same coin and they need parity. Furthermore, the funds provisioned for adult social care will do little to address current issues. The £500m allocated for workforce development, for instance, is nowhere near sufficient to fund the efforts for greater recruitment, retention and training that are required.

[5] Impact Assessment Of The Implementation Of Section 18(3) Of The Care Act 2014 And Fair Cost Of Care, *LaingBuisson,* 2022

[6] How to Build Back Better, *Care England*, 2021.

Cap on Care Costs & Changes to the Social Care Means Test

From October 2023, the government are introducing an £86,000 cap on the amount anyone will need to contribute towards their personal care over their lifetime. The UCL, the point at which people are eligible for LA financial support, will rise to £100,000, with those with less than £100,000 of chargeable assets never having to contribute more than 20% of those assets each year. The LCL, the point below which people will not have to pay anything towards their care costs, will increase to £20,000.

These changes raise a number of issues. The £86,000 cap on costs does not come into force for two years, meaning it does little to benefit those currently using care services. Costs paid by service users until then will not contribute towards the cap, and even when implemented it will not cover hotel or accommodation costs. The majority of service users will never come close to reaching the cap on care costs, and many will remain at risk of having to sell their assets, such as homes, in order to fund their care. Only the wealthiest in society are likely to benefit from the policy, which does little to address the financial needs of average earners in need of care services.

The LUHC Committee should be in no doubt that the recent reforms introduced by the Government will by no means address the long-term funding issues facing the adult social care sector. Should any further oral evidence sessions be scheduled I would be willing to give evidence to the Committee.

Yours sincerely,

M L Green

Professor Martin Green OBE

Chief Executive, Care England