

Care Crisis

Austerity

Deprivation

SOCIAL CARE
CHALLENGES DURING
A DECADE OF
AUSTERITY



Executive Summary

Cracking the crisis with long-term solutions



Our care system is in crisis. In recent years, the pressures of an ageing population and social impacts of austerity on struggling families have ratcheted-up dramatic increases in demand for both adults' and children's services.

Meanwhile, despite prioritising the protection of our most vulnerable residents, council spending on social care is failing to keep pace following a 40% real-terms reduction to core government grant since 2010.^[1] And some councils face greater challenges than others.

Over this decade, SIGOMA Authorities will have been subjected to cumulative cuts to their core spending power 7% deeper than the English average.

This is having a direct impact on our ability to protect care budgets to the increasing detriment of local outcomes.

Ever tighter resources have left SIGOMA authorities with no choice but to pay some of the lowest rates in the country for care services, and both CQC and Ofsted ratings suggest this may be having an impact on the quality of local care.

These pressures are compounded by the comparative absence of self-funding populations in the most deprived parts of the country, populations that not only ease demand for council funded care in more affluent areas but also ease cost pressures through cross-subsidisation.

A sticking plaster approach has so far failed to stem the bleed and the publication of the Government's long awaited Social Care Green Paper, initially set to propose a long-term solution before the end of 2017, has now been put back a year to Summer 2018.

But with prominent providers like Southern Cross having already collapsed, others like Four Seasons teetering on the brink, and reportedly over 900 carers leaving the profession every day, time is running out.^[2]

Neither a preoccupation with Brexit nor political sensitivities must now distract from the development of a sustainable, long-term solution that fully addresses the present postcode lottery of care provision.

Sir Stephen Houghton CBE, SIGOMA Chairman

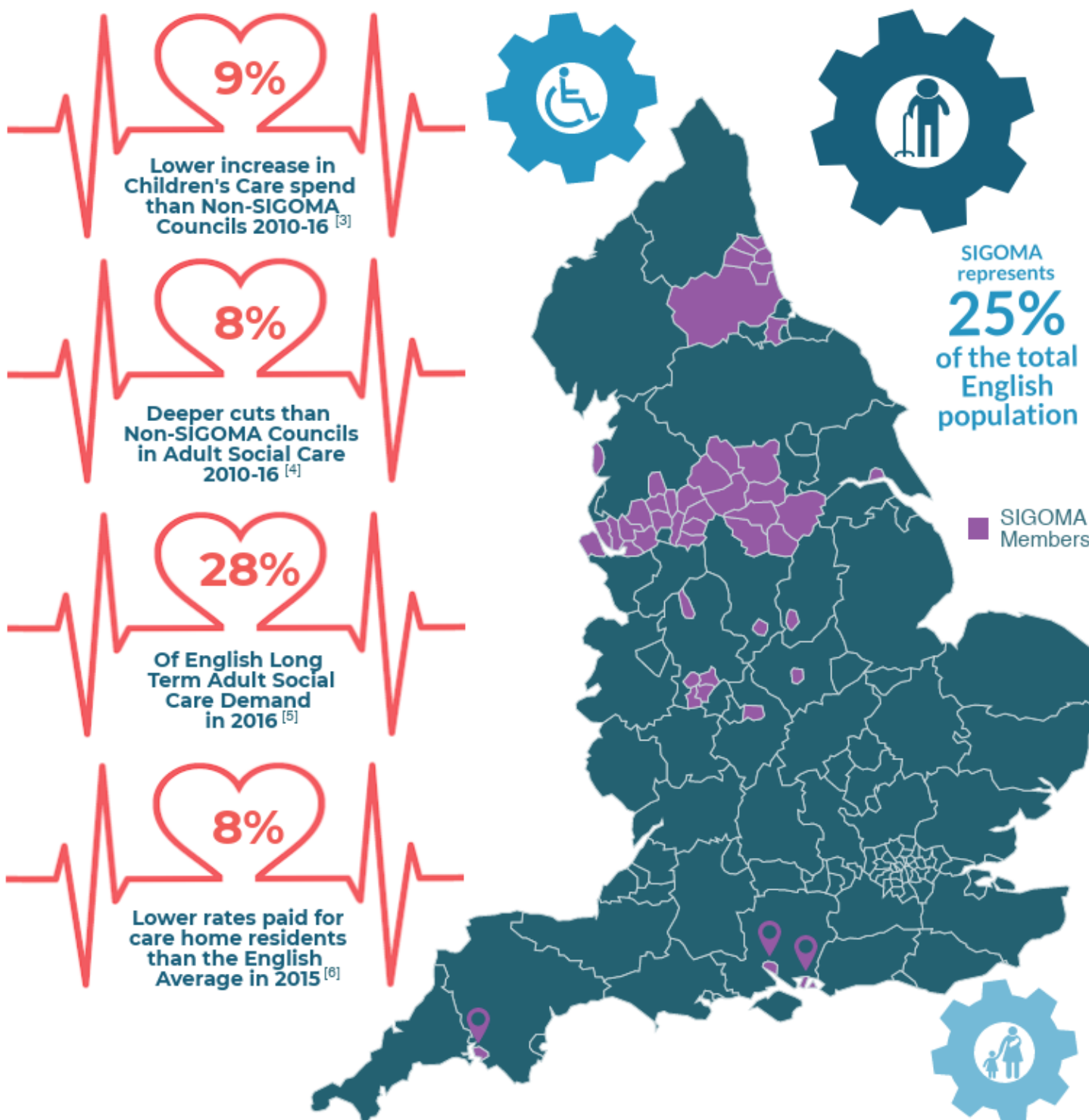


We are SIGOMA

The Special Interest Group of Municipal Authorities



SIGOMA is a campaigning network of urban authorities representing 46 councils across the northern, midland and south coastal regions of England. With typically older, more deprived populations than their neighbours, and having been among the worst affected by austerity, SIGOMA councils face some of the greatest social care challenges of any authority group.



Crisis, What Crisis?

Decreasing resources & rising demand



The crisis in social care is now accepted across the political spectrum. The product of a rapidly ageing population, living longer with increasingly complex needs, it has also been exacerbated by the cuts councils and families have been expected to bear.

“CRISIS” IN THE CARE SYSTEM

“The situation now is critical and it is no exaggeration to say that our care and support system is in crisis.”
 Cllr Izzi Seccombe, Chair of the LGA’s Community Wellbeing Board

AUSTERITY ADDING TO CHILDREN’S CARE DEMAND

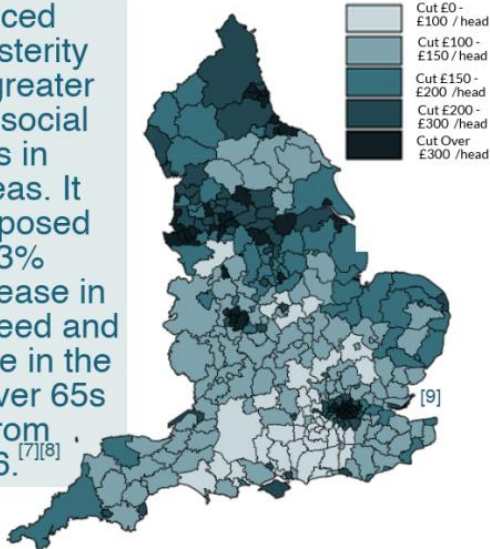
“The unintended consequence of the government’s austerity programme has been to drive up demand for child protection services.”
 Alison Michalska, ADCS president

CARE MARKET AT “TIPPING POINT”

“We are becoming concerned about the fragility of the adult social care market, with evidence suggesting that it might be approaching a ‘tipping point.’”
 David Behan, Chief Executive of the CQC

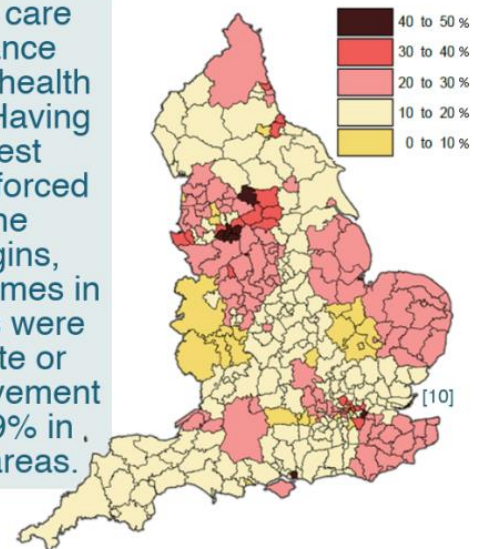
Real Terms Cuts to Local Authority Spending Power £/head 2010-16

The unbalanced impact of austerity has placed greater pressure on social care services in SIGOMA areas. It has been imposed alongside a 3% national increase in children in need and 15% increase in the number of over 65s in England from 2010 to 2016.^{[7][8]}



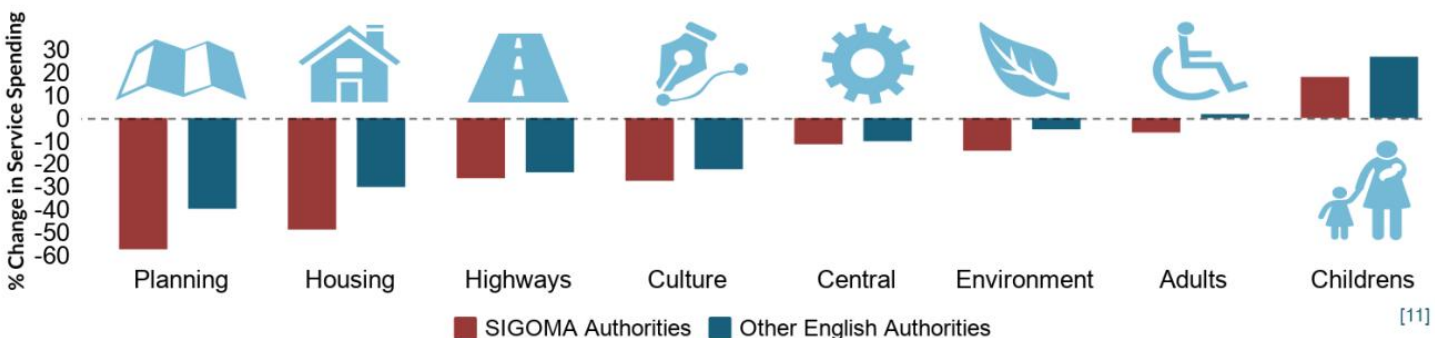
Care Homes Rated Inadequate or Requires Improvement (%) 2016-17 (CQC)

CQC ratings of care home performance highlight the ill-health of the sector. Having faced the deepest cuts and been forced to operate on the narrowest margins, 25% of care homes in SIGOMA areas were rated inadequate or requires improvement compared to 19% in non-SIGOMA areas.^[10]



Councils across England have worked hard to protect adults' and children's social care services but, with demand increasing and a long-term solution yet to emerge, acceptable budgetary decisions for this statutory service are now dangerously depleted.

Impact of Austerity on Core Service Expenditure 2010 - 2016



Adult Social Care

Real terms reductions & regional imbalance

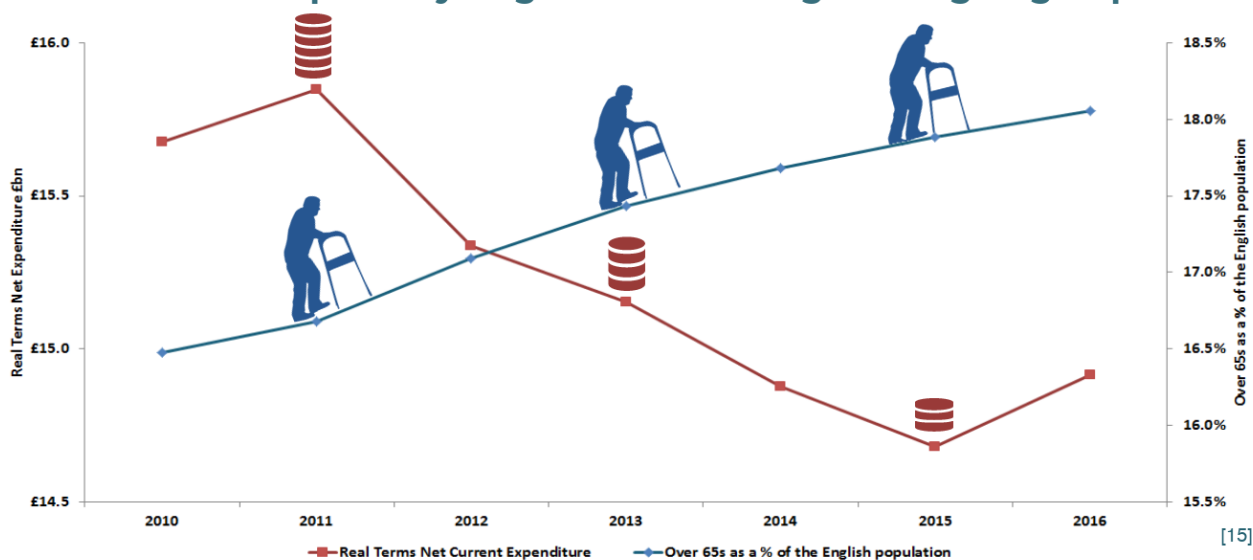


English councils have had to reduce spending on adult social care by 5% in real terms since 2010. This occurred in spite of a 1.6% increase in over 65s as a proportion of the English population.^[12] While just 14% of those aged under forty report a long term condition, this rises to 58% for over 60s, significantly increasing levels of demand from this demographic.^[13]

“Cuts to social care funding have now exhausted the capacity for significant further efficiencies... people are no longer receiving the care they need because of a lack of resource.”

Health Select Committee 2016 ^[14]

Adult Social Care Spend by English Councils Against Ageing Population



Deprivation Driving Costs

An ageing population isn't the only driver of care costs. Deprivation is also a factor. 96% of SIGOMA councils are more deprived than the English average.^[16] Residents in these areas have:



Regional Imbalance in Self-Funding Populations

"The care home market is highly polarised between lucrative self-pay homes... and those with local government-funded residents, which are struggling."

The Financial Times, March 2015 ^[17]

Principally based in areas with low self-funding populations, SIGOMA councils face a higher risk of provider failure.



Children's Social Care

Deprivation driven demand & overstretched budgets

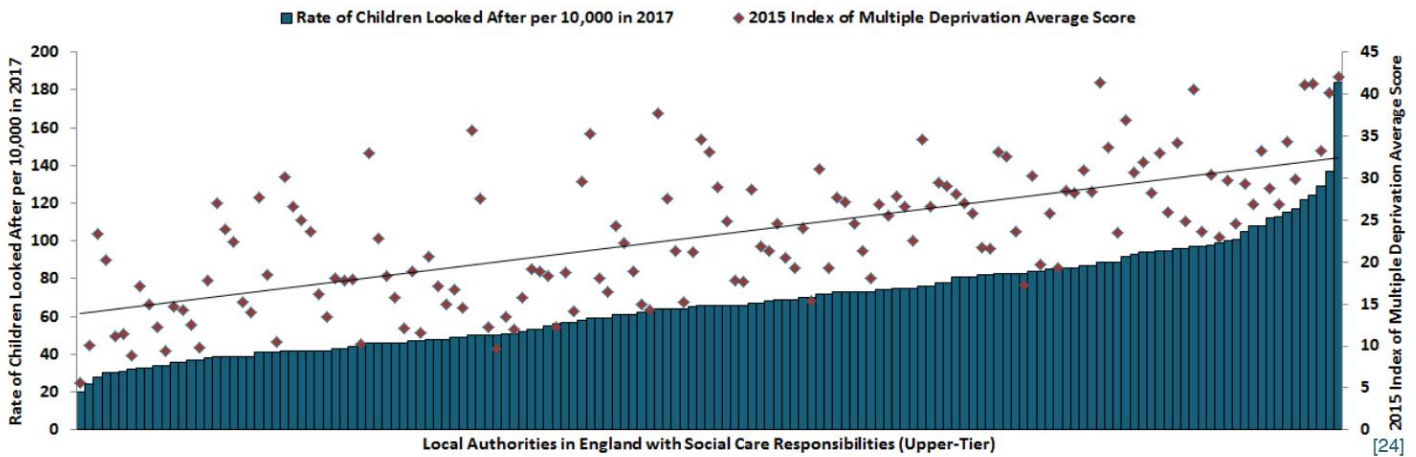


Since the Government's programme of austerity began in 2010, councils in England have protected children's social care more than any other core service. Despite this, they face a £2bn funding gap in children's services by 2020.^[20] SIGOMA councils in particular are facing far higher levels of demand, increasing at a much faster rate.

Fast Rising Demand

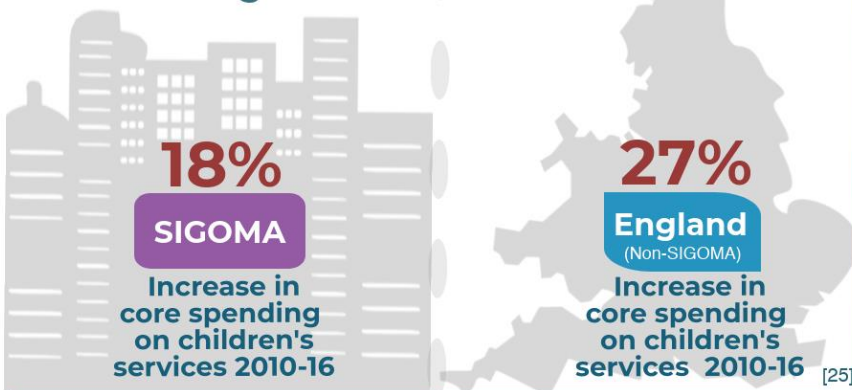
- 41%** Increase in rate of child protection enquiries in England, 2012-17^[21]
- 11%** Faster Increase in enquiries in SIGOMA areas per 10,000, 2012-17^[22]
- 35%** More enquiries in SIGOMA areas per 10,000, 2016-17^[23]

Rate of Children Looked After Against Deprivation



Demand for children's services correlates with deprivation, particularly at the higher and lower extremes. Poor areas, facing the deepest cuts, also see the highest levels of need.

Increasing costs



365 Children's Centres **603** Youth Centres



In England Since 2012^[26]

Despite a 41% increase in child protection enquiries since 2012, English councils have only increased core spending on children's services by 27%, pointing to increasing levels of unmet need. Following much deeper overall funding cuts, SIGOMA councils could only increase spend by 18%, supporting claims that there is now insufficient funding to provide a universal quality of service for all children.

87
Children per 10,000 looked after by SIGOMA councils on average 2013-17

65
Children per 10,000 looked after by all English Councils on average 2013-17

[27]

Sticking Plaster Approach

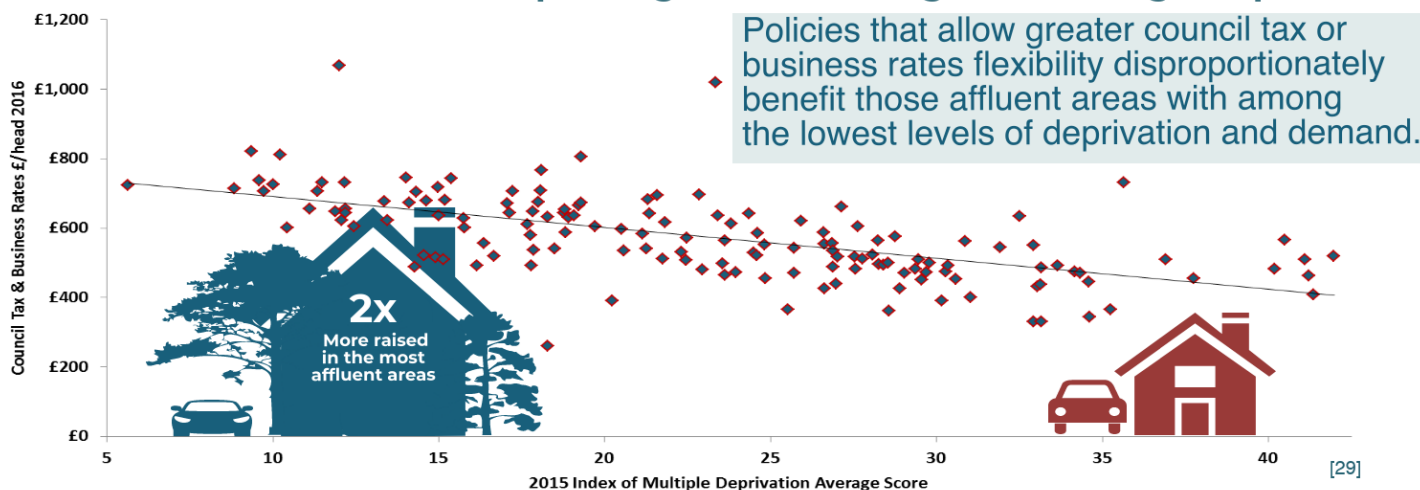
Rates over-reliance, DTOC targets & funding pressures

Social care funding during the age of austerity has failed to keep pace with demand, and councils face an overall funding gap of £4.3bn by the end of the decade.^[28]

The allocation of this funding has often been regressive. Relatively low-demand, affluent areas have seen the greatest benefits due to their robust council tax and business rates bases. Meanwhile threats of funding withdrawal have been levelled at those councils struggling most to free up beds by reducing delayed transfers of care.



Council Tax & Business Rates per English Council Against Average Deprivation



'Undeliverable' DTOC Targets

In July 2017, more than a third of councils were reportedly told to reduce delayed transfers of care by 50% or more by the following September. It was suggested funding could be withheld from authorities that failed to do so. Branded 'undeliverable' from the outset by some council leaders, by November, half of all targets set had not been met.^[30]



Lack of Progress

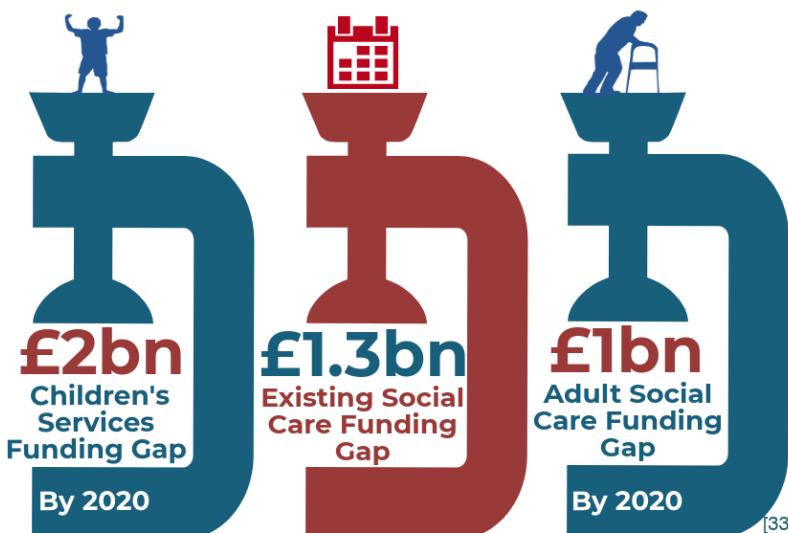
"The government will set out its thinking on the options for the future financing of Social Care in a Green Paper later this year."

Chancellor of the Exchequer, Spring Budget, March 2017^[32]

The publication of this paper has now been pushed back to Summer 2018

'Unfunded' Pressures

Unfunded pressures are also pushing services to breaking point. Following a reported 40% real-terms decrease in spending on early intervention, in 2016-17 English councils overspent by £366m on Adult Social Care and £600m on Children's.^[31]



[33]

Long-Term Solutions

Sustainable green paper proposals



Putting social care on a sustainable footing will be a challenging balancing act, financially, logistically and politically. In its pending green paper, the Government must therefore seek to deliver a sustainable solution that is fair for local residents, fair for councils and, above all, fair for those who depend on vital care services. This must be:



Based on sufficient, sustainable funding – The LGA has identified a £4.3bn funding gap for care services.^[34] A sustainable solution to the crisis will be one that offers short-term total funding at least equal to this. Total funding must then match increasing demand thereafter without recycling local government funding.



Built on a needs-based funding model – Allocation methods based on the strength of local tax bases have meant high-demand, deprived areas have been able to raise much less for social care than their neighbours. The allocation of funding must therefore be formula based and demand driven.



Designed to create long-term certainty – Social care is drawing much needed funds from other statutory services as councils seek to protect their most vulnerable. Any solution must allow authorities to plan effectively, making the best use of diminishing local resources.



Resistant to a postcode lottery – The solution must be fair for residents across the country, ensuring people in similar circumstances experience equivalent service outcomes no matter where they live. This can only be achieved if councils are funded based on relative need.



Fair for eligible residents and self-funders – Self-funders significantly cross-subsidise council-funded care places. This isn't fair for residents who can afford to pay or councils that can't afford to pay more. This two-tier market imbalance must be addressed.



Responsive to unmet demand – According to the English Health Survey, older people in deprived areas are twice as likely to have unmet care needs. Any solution put forward must seek to address unmet demand by increasing relative allocations where they are most needed.^[35]



Sensitive to the impact of austerity to date – After years of cuts to local government that fell disproportionately on more grant-reliant councils, the solution to the social care crisis must work in sync with a fairer local government finance formula.



Implemented with minimal transition – Given the unbalanced impact of the care crisis and limited resources available for a long-term fix, some redistribution between councils may be required. If so, this must be done with brief and minimal transition funding to ensure high need areas receive additional support as soon as possible.

Email/Phone

sigomaenquiries@barnsley.gov.uk
01226 773 101

Post

PO BOX 609, Plaza One,
Westgate, Barnsley, S70 2DR

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