

# Shaping the Future of Care Together

## Response from London Councils

### 1 INTRODUCTION

- 1.1 This response sets out the views of London Councils on the consultation document 'Shaping the Future of Care Together'.
- 1.2 London Councils represents all 32 London boroughs, the City of London, the Metropolitan Police Authority and the London Fire and Emergency Planning Authority. We are committed to fighting for more resources for London and getting the best possible deal for London's 33 councils. We develop policy, lobby government and others, and run a range of services designed to make life better for Londoners.
- 1.3 In the creation of this response London Councils has consulted: borough leaders; Lead Members of Health and Adult Services; the London ADASS branch and other borough officers; and other interested public sector, third sector and voluntary organisations. We have also commissioned research into the current and predicted expenditure on social care costs in London and elsewhere.

### 2 A NATIONAL CARE SERVICE

#### 2.1 National Assessment

- 2.1.1 London Councils welcomes the introduction of a portable national assessment. However, the national assessment must be a consistent measure that equates to real levels of need currently experienced in England. Divisions between levels or bands of need must be justifiable, clear, and fair so boundaries are not arbitrary divisions that unduly place individuals in brackets that fail reflect their circumstances. Eligibility levels must not be set too high and must be set based on needs, and not funding cost pressures.
- 2.1.2 There must be a mechanism within the national assessment to contest assessment decisions should an individual feel they have not been correctly assessed or if they feel their care needs are not being met by their care package. Equally, there needs to be a dynamic system of review in place to update assessments and care packages should an individual's situation change.
- 2.1.3 **London Councils asks that the creation of the national assessment be made in consultation with the relevant professional, health and social care bodies as well as users and providers to ensure it is fit for purpose.**
- 2.1.4 **London Councils also asks that there is a review of the national assessment after its implementation to determine whether assessments are actually portable across England and ensure that individuals' needs are actually being met.**

## **2.2 Minimum entitlement**

- 2.2.1 London Councils welcomes a minimum entitlement that the government will fund for everyone who needs social care as a positive step in creating the right balance of responsibility between the individual and the state in social care funding.
- 2.2.2 However, London Councils is concerned that the green paper is not explicit about the connection between an individual's contribution, their minimum entitlement and what extra services/costs they might have to pay for on top of this.
- 2.2.3 It is understood that living costs and accommodation costs in care homes would not be covered by any funding arrangement. However within the green paper, there is very little detail on what a minimum entitlement might cover for an individual.
- 2.2.4 **London Councils therefore asks the government to clarify (for example by providing case studies) what benefits a minimum entitlement could potentially give to different groups of individuals compared to the status quo.**

## **2.3 Personalisation**

- 2.3.1 There is a lack of clarity throughout the green paper as to how personalisation interacts with the new National Care Service. London Councils believes it is important to present clear messages to service users and communities as to where personalisation sits specifically in the social care system. This includes highlighting where its benefits are maximised and clarifying, for example, how personal budgets or telecare will be delivered through this system.
- 2.3.2 Personalisation is of utmost importance to the support of carers and outcomes for service users. There is huge pressure on informal carers who currently provide a large amount of free care. Personalisation, if sold and supported properly, has the potential to reduce the burden on carers and provide better outcomes for service users, however if it is not tied hand in hand with the new National Care Service – it could result in its benefits being dislocated from the main care system.
- 2.3.3 **London Councils therefore asks the government to specify how the transformation/personalisation agenda fits in with each component of the new National Care Service.**

## **3 HOW SHOULD A NATIONAL CARE SERVICE BE FUNDED?**

- 3.1.1 London Councils believes that the new National Care Service must take a whole system approach, whilst also presenting a cost effective, fair and sustainable funding system into the future. We do not believe as yet that the green paper has got that balance right. There is a danger that the proposals in the green paper would provide a relatively short term fix which would contain the seeds of future decline.

### **3.2 Attendance Allowance**

- 3.2.1 London Councils is concerned that the majority of the funding solution in the green paper relies on attendance allowance being integrated into the social care funding pool. Without this pot of money, none of the funding systems can work.
- 3.2.2 London Councils does not believe the removal of attendance allowance from being a non-means tested benefit into the social care funding pool and therefore into a potentially unsustainable system is fair or wise.
- 3.2.3 The removal of attendance allowance from being a non-means tested benefit into the social care funding pool would reduce the ability of many families to pay for hidden costs

that an integrated system would not necessarily be able to take account of. For example, many people that have care provided at home have higher heating costs due to the increased time spent in their homes. The flexibility of attendance allowance allows individuals to use this money on costs that are specific to their care and it is questioned whether individuals would actually receive back the same benefits through an integrated system under a minimum entitlement.

### 3.3 Implications for national tax-payers

- 3.3.1 Whilst we welcome the principle of more balanced funding and responsibility between the state, the family, and the individual, we feel that the compromises contained within the green paper to reduce the cost of a National Care Service to the national tax-payer have led to insufficient consideration of the wider implications of the proposals.
- 3.3.2 Specifically, London Councils believes that insufficient consideration has been given to the consequences of differentiating domiciliary care from residential care and the consequent failure to address the reality of the whole of the social care system. A new National Care Service that only addresses one aspect of the funding problem may in turn create perverse incentives (and negative outcomes) by only supporting one type of funding solution.
- 3.3.3 The compromises made on domiciliary, residential care, and attendance allowance have not been associated with a significant reduction in the assessed long term costs of the social care system, and therefore will not by themselves ensure the long term sustainability of the system. Each funding option actually represents a huge potential cost to the state and to the national and local tax payer. From the information that is available in the impact assessment, it is hard to see how any funding option is really sustainable into the future with increasing demand, increasing costs and increasing take-up of services.
- 3.3.4 Ultimately the national tax payer will be paying more for social care whatever option is chosen. Table 1 below summarises information in the green paper impact assessment and shows the impact of each of the funding options set out in the green paper. All options will lead to a continuing increase in the cost of adult social care to the national tax-payer. Only the partnership and insurance options would produce savings compared to the 'do nothing' option and these only arise after several years' operation of the new system.

**Table 1 The overall financial impact of a National Care System<sup>1</sup>**

System	Cost borne by the state (£bn)		Cost borne by service users (£bn)		Total costs of the system (£bn)	
	2014/15	2024/25	2014/15	2024/25	2014/15	2024/25
Current	17.3	23.6	2.8	5.0	20.1	28.6
Partnership or insurance	18.2	22.5	1.4	3.1	19.6	25.6
Comprehensive or tax-based	20.7	27.4	0.0	0.0	20.7	27.4

- 3.3.5 There is a delicate balance to be made between individual contributions, state funding and quality of care. London Councils recognises that individuals will have to pay more for their care; however we object that individuals will have to pay more into a system that

<sup>1</sup> The table uses figures in the Department of Health's impact assessment on the Green Paper available at <http://careandsupport.direct.gov.uk/greenpaper/the-green-paper-and-supporting-documents/>. The impact assessment assumed the same effect for the comprehensive system as a national tax funded system although in practice the Green Paper proposes that costs above those funded in the 'partnership' model will be met by requiring a contribution from all older people who can afford it.

may be financially unsustainable and could ultimately lead to the tightening of eligibility criteria in the national assessment to cover care costs post 2025.

**3.3.6 London Councils asks the government to readdress the basis of the social care funding system and reform it on a whole system basis, which needs to consider both domiciliary and residential care and the role that attendance allowance plays in the system, before it starts to unpick the very effective benefit that attendance allowance provides to individuals.**

**3.3.7 London Councils calls for the government to acknowledge that none of the options presented are cost neutral to the national taxpayer and that, from the impact assessment, each system presents a potential huge cost option which will only be sustainable in the future if looked at in the context of overall health and social care funding.**

### **3.4 Implications for local tax-payers**

3.4.1 There is an underlying assumption in the green paper that national tax-payers will meet the full cost of any changes to the arrangements for care implied under the green paper (under the New Burdens doctrine) and that as a result local council tax payers would not be directly affected by the changes. London Councils however has a number of concerns about the impact on local tax-payers and believes that consideration of any new system needs to take these into account at an early stage.

3.4.2 First, the proposals would not be implemented until 2014/15, which will mean increased costs resulting from demographic pressures or interim policy changes (such as changes to eligibility criteria or fair charging arrangements<sup>2</sup>) would have to be met by councils over that period. As a result, there is likely to be increasing pressure on council finances which will either be addressed by: reducing further care provided to adult, reducing funding for other services, or increasing council tax. Local council tax payers cannot be expected to bear the burden of these cost pressures that will occur prior to implementation of the new system and the government needs to consider how it makes sure that sufficient funding is in place during the transition to the new system.

3.4.3 Second, since changes to the local government finance system introduced in 2006/07, there is no national assessment of need to spend on social care services. In determining how much is required to pay for a National Care Service, there will be key issues that have to be addressed on: what the current levels of spend/need are; how much is needed to pay for assessment and care management, tackling social care inequalities, and how much needs to be retained for support service and other central costs.

3.4.4 Third, differences in eligibility levels, care packages, mode of provision, charging, and efficiency mean that there are significant differences in the cost of service provision relative to need in different areas. Council tax payers and service users will be affected differently depending on whether or not they live in a high spending local authority area providing good quality of service or a low spending local authority area providing a poor quality of service. No consideration seems to have been given to the impact on council tax payers in low cost areas potentially having to pay more if a National Care System is introduced or the impact on service users in high service level areas potentially receiving a lower level of service under a National Care System.

---

<sup>2</sup> Following the Prime Minister's announcement to introduce free home care on a national basis to those with the highest care needs at an estimated cost of £670m per annum, Local Government Chronicle reported that the government proposed to fund £420m per annum with the balance of £250m per annum to be met from 'efficiencies' in local government – at <http://www.lgcplus.com/news/social-care/cost-of-free-social-care-unquantifiable/5007029.article>. This reinforces concerns within local government that policy changes implemented before 2014/15 will be fully funded under the 'new burdens' doctrine.

- 3.4.5 Fourth, the green paper gives no consideration to the assessment of social care need itself in different areas. Whatever system is introduced – a fully national, or part-national, part local system – funding will need to be allocated down to a local level. Further details of London’s social care spending needs are set out below. The key issue for London however is that changes to the funding system introduced in 2006/07 have led to significant underestimation of London’s social care needs, particularly for younger adults. Whatever system is introduced, the inequities introduced in 2006 will need to be addressed.
- 3.4.6 **London Councils asks the government to ensure that cost increases incurred prior to implementation of the new National Care Service are properly funded and do not impose additional burdens on local council tax payers; and that arrangements for the introduction of the new system fully account for funds that will be required for assessment and care management, tackling social care inequalities, and other continuing costs not directly related to the provision of care packages.**
- 3.4.7 **Proposals in the green paper do not address the impact of the changes on council tax payers and services users in different local authority areas. Council tax payers and service users in different areas will be affected in very different ways and this issue needs to be acknowledged together with approaches for addressing it.**
- 3.4.8 **Finally, London Councils will expect the introduction of a National Care System to be associated with changes to the basis for assessing needs for social care which properly reflect the additional costs of providing a service in London, including reversing the unjustified changes to younger adults’ needs assessments introduced in 2006.**

### **3.5 Integrated services**

- 3.5.1 London boroughs and Primary Care Trusts (PCTs) are currently involved in a large amount of work surrounding the integration of services in and across London boroughs. We believe it is vital that health and social care and other related services are brought together to deliver better quality and efficient services designed around individuals and not institutions. Whilst this integration experience will be different for each London borough, there must be a clear steer from government to enable joint working.
- 3.5.2 It is at these junctures that London Councils believes many key funding issues can be addressed and solved, and where the pooling and sharing of budgets is not only fair but will provide for better outcomes in quality and efficiency. Whilst the scope of social care provision is not as vast as the NHS, it is felt that in many areas of crossover between health and social care, budgets should be shared, not only for efficiency savings but for improved health and social care outcomes.
- 3.5.3 London Councils also believes that for an integrated approach to work, health and social care must be made more equal and respected partners. The professionalisation of the social care workforce is crucial to creating better joined up working and outcomes for individuals. The government must create incentives to encourage people to train and retrain in social care and elevate the profession in terms of pay and quality to ensure a multidisciplinary approach can work.
- 3.5.4 **London Councils believes that the key to solving the future funding of social care hinges on the reform of the arbitrary division between health and social care services and importantly budgets. London Councils asks the government to make available pooled and shared budgets where appropriate to implement an integrated approach.**

- 3.5.5 **London Councils also asks that the government continues to focus on the retraining of the social care workforce to enable a better multidisciplinary approach with a professional workforce.**

## **4 FUNDING OPTIONS PRESENTED IN THE GREEN PAPER**

- 4.1 Feedback from community consultation events held by London boroughs suggests that there is no clear consensus on the three funding options presented in the green paper. Therefore London Councils does not have one view on the type of funding system that a new National Care Service should be based on from the options given.
- 4.2 In reality we believe none of the systems presented addresses the whole of the social care funding landscape or presents a sustainable long term solution. However we still feel it is appropriate to comment on the principles of the funding options as they are a step in the right direction in achieving the correct balance of responsibility and funding.

### **4.3 Partnership**

#### 4.3.1 Advantages

- Minimum entitlement package where everyone is guaranteed state funding for a proportion of their care costs.
- Individuals only pay for care costs if they develop a need above the minimum entitlement.
- Benefits those individuals on higher incomes who do not currently receive any support.
- Progressive system which supports those on low incomes.
- Pools risk to a greater degree than the current system.

#### 4.3.2 Disadvantages

- Those with very high care costs who own their own homes will still have to pay large amounts, most likely out of their assets, especially if they face long stays in a care home.
- Potential for the cost of funding the minimum entitlement to escalate with increased social care costs and numbers of service users rising over the next 20 years. This calls into question the sustainability of funding the minimum entitlement into the future.

### **4.4 Partnership plus insurance**

#### 4.4.1 Advantages

- Increased choice and flexibility for those who wish to insure themselves and protect their assets against higher levels of care costs.
- An individual would know more precisely the level of care coverage they would be entitled to.

#### 4.4.2 Disadvantages

- There may not be enough take-up of voluntary insurance schemes to make funds viable into the future, practically or commercially. Those who have enough income to pay for insurance and wish to protect their assets may be a finite demographic.
- Insurance packages may need incentives to encourage people to contribute.
- The private insurance market as it currently stands may not be ready to offer a long term care insurance product like this.
- The insurance model may unfairly penalise Londoners with high premiums for living in a high cost area to cover estimated costs of care.

- 4.4.3 Currently the private insurance market only provides immediate needs annuities which individuals take out when they become ill (these are very expensive packages with

average premiums of £70,000 - £80,000). The long term risks of other packages are deemed too high and impossible to sustain commercially in their current form.

- 4.4.4 To encourage more private insurers into the market, cost certainties for care must be clear and predictable and a level of government support/responsibility for risk would be favourable in creating financial products.
- 4.4.5 UK pension legislation prevents some insurance packages that are available in other countries because they affect tax relief rules. (For example in the US, an individual can receive a pension at a lower level and on reaching a certain age increase this income to the higher level to cover care costs – pension legislation prevents this in the UK).
- 4.4.6 As a percentage of gross local authority expenditure on social care, client contributions in London are the lowest compared to any other region of the country<sup>3</sup>. Hence the gap between client contributions and costs is the largest in England. This differential may be a problem for a social care insurance system as the relative contributions from Londoners would only make up a small component of the total amount expended on real social care costs in London. Insurance systems to counter-act this would generally put up insurance premiums for higher cost risks to offset the contribution/cost differentials. However this would be patently unfair for a London resident as it would penalise them on the basis of where they lived in the country, which represents another form of the postcode lottery that the government wishes to move away from.
- 4.4.7 **London Councils asks that if the government is serious about an insurance option it gives consideration to:**
- **incentives that the private market would need in order to be able to offer a long term care insurance product; and**
  - **ways around pension legislation that could allow long term care insurance packages to work in different ways.**
- 4.4.8 **London Councils also asks the government that any insurance system created does not penalise individuals with high insurance premiums who happen to live in high cost areas based on their postcodes.**

## 4.5 Comprehensive

### 4.5.1 Advantages

- Closer to being a comprehensive system that covers care and support needs once a person had paid their contribution; therefore the ability to plan for care needs is improved.
- Clear link to contribution and care coverage.
- High level of risk pooling and therefore a cheaper option for the state than a voluntary insurance scheme.

### 4.5.2 Disadvantages

- Many people will pay into the scheme and receive little or nothing out of it if they do not develop a care need.
- It is not actually a comprehensive system that covers all of funding aspects of peoples' care needs. Individuals may pay large sums into the scheme and still have to pay high amounts for care home costs if they can not stay in their own homes.
- This funding scheme focuses more on older adults with social care needs rather than younger working age adults with social care needs and appears to overlook the interests of an important group of service users.

---

<sup>3</sup> For example, client contributions through sales fees and charges for older people in London make up only 16% of gross expenditure compared to an England average of 20% - Social Care in London and England, Expenditure and Needs – LG Futures research commissioned by London Councils

## **5 A PART NATIONAL/PART LOCALLY FUNDED SYSTEM OR A FULLY NATIONAL SYSTEM?**

- 5.1 London Councils welcomes the portable national assessment and the statement in the green paper that the national assessment process would not state what specific services someone was entitled to. We agree that the way in which assessed needs are met by local authorities should be allowed to differ. Each London borough's communities, structures, services and priorities differ dramatically. Local services should be tailored to benefit the local community and therefore local authorities are best placed to understand how they can deliver personalised care packages that are also good value and high quality.
- 5.2 Hence local authorities need to retain the flexibility and autonomy to make decisions about how much an individual would receive to spend on their care. London particularly needs to take account of different local services and costs. Therefore, London Councils' members have indicated that they want the new National Care Service to be funded on a part-local, part-national basis.
- 5.3 A part-local, part-national funding system will allow greater room for innovation and market development in new kinds of care and support services. It will also help to keep accountability for care services at a local level and allow users' voices to be heard more clearly in tandem with maintaining elected members' role in shaping the local health and social care agenda.
- 5.4 It is felt that removing social care funding from the local government finance system would be a retrograde step in powers and functions, and could have unintended consequences on the rest of the local government finance system. If a fully national system were to ever be an option, a large amount of work and consultation would have to ensue on the Revenue Support Grant formulae, where grant exemplifications and impacts on local authorities would have to be specifically researched. London Councils would be against such a turbulent change at present.
- 5.5 London Councils is also wary that the introduction of national consistency must not dumb down the level of quality services already available in London boroughs and that individuals living in those boroughs already expect from their social care. In this way consistency must be aligned with quality in social care.
- 5.6 Lastly, the important role of local authorities in the new care system does not seem explicit enough since they are currently, and will continue to be, the bodies on the front line meeting all the principles of the new system in prevention, personalisation, integration of services, advice, assessment, social care market development and commissioning. Hence the place of local authorities must be elevated and acknowledged in making this system work.

## 6 LONDON'S FUNDING NEEDS

- 6.1 Without adequate and appropriate funding, London boroughs will not be able to support the growing number of individuals that need social care, and as a result, the quality and levels of adult social care that London boroughs will be able to offer will be severely undermined.
- 6.2 Changes to the basis for allocating funding for social care in 2006/07 and again in 2008/09, (from the Formula Spending Shares [FSS] as a basis for assessing need to the Relative Needs Formulae [RNF]), severely penalised London boroughs. These changes were based on a modelling approach that was not able to adequately explain why need for services varied amongst adults and particularly it was not able to capture the variation in need between London boroughs<sup>4</sup>.
- 6.3 The result is that London is now significantly underfunded for both younger adult and older adult social care. A comparison of levels of need from the CIPFA, 'Guide to Relative Needs 2009/10'<sup>5</sup>, with actual spending by individual authorities on social care for older people and younger adults in 2007/08 shows that in 31 of 33 London boroughs, spending on adult social care is in excess of what would be expected if spending patterns between boroughs reflected their RNF share<sup>6</sup>.
- 6.4 These differences are not the result of policy differences, inefficiency or low charges but instead reflect the fact that the current basis for assessing needs does not properly reflect real costs that need to be incurred – for example:
- London has tighter eligibility criteria than other parts of the country – in 2007/08, 76% of London boroughs only provided care to adults with substantial or critical needs compared to 73% in the country as a whole<sup>7</sup>;
  - London boroughs performed better on CPA assessments for adult social care than the rest of the country with 91% having scores of 3 or above in 2008 compared to 89% in the country as a whole<sup>8</sup>;
  - London boroughs spent 23% on employee costs in 2007/08 compared to 25% in England as a whole, and 77% on other costs compared to 75% in England as a whole - demonstrating the progress London has made ahead of the rest of England in outsourcing and commissioning high quality social care services<sup>9</sup>;
  - London boroughs are ahead of the English average in providing a high proportion of care in people's own homes for older people; older people who are in care homes tend to be those with more intensive needs, which is reflected in the relatively high level of nursing care placements in London compared to other types of residential care<sup>10</sup>;
  - Charges made by London boroughs tend to be higher than in other parts of the country.
- 6.5 London's costs are however higher than in the remainder of the country. London boroughs' social services expenditure (excluding capital charges) on adult social care (excluding lone adult asylum seekers) in 2007/08 amounted to approximately £2.5 billion, of which £1.3 billion was on services for people aged 65 and over. Inner London is

---

<sup>4</sup> 'Don't let London lose out', London Councils, September 2005

<sup>5</sup> The CIPFA, 'Guide to Relative Needs 2009/10' uses government data to calculate proxies of spending need based on the information provided by the Department of Communities and Local Government.

<sup>6</sup> PSS 2007/08 – Gross Expenditure, Social Care in London and England, Expenditure and Needs and CIPFA 'Guide to Relative Needs 2009/10'- LG Futures research commissioned by London Councils.

<sup>7</sup> Data collected by CSCI.

<sup>8</sup> Audit Commission 2008 CPA results.

<sup>9</sup> PSS 2007/08 – Gross Expenditure, Social Care in London and England, Expenditure and Needs – Ibid.

<sup>10</sup> 23.3% care provided in people's own homes compared to English average of 22.6%, Ibid.

consistently the highest spending region on all adult social care, with outer London consistently being the second highest spending region in the whole of England. London's spending is higher than might be predicted given its share of client group population and this factor is important when assessing the reasons why London needs funding that is fit for purpose, based on needs and costs in the future. After allowing for differences in client group populations, employee spending in London is 30% above the England average and running expenses 41% above the England average<sup>11</sup>.

- 6.6 The higher overall spending in London in part reflects the effect of higher costs in London which is allowed for in the area cost adjustment element (ACA) of RNFs. But it also reflects higher needs in London as a result of diversity and relatively high levels of deprivation in inner city areas and associated health inequalities, lower client contribution rates as a proportion of overall spend (despite charges being higher than elsewhere)<sup>12</sup>, and the high number of clients with specific needs, for example mental health and drug abuse needs.<sup>13</sup> These additional needs are partially but not fully reflected in the RNF formulae. In the longer term, pressures on social care costs in London will increase as its population increases. London currently has 900 000 residents aged over 64 and it is estimated that this number will increase to 1.25 million by 2031<sup>14</sup>.
- 6.7 **Whichever system of funding is chosen for a new National Care Service, London Councils asks that this new service is properly funded to reflect the needs and costs that London boroughs face as a region.**
- 6.8 **London Councils therefore asks the government to take into account the extra costs pressures that London faces as a region that can not only be explained by price differentials. These include the amount of clients London provides for in different categories, the type and high quality of service (and therefore cost) of services commissioned for London, and the pervasive health inequalities and diversity that London faces as a region in providing services.**
- 6.9 Population estimates**
- 6.9.1 Equally, for any distribution of funding to be fair and robust, population estimates must be as accurate as possible to ensure equality in funding that reflects not only need but the actual numbers of citizens living and accessing services in London.
- 6.9.2 London Councils has repeatedly called for more accurate ONS population figures that include all variables that pertain to London's rapidly growing and mobile population. In 2007, ONS made a change to the way it calculated population statistics that led to a reduction in London's population count by 100 000 people. This was in direct contradiction to London boroughs' own population estimates. This equated to a loss of £130 million to London's public services<sup>15</sup>. Whilst ONS recognised its population statistics were not fit for purpose, there has been no corresponding change in the methodology that calculates population.
- 6.9.3 **For the distribution of social care funding to be fair and equal, London Councils asks the government, at a minimum, to change the way in which population statistics are calculated and fund every single individual that lives in London.**

---

<sup>11</sup> Social Care in London and England, Expenditure and Needs – LG Futures research commissioned by London Councils

<sup>12</sup> London's charges are 15% of costs compared to 18% for England as a whole, Ibid.

<sup>13</sup> London as a whole spends more on substance misuse per capita than the rest of England average - £28 per head compared to £3. London also spends £20 more per head on mental health needs (adults aged under 65) than the English average, Ibid

<sup>14</sup> ONS Population Projections

<sup>15</sup> 'Government failure to correct population data mistake will carry on costing the capital', London Councils Press Release, February 2009.

## **6.10 The grant funding floor**

- 6.10.1 The arbitrary formula changes introduced in 2006/07 and 2008/09 to the younger adults personal social services (PSS) formulae resulted in a long-term shift in funding away from London, however this was without a corresponding fall in client numbers. The worst affected London boroughs lost 40% of their share of younger adults PSS funding. As a result, a disproportionate number of London authorities (24 out of 33) are on the grant floor and only receive the minimum increase in formula grant, which in real terms represents a cut in funding.
- 6.10.2 The recent economic downturn has meant local authorities are already reporting increased demand on their services<sup>16</sup>. The 2009/10 settlement assumed that authorities in London could continue to provide services for existing clients and meet increased service demands despite the economic downturn and with the real-terms cut in funding for being on the grant floor.
- 6.10.3 London now finds itself in the unenviable position of having the majority of its councils on the funding floor while facing greater service demands than at any time in recent years and not receiving its fair share of social care funding in relation to its population, high costs and need.
- 6.10.4 **With all of these pressures in mind, London Councils asks that in any distribution of funding, London boroughs must receive adequate and appropriate funding if the government wishes to fulfil the principles embedded in the new National Care Service.**

## **7 OTHER**

### **7.1 Carers**

- 7.1.1 London Councils does not believe the green paper highlights just how important carers are and will be to a new National Care Service. Carers in the UK currently provide a huge amount of informal free care and are estimated by Carers UK to save the government £87 billion per year<sup>17</sup>. London Councils is adamant that the Carers' Strategy is implemented throughout the UK and is concerned that out of the £50 million earmarked for carers' services this year, only £10million of it has been spent by PCTs on these services<sup>18</sup>.
- 7.1.2 **London Councils asks the government to elevate the important place of carers and make explicit how the Carers' Strategy links in with the new National Care Service.**
- 7.1.3 **The government must support carers in a real and tangible way and London Councils asks that the government addresses the current funding issue now as a matter of extreme importance.**

### **7.2 Re-ablement Services**

- 7.2.1 London Councils notes that many London boroughs already provide re-ablement services to individuals who have left hospital and need short term support to help them relearn or practice personal care tasks. Re-ablement services are vital to those leaving the hospital environment and we welcome the principle of this as an individual right.

---

<sup>16</sup> Council Leader survey on the impact of the economic downturn on local authorities, Local Government Association, March 2009.

<sup>17</sup> Real change, not short change, Carers UK, 2009.

<sup>18</sup> Princess Royal Trust for Carers and Crossroads Care, FOI request of 130 NHS trusts, 2009.

7.2.2 Re-ablement services have also been shown to save money for the NHS in preventing acute re-admissions. London Councils is aware however that only some re-ablement services are jointly funded by the local authority and PCT in London.

**7.2.3 London Councils therefore asks that, if re-ablement services are to be offered as a right, that this provision is properly and fairly funded so the benefits of this preventative service are received by all parties. For some London boroughs this may be a new service they will have to offer and we believe at a minimum this service should be funded jointly between the local authority and PCT.**

### **7.3 Telecare**

7.3.1 Telecare and telehealth technologies are cost effective interventions that are client centred, and serve to keep individuals confident in their own homes, independent for longer and can give carers and families much needed assistance, assurance and support.

7.3.2 London Councils believes a far more structured and specific approach must be taken by government to encourage the take up and development of telecare technology in London boroughs and local authorities generally. The government must also be far more explicit about how telecare/telehealth technologies fit in with Putting People First and the personalisation agenda.

7.3.3 London Councils believes the government must not limit itself to promoting telecare without the concurrent promotion and integration of telehealth systems. This will also help to fulfil integration strategies between health and social care services and provide better outcomes for individuals, whilst distinctly reducing health and social care costs.

7.3.4 The government needs to offer incentives for local authorities to promote telecare technologies in their communities. The initial start up costs of providing telecare/telehealth technologies can disincentivise London boroughs from investing in their products.

**7.3.5 Telecare and telehealth make savings by reducing acute admissions into hospitals and intervening before crisis points, therefore London Councils asks that funding is directed from health services to jointly provide resources to fund the advancement of these technologies to reflect the joint benefits that can be obtained by health and social care bodies.**

### **7.4 Current and transitional pressures**

7.4.1 London boroughs are already facing funding problems and rising demand for social care services. London Councils is concerned that the green paper focuses on the structure of a future system at the expense of current pressures and transitional situations faced by individuals and councils when trying to access and deliver social care services.

7.4.2 There must be engagement and cooperation from all health and social care bodies to take the actions now that can really affect change and create better outcomes in health and social care. For example, the joining up of services, the pooling and sharing of budgets, and investment into re-ablement and telecare/telehealth services is something that can be done now; it does not need to wait for the implementation of a whole system.

7.4.3 London Councils believes that measures to save and share social care funding must be made now so councils do not have to face the situation where their only option is to raise their eligibility criteria or indeed raise council tax. Local council tax payers cannot be expected to bear the burden of these cost pressures that will occur prior to implementation of the new system and the government needs to consider how it makes sure that sufficient funding is in place during the transition to the new system.

## LIST OF RECOMMENDATIONS

### **A National Care Service**

- London Councils asks that the creation of the national assessment be made in consultation with the relevant professional, health and social care bodies as well as users and providers to ensure it is fit for purpose.
- London Councils asks that there is a review of the national assessment after its implementation to determine whether assessments are actually portable across England and ensure that individuals' needs are actually being met.
- London Councils asks the government to clarify (for example by providing case studies) what benefits a minimum entitlement could potentially give to different groups of individuals compared to the status quo.
- London Councils asks the government to specify how the transformation/personalisation agenda fits in with each component of the new National Care Service.

### **Funding a National Care Service**

- London Councils asks the government to reassess the basis of the social care funding system and reform it on a whole system basis. This needs to consider both domiciliary and residential care and the role that attendance allowance plays in the system, before it starts to unpick the very effective benefit that attendance allowance provides to individuals.
- London Councils would like the government to acknowledge that none of the options presented are cost neutral to the national taxpayer and that, from the impact assessment, each system presents a potential huge cost option which will only be sustainable in the future if looked at in the context of overall health and social care needs.
- London Councils asks the government to ensure that cost increases incurred prior to implementation of the new National Care Service are properly funded and do not impose additional burdens on local council tax payers; and that arrangements for the introduction of the new system fully accounts for funds that will be required for assessment and care management, tackling social care inequalities, and other continuing costs not directly related to the provision of care packages.
- Proposals in the green paper do not address the impact of the changes on council tax payers and services users in different local authority areas. Council tax payers and service users in different areas will be affected in very different ways and this issue needs to be acknowledged together with approaches for addressing it.
- London Councils will expect the introduction of a National Care System to be associated with changes to the basis for assessing needs for social care which properly reflect the additional costs of providing a service in London, including reversing the unjustified changes to younger adults' needs assessments introduced in 2006.
- London Councils believes that the key to solving the future funding of social care hinges on the reform of the arbitrary division between health and social care services and importantly budgets. London Councils asks the government to make available pooled and shared budgets where appropriate to implement an integrated approach.
- London Councils asks that the government continues to focus on the retraining of the social care workforce to enable a better multidisciplinary approach with a professional workforce.

### **Funding options presented in the green paper**

- London Councils asks that if the government is serious about an insurance option it gives consideration to:
  - incentives that the private market would need in order to be able to offer a long term

- care insurance product; and
- ways around pension legislation that could allow long term care insurance packages to work in different ways.
- London Councils also asks the government that any insurance system created does not penalise individuals with high insurance premiums who happen to live in high cost areas based on their postcodes.

### **London's funding needs**

- Whichever system of funding is chosen for a new National Care Service, London Councils asks that this new service is properly funded to reflect the needs and costs that London boroughs face as a region.
- London Councils asks the government to provide details on the allocation formula to be used in the distribution of funds. We anticipate this will take into account the extra cost pressures that London faces as a region that can not only be explained by price differentials. These include the amount of clients London provides for in different categories, the type and high quality of service (and therefore cost) of services commissioned for London, and the pervasive health inequalities and diversity that London faces as a region in providing services.
- For the distribution of social care funding to be fair and equal, London Councils asks the government, at a minimum, to change the way in which population statistics are calculated and fund every single individual that lives in London.
- With all of the pressures faced by London boroughs in mind (e.g. population and diversity, high costs and need), London Councils asks that in any distribution of funding, London boroughs must receive adequate and appropriate funding if the government wishes to fulfill the principles embedded in the new National Care Service.

### **Carers**

- London Councils asks the government to elevate the important place of carers and make explicit how the Carers' Strategy links in with the new National Care Service.
- The government must support carers in a real and tangible way and London Councils asks that the government addresses as a matter of extreme importance the fact that only one £10 million of the £50 million earmarked within PCTs for carers' services this year has been spent on these services.

### **Re-ablement and telecare/telehealth**

- London Councils asks that, if re-ablement services are to be offered as a right, that this provision is properly and fairly funded so the benefits of this preventative service are received by all parties. For some London boroughs this may be a new service they will have to offer and we believe at a minimum this service should be funded jointly between the local authority and PCT.
- Telecare and telehealth make savings by reducing acute admissions into hospitals and intervening before crisis points, therefore London Councils asks that funding is directed from health services to jointly provide resources to fund the advancement of these technologies to reflect the joint benefits that can be obtained by health and social care bodies.