ADULT SERVICES SCRUTINY COMMITTEE – 15 OCTOBER 2009

SOCIAL CARE GREEN PAPER

Introduction

1. This report does not attempt to summarise the contents of the Green Paper: Shaping the Future of Social Care Together. The Executive Summary of the Green Paper has been circulated to members of the Adult Services Scrutiny Committee. That provides an accurate summary of the contents of the Green Paper.

2. The purpose of this report is to identify the key issues for discussion at the Scrutiny Committee. The views of the Scrutiny Committee will be taken into account in considering what response the County Council will make to the Green Paper. Any response will be submitted in the name of the Cabinet Member for Adult Services and the Leader of the County Council (as Cabinet Member for Finance). Responses need to be submitted by 13th November.

3. I believe that the key issues in the Green Paper should be considered through the following questions:

   (a) Is there a need to change the current arrangements?
   (b) Do the proposals in the Green Paper help take forward the approach set out in Putting People First?
   (c) What is the role of the National Health Service?
   (d) What do you think of the concept of the "National Care Service"?
   (e) What do you think of the five funding options for individuals set out in the Green Paper?
   (f) What are the implications for local authorities?

Is there a need for change?

4. The Government argues that there is a clear need for change. This is echoed by organisations representing service users and carers. However, any significant changes whether based on what is in the Green Paper or any other proposals will have profound implications for everyone: individuals, families, statutory organisations, and the voluntary sector. **Assuming that you agree there is a need for change, does this justify the scale of those implications?**

Delivering Putting People First

5. The strategic direction for the future of adult social care was set out in the concordat signed by both Central Government and Local Government "Putting People First". This has been very well received by all stakeholders and has cross-party support so should continue to provide the strategic direction irrespective of the outcome of the General Election. **Do the proposals in the Green Paper help to take forward Putting People First?**

6. Some elements of the Green Paper are consistent with the agenda set out in Putting People First. The list of what "everyone in the country should be able to expect" set out on pages 10 and 11 in the Executive Summary of the Green Paper are consistent with the direction set out in Putting People First. The widespread application of personal budgets will reinforce concerns about whether it is fair that some people have to pay for their social care so it is right that there is some discussion about possible alternatives.

7. The Green Paper highlights the importance of prevention, early intervention and reablement. These are crucial to Putting People First. However, it is almost silent on how these will be encouraged or required. There are similar concerns about how joint working with the NHS will be encouraged (see paragraphs 9 – 11 below).

8. It is unfortunate that the Green Paper places so much emphasis on the costs of residential care when Putting People First rightly places so much focus on community based services, prevention and early intervention. It is also unfortunate that the Green Paper focuses so much on the issues facing older people at the expense of younger adults who will receive or already receive social care.

Joint working between local authorities and health

9. The Green Paper places great emphasis on the principle of joint working. Our experiences in Oxfordshire endorse this. However, the excellent working arrangements in Oxfordshire are not typical of the situation in many other parts of the country. They reflect the personal commitment to joint working over many years from both executive and non-executives within both the health service and local government in Oxfordshire. Where this personal commitment is not in place elsewhere then relationships are often poor with service delivery suffering as a result.

10. The Green Paper assumes that this is a matter of mindsets and behaviour alongside shared goals and joint ways of working (see page 12 of the Executive Summary). Whilst this has been effective in Oxfordshire it is not clear that this will automatically work elsewhere within England unless there are very strong pressures which require this to happen. This does not need to involve structural change (as the Green Paper says). However, it would be helped if there were clear requirement placed on all Primary Care Trusts and local authorities to adopt some of the mechanisms in place in Oxfordshire such as pooled budgets, joint commissioning and integrated teams of social and health care. These requirements might be expressed through a new concordat on joint working.

11. The questions on joint working are:

- **Do you believe that improved joint working is important?**
- **Do you believe that this requires structural change?**

- **If structural change is unnecessary or unacceptable, do you think that there should be requirements placed on the NHS and local government to ensure joint working?**

A "National Care Service"

12. The Green Paper defines this as "a National Care Service where everyone gets a consistent service wherever they live in England, and where everyone gets help with their high-level care costs" (page 47). On one level, the principle of a national care service sounds right. Why should someone receive a different standard of care in one part of the country to someone living elsewhere? But does the concept stand up to testing?

13. It is clearly based on the concept of the National Health Service. However, the National Health Service does not deliver "a consistent service". If we have a stroke, our chances of survival and then recovering will depend on where we live in the country. This is not just a reflection on the socio-economic profile of an area but also the quality of care that is provided (by both health care and social care) and the priority that the stroke pathway has been given by the PCT and the local authority.

14. There is considerable scepticism amongst Directors of Adult Social Services about the phrase "National Care Service". There is a real danger that it will become an empty slogan with little or no credibility. This would be a pity because the expectations of that service are both reasonable and consistent with Putting People First (see paragraph 6 above). **Do Members agree with the concept of a "National Care Service?"**

Implications for individuals

15. The Green Paper sets out 5 possible funding options which are set out on pages 17 and 18 of the Executive Summary. Two of those options are ruled out. One of those ruled out is option 1: "Pay for Yourself". This is ruled out on the grounds that "it would leave many people without the care and support they need, and is fundamentally unfair because people cannot predict what care and support they need." Public debate appears to support this option being ruled out on these grounds. **Do members agree that Option 1 "Pay for Yourself" should be ruled out?**

16. The other option ruled out is Option 5 "Tax funded". This is ruled out on the grounds that "it places a heavy burden on people of working age". There has been some surprise that this option has been ruled out in so perfunctory a manner. Exactly the same argument could be applied to the funding of the NHS.

17. There is a major problem with Option 5 that it would involve a major increase in public spending on adult social care at a time when there are huge pressures on public finances. In other words that Option 5 may be attractive but is unaffordable compared to other public expenditure priorities. It is also important to point out that Option 5 would require constant additions to public

spending to reflect the demographic pressures that will continue for the next 40 years at least. **Do members agree that Option 5 "Tax Funded" should be ruled out?**

18. The remaining three options are linked and are not necessarily alternatives. The Green Paper assumes that it is important that people have certainty and clarity about how much they will pay. The principle of this seems reasonable. This almost certainly implies some sort of insurance model if tax funding is ruled out.

19. Option 2 – the Partnership Option - involves bringing attendance allowances and other disability benefits into the system. This then delivers the outcome that everyone will have a share of their social care costs met by the state. This appears attractive and is likely to be widely supported. It was included in the Wanless review of the funding of adult social care. However, further work is required to understand the implications for individuals who are currently receiving those benefits. Are there individuals who are receiving the benefits currently who would not meet social care eligibility criteria? Is it reasonable that they should lose this income? What work has been done on transitional arrangements (moving from the current system to any new system)? The views of recipients of these benefits will be particularly important on all these questions. **Do members agree with the principle of Option 2 – Partnership?**

20. The other 2 options both assume that Option 2 is in place. However, they are in effect alternatives. Both of them are insurance arrangements. One of them – Option 3 "Insurance" – is in fact a voluntary insurance scheme. The other – Option 4 "Comprehensive" is essentially a compulsory scheme. The risk with Option 3 is that some people will not take out any insurance and will have to meet the costs of social care assuming that they meet whatever financial assessment criteria are in place. If sufficient people do not take out insurance then this will lead to more expensive insurance schemes for those who do want to take them out. This may make them less attractive thus creating a vicious circle. Is Option 3 workable? I have my doubts. It is important to recognize that insurance schemes are available currently. However, there is very poor take up not least because they are expensive. What analysis has been done on insurance models available in other countries notably Europe?

21. Option 4 overcomes these problems. However, it gives people no choice and may well be conceived as a new tax being imposed by the Government. It does have the advantage that it will address the resourcing issue due to an ageing population because the increasing numbers of people over 65 automatically increases the pot of money available. **What do members think about the choice between Options 3 and 4?**

Implications for local authorities

22. It is extremely difficult to assess the potential financial implications for local authorities. The Green Paper contains very little information on either a national care system locally funded or a national care system nationally funded. We have attempted to try and understand some of the changes involved with the latter arrangement. (It is difficult to understand how the former arrangement could work if a comprehensive option were chosen. This might work with a tax funded option). We have assumed that universal services (information, assessment, safeguarding, and prevention) are still funded locally.

23. Oxfordshire spends £153m net of income on adult social care including overheads (all figures are based on the 2009/10 budget). Excluding fees and charges currently levied under the two different charge regimes for adult social care it spends approximately £175m gross on adult social care including overheads. We have assumed that approximately one-quarter of current spending is on the universal services described at the end of paragraph 22. Thus, around £131m of current spend might come from a nationally funded system.

24. Oxfordshire would need to receive significantly more than this because the total expenditure on adult social care ignores self-funders. More than 60% of those in residential and nursing care in Oxfordshire are self-funders. The County Council is spending £47m on residential and nursing care for older people this year. Its bed prices are generally cheaper than those paid for by self-funders – reflecting the fact that it has purchasing power which self-funders do not have and the fact that it does not use the most expensive homes. It is probably realistic to assume that the County Council contributes about one-third (may be less) of the total spending for residential and nursing care in Oxfordshire. Thus, self-funders are spending at least another £94m on top of what the County Council is spending. There will also be private spending on domiciliary care as well as a limited amount of self-funders from adults of a working age. A conservative estimate might be that the new system might need to contribute at least £250m. This figure will grow significantly over time as the demographic pressures increase. It might double over the next 20 years.

25. There is also an important aspect that the current system almost certainly depresses demand for social care. Some individuals knowing that they would have to pay for their social care may decide to do without any support (or limit what they buy). If social care is effectively free (once the insurance contribution has been paid or committed) then they may maximize their use of the services available. The other offsetting factor is that it is possible that some people paying for their own care may be buying a service that is not appropriate for their needs. If all individuals have an assessment this may lead to a better understanding of need and a more appropriate matching of that need with provision.

26. Oxfordshire is relatively low in terms of needs and relatively high in terms of resources compared with other areas of the country. As a result, of its total budget requirement of £379m, only £105m comes from total formula grant and the remaining £274m from the council taxpayer. In other words the council taxpayer is already paying over 70% of the cost of local services (other than schools which are funded entirely through the Dedicated Schools Grant).

27. Total formula grant is almost entirely funded by the business rates. For all local authorities, 81% of their total formula grant comes from business rates. In Oxfordshire's case this means that of the total formula grant of £105m, £85m comes from Business Rates and £20m from Revenue Support Grant. In other words there is almost no national funding for adult social care other than from the business ratepayer. (This is of course true for all local authority services other than for schools).

28. Within the total formula grant of £105m, it is possible to work out the Needs Equalisation grant for adult social services. This is only £20m (£13.5m for older people; £6.5m for younger adults). This amount would need to come out of the general grant system if national funding for adult social care were introduced.

29. It is obvious that a nationally funded care system would require the local government finance system to be completely overhauled. How this might work is unclear at this stage. However, there are some obvious financial issues that would need to be resolved.

30. Adult social care in Oxfordshire is primarily funded by the council taxpayer. If this is funded from insurance/disability benefits how will the resource shift work? Alternatively is the Government assuming that this level of funding from the council taxpayer will continue to be available and will be supplemented by the funding made available from insurance/disability benefits?

31. Local authorities will need to receive significant extra resources partly to compensate for the loss of charges that they receive currently but more significantly to meet the costs of adult social care paid for currently by self-funders. It is unclear what will be the basis for the distribution of this additional funding. What will be the total amount of resources available? What level of resources will the Government provide to reflect the demographic pressures of an ageing population and more people with disabilities?

32. What incentives will be in place to ensure that local authorities control the total level of spending? Currently, local authorities have a major incentive to keep down the total level of spending on adult social care because any extra costs fall on the council taxpayer. Thus they seek to achieve value for money from the services they buy or provide themselves. They also have a powerful incentive to promote community based options along with prevention and early intervention because this keeps people out of (or delays their admission

into) the more expensive intensive forms of care. From my perspective this is the most important financial issue of all.

33. My expectation is that any response from the County Council on this particular section will not necessarily set out a position but identify a series of questions that must be addressed by the Government. **Do members want to identify any issues on the possible financial implications that should be considered for inclusion in a possible response?**

JOHN JACKSON
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