National Care Forum: Submission to the Comprehensive Spending Review 2020

National Care Forum

Who are we?

The National Care Forum (NCF) is the membership organisation for not-for-profit organisations in the care and support sector. NCF supports its 130 members to improve social care provision and enhance the quality of life, choice, control and wellbeing of people who use care services. We are the voice of the not for profit care and support sector.

Priorities for the Comprehensive Spending Review, 2020

Social care matters

The 2020 Comprehensive Spending Review comes at a particularly difficult time for social care in England. The Coronavirus pandemic has placed enormous pressures on a sector which was already in a state of crisis prior to Covid-19 and which is in desperate need of fundamental reform.

The Comprehensive Spending Review provides an opportunity for the government to lay the foundations for this reform and to make an investment in social care to ensure that it sustainable in the long term, maximises it's contribution to national economic recovery and plays a key role in ensuring that all people with care & support needs are supported to live the best lives they can in the way that they want and are fully included in their communities. As Social Care Future put it,

> *We all want to live in the place we call home with the people and things that we love, in communities where we look out for one another, doing the things that matter to us*

Social care matters to the 6m who need it, the 1.5m strong workforce and the 18,000 organisations providing it.

The symbiosis of health, housing and care

The NHS needs an effective care sector

COVID-19 has highlighted starkly, the importance of a health and care system that works effectively, as one system, to support people who need care and support, be that short term or long term. The NHS, and the Government, cannot afford to not have an effective, responsive and sustainable care sector.

We support the calls across health and social care for clear proposals on the longer-term investment and reform as an immediate priority to create a simpler, fairer system. This reform must deliver certainty of access and guarantees of good quality for those who need care and support now and those who will use it in the future.

This reform must also recognise the importance of early intervention and prevention at the point where people's care and support needs are emerging, or are predictable, to slow down the development of greater needs, dependency and cost and to maintain good wellbeing and quality of life. The cost benefit contribution of preventative services is well documented, and effective sustainable care and support services can also enable substantive saves.

Housing is a key part of the picture

Reform must recognise the importance of investing in approaches to social care that sustain longevity and independence amongst the UK's ageing population for longer, such as effective responsive home care, extra care and specialist housing for older people and a wide range of day services. A wide spectrum of care and support options should be available to people who need use care and support both now & in the future, especially as people's needs evolve and become more complex. While the perception is that many people want to remain in their own home for as long as possible, this may not possible if their housing is not suitable and effective home care is hard to come by. We know that retirement communities and extra care settings have enormous potential to enhance the lives of older people in terms of their physical and mental health, helping them to maintain their independence for longer and reduce the strain on health and care services. And care homes provide an essential home for those who are more frail, with more complex combinations of needs, where independent living is no longer an option.

The approach to the reform and funding of social care must be underpinned by an understanding of the need for effective integration of care, health and housing.

Urgent Stabilisation investment

In the CSR 2020, we must see immediate steps by the government to invest in the care sector to meet the **short-term funding challenges, which have been worsened by COVID**, to prevent further deterioration in the access to and quality of care.

At the National Care Forum, we asked members who provide care home services for financial information on costs and occupancy/ demand for 2019/20 – 2020/21 to assess the monetary impact of Covid-19. **The findings showed that, across the board, costs are up significantly, resident numbers are down, overall surpluses will be down by 71% compared 31/3/20, with many slipping into deficit. Grants have assuaged some of the damage, but there is a need for longer-term funding to fill the gap that has emerged because of COVID-19.**

Our members, who are all not for profit providers or care and support, are experiencing a damaging combination of very big rises in their costs and significantly reduced income due to occupancy levels; equipment costs have risen by 15% and supply costs have risen by 55% (this includes PPE) while occupancy levels are forecast to fall by 9.2% this year (an 8.8% fall in LA funded residents and a 10% fall in self-funders). Waiting lists also give a good indication of demand and the forecast for 2020/21 is that these will be down by 50% compared to 2019/20. We also looked at the impact of increases in costs by calculating an average operating cost per care home place, and while this is, of course, highly variable between organisations, we found it will rise on average by £5k per place.

This highlights the need for an immediate investment of injection of funding to enable short-term stability and avoid serious risks to care and support during the next phase of the pandemic. This needs to be confirmed rapidly and cover the full period whilst longer term reform is being finalised.

Prior to the COVID-19 crisis there was an estimated shortfall of £8bn per year in terms of funding for the sector. The additional costs of COVID-19 have added an estimated £6bn to that bill, just for 6 months from April 2020 – September 2020.

Investment to achieve a fairer system – a Fair Price for Care

The immediate need for investment is driven by a combination of the costs of COVID-19 and previous short term approaches to the funding and reform of social care. In the longer term, we need a bold investment in social care to rebalance the fairness between the costs paid by individual people and the costs paid by the state.

The current system puts a huge burden on those who need care and support and are able to pay for their own care and support under the current means testing arrangements. It is perceived to be fundamentally unfair and creates a huge uncertainty and anxiety about the future costs people may incur and creates a complex system around costs of care at precisely the time when care is needed urgently, often as a result of a crisis.

This is exacerbated by the unofficial 'cross subsidy' effect faced by many people who have to cover the costs of their own care as the state's commissioning approach is driving down the fees that the state pays for those who cannot afford to pay for their own care, which is resulting in an increase in costs for those who can. Analysis from the Kings Fund highlights that '*this cross subsidy can be significant: on average, a self-funder's place costs around 40 per cent more than one paid for by the local authority*.'

The current cross subsidy model means that individuals are paying a significantly higher price for care as LAs drive down the price they will pay for care. This is deeply unfair and, as we are seeing now, increasing fragile. As the National Care Forum, we are calling for a Fair Price for Care, to ensure that the true cost of care is paid by the state; this will enable us as NFP providers to rebalance the prices paid by individuals.

Many others have rehearsed the different options for how to fund the additional long term investment in social care, with their pros and cons. At the NCF, while we are not experts in those various funding options, it is important that the option chosen assures key elements of intergenerational fairness – the way we as choose to invest in and pay for care and support (both now an in the future) must balance the burdens and benefits across the generations.

Investment to harness the economic benefit of the care and support sector

The economic benefit of the care sector is rarely highlighted, but in 2018, Skills For Care found that the economic benefit of the sector in England alone was £38.5bn. This combined figure was calculated as follows:

- identifying the Gross Value Added (GVA) directly generated by employers including wages paid to workers filling the many different job roles in adult social care. (£20.3billion)
- then estimating the indirect GVA created by the sector in its supply chain by purchasing services from other sectors of the economy that might include cleaning services or food suppliers to parts of the sector. (£8.9 billion)
- and finally estimating the induced impact of the sector that results from those who are employed directly in the sector and those employed indirectly spending their wages in other sectors of the economy. (£9.3 billion)

These three measures of GVA - the direct, indirect and induced - were then combined to give a total spend of £38.5 billion across England.

Given the economic crisis facing the country as result of COVID-19 and the recession we are going to experience, there is an opportunity now to invest in the care sector to achieve the growth it needs to fully meet people's care and support needs, to recruit the workforce we need and to gain the economic multiplier effects in local areas. Care is very much a local enterprise, providing very local employment in local areas, bringing the economic multiplier effect of local wages spent in local shops and businesses, supporting local supply chains and paying local taxes. Our NFP providers have a long history of being rooted in their local communities, offering a consistent and trusted local presence, evolving to meet local needs.

Investment in a new deal for the care workforce

COVID-19 has shone a light on the amazing work of our care workforce**,** including personal assistants and other non-traditional workforce roles. While there is a strong moral argument for investment to enable care employers to offer better pay and terms & conditions, there are also strong economic and quality arguments.

The economic arguments are set out above and it is also important to note that all efforts to reduce the costs of ongoing recruitment resulting from the high levels of turnover in the care workforce mean that more of the investment in care can be spent on improving care.

In terms of the quality arguments, as a sector, we will use this investment to develop clear career progression, better recognise and value staff, invest in their training and support, and professionalisation and registration where this is appropriate. This will improve our ability to recruit and retain high quality, skilled social care staff with the right values and our ability to grow innovative models of support, as well as to develop and recruit a workforce that reflects and understand the needs of communities being served.

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Creating an infrastructure fund

COVID-19 has highlighted the essential role that **technology** can play in social care and the significant impact it can make in improving the quality and timeliness of care. The CSR must capitalise particularly on the potential of digital technology and seize the opportunity to invest in the rapid adoption of proven technologies, which can enhance outcomes, such as artificial intelligence, assistive technology, predictive analytics and apps. **We need support to stimulate further development, complemented by a meaningful investment in the architecture to support the development of a digitally enabled social care sector.** These combined **funds** would support councils and support providers to make best use of technology. It would also support bringing evidence based but currently marginalised positive models of care and support into more mainstream use. This fund could also be used to develop and rapidly test solutions to particularly challenging care problems.

Stimulating the growth of the not for profit care sector

Our recent public research showed that the public has a clear preference for not for profit care provision. The public expressed greater confidence in relation to the quality of care and the trust in the organisation delivering it.

Public perceptions is of course an important part of the decision making of government, however, in addition to this, there have been a number of reports that identify some of the challenges of social care sitting with profit making commercial providers. The research carried out by IPPR showed that more than eight out of 10 care home beds are provided by profit-driven companies, including more than 50,000 by large operators owned by private equity firms.

Social care delivers public good, and much of it is funded by the public purse. Primary legislation such as the Social Value Act also exemplify the importance of using public money to invest in services that support wider community ambitions. Not for profit care provision ensures that all of the funding from either government or citizens is directed towards the delivery of care now and in the future. Government policy around funding and reform must recognise the enormous potential for not for profit care in delivering greater returns to the communities that they serve and look to incentivise this model of provision through both the reform and funding agenda.