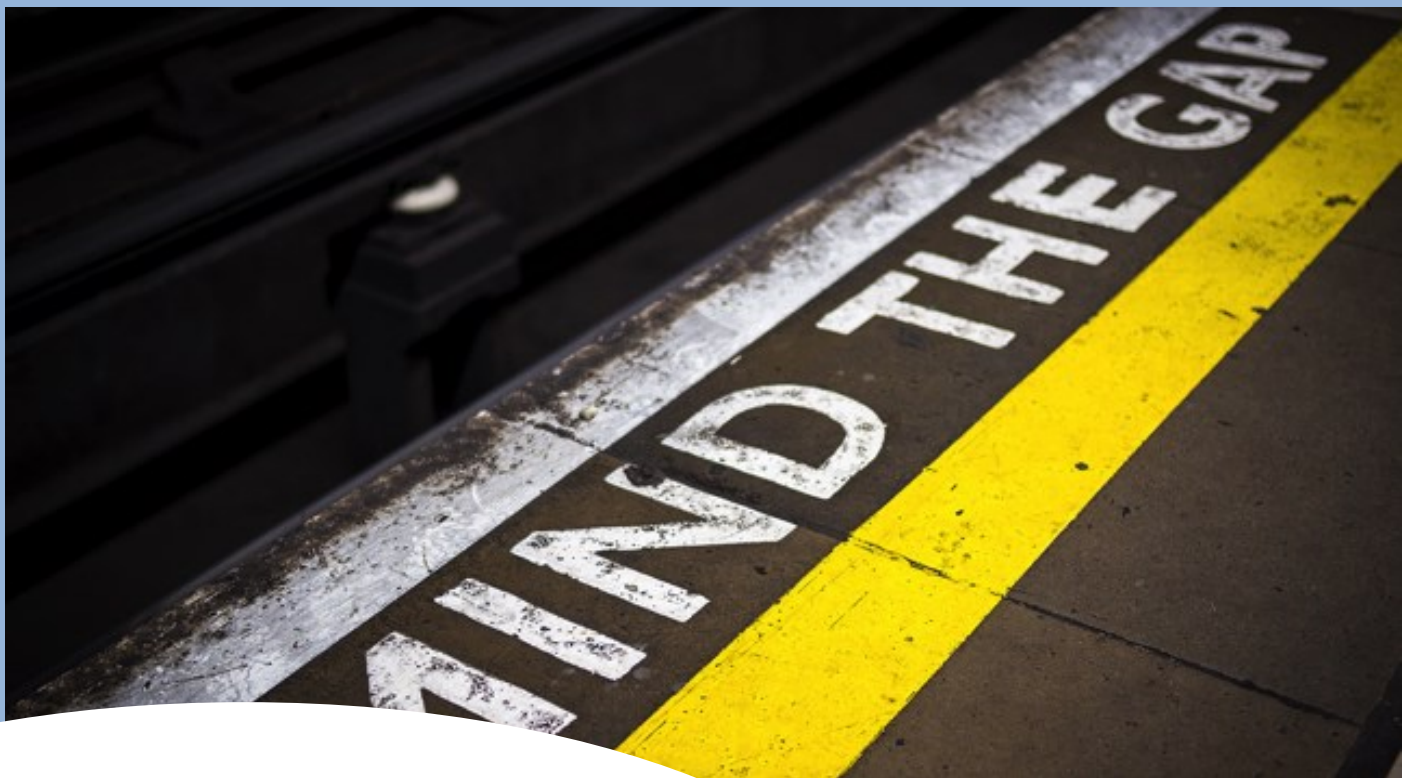


mind the gap

RESTRICTED CIRCULATION

CARE SUMMIT BRIEFING - 25 OCTOBER 2016



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National Care Association is the most respected independent voice of independent health and social care providers in the country. Our primary membership consists of small and medium sized care providers and supply partners who work with them. The association is the most established of the provider organisations having been founded in 1980. We work, on behalf of our membership, with local and national government to promote quality care services to some of the most vulnerable members of our society.



Nadra Ahmed OBE
Executive Chairman

Investment in Social Care is an investment for our Future

National Care Association (NCA) has called a Care Summit for small and medium sized providers of care, to be held at the Department of Health, Richmond House, Whitehall at 2pm on 25th October 2016, taking the Sector to the very heart of government.

The Summit will address sector and wider societal concerns for the sustainability of long-term care for some of our most vulnerable members of our communities, which is a direct response to the overwhelming demand for a more accessible and equitable national care provision.

The urgent call for this meeting is in clear recognition of the essential role played by small and medium sized enterprises (SMEs) who, as care home providers, are not only the backbone of NHS care provision but will be also the economic engine that provides the growth in the future provision our national care sector foresees.

Statistics show that 90% of residential and nursing care services are now delivered by independent (non statutory) providers. These services are an essential part of their communities the length and breadth of our country. However, social care services have not had their funding ring fenced or enjoyed the guarantees of inflation proof funding that the NHS has seen over successive governments. Sadly, this had led to an acceleration of closures of care facilities in the face of the austerity measures on public funding with substantial cuts to social care budgets by central government.

Any resultant shrinkage in care provision will see many residents forced into the NHS's local general hospitals; who themselves are already under substantial financial pressure and who will see their own budgets being challenged by an estimated £3bn per year between now and 2020.

NCA Chairman Nadra Ahmed OBE says: *'There is a real opportunity to unite care providers and sector investors with government policy-makers and regulators to explore the future of national care provision, with particular emphasis on innovative solutions for new business models in partnerships between Government and Providers.'*

1 cont'd

'At a time of turbulence in public services, it is essential for our country to demonstrate that, as a society, we recognise the value of essential care and support services for the frailest and most vulnerable members of our community, and – critically – that we create a progressive road-map for users and providers alike to ensure sustainable and successful continuity of our care home sector. It is essential that we close the gap and ensure that we get social care provision back on track.

S'adly, the systematic underfunding of social care by national and local government is creating instability and commentators are alluding to the collapse of the independent social care market, which could, in turn, mean that thousands of vulnerable people will struggle to access care and support at a time when they are the most in need.

'Our challenge is to ensure that this does not happen – we have to be the voice of those who cannot speak out for themselves. Social Care remains at the core of the NHS; without it we know that the NHS would be unsustainable. Ironically, public perception of social care provision is warped by a media that persists in branding independent care providers with failings associated with the pressures of demand on an increasingly beleaguered NHS. We believe that it is time independent social care providers should not only be heard but valued for their contribution to the wider community and the public we serve.'

2

Qualified workforce – positive solutions for retention

Across the globe, the demand for health and social care workers is growing, with recruitment emerging as one of the main challenges facing those working to deliver care. We know that this is a global issue from a prediction by the World Health Organisation that it will become increasingly difficult to recruit health care workers. In England we know that the mismatch in social care, between supply and demand could mean 1 million more workers being required by 2025, This will create a 35% shortfall on predicted demand (Fenton 2011), this has been reinforced by Skills for Care in 2015.

Pre-Brexit, estimates indicated a shortfall of UK care workforce of quarter-million by the end of the decade, rising to a million within a generation. Post-Brexit, the uncertain future for EU migrant workers will compound this position for employers. In our Spring survey, respondents cited the issue of recruitment of staff as being one of their main concerns for the future of their business. This reinforces the

NCA's long-established campaign to address the status of qualified care workers through enhanced vocational training leading to defined career pathways, which are consistent and sustainable.

It has to be noted that the training of the current 1.6 million strong social care workforce is a major cost for employers, which is seldom acknowledged by local authority or clinical commissioners.

The cost of a skilled and trained social care workforce is set to be one of the primary drivers of future sector costs. At the current time 1.6 million people work in social care (Centre for Workforce Intelligence 2011), which means that if we work on the basis of individual training plans of a minimum of 3 days each year, sector providers will have to plan for 4,800,000 million days of training every year, which has to be funded and supported through back-fill. It should also be noted that 1 in 20 of the UK working population are care workers and account for around 60 per cent of expenditure for the average social care provider.

In response

National Care Association believes that Government should resolve to ensure the care sector remains viable by granting commensurate funding for this vital component of a professional national workforce. We believe this is possible by:

- Engaging with all government departments who have an interest in the sector to create sustainable solutions. These should include the Treasury, the Department of Education, Department of Health, Department of Business Innovations and Skills, The Better Regulation Taskforce, the Home Office and the Department of Work and Pensions
- Create qualifications that will attract young people into the sector.
- Create an apprentice scheme to encourage older people into care work should be a priority initiative which promotes social care as a career option.
- Create a national campaign to attract care workers across genders and from diverse backgrounds.
- Allow providers to recruit care workers from outside Europe. This should be addressed in new national policies as a matter of urgency.

Reversing the 'inverse training and investment' law

Staffing and workforce development has been a recurrent source of concern for the past decade by providers and regulators alike (Centre for Workforce Intelligence 2011). They identified 'poor terms and conditions coupled with demanding yet sensitive tasks make social care a difficult area to recruit and retain staff' (Centre for Workforce Intelligence 2011, p 19). It has to be accepted that for staff lacking adequate qualifications, hands-on care can be challenging and risky, to both the people they care for and themselves.

Providers face the challenges of recognition through pay, and the need to ensure staff receive the appropriate levels of support through supervision or development opportunities. Responsible providers welcome the National Living Wage as they did the National Minimum Wage, the challenge for them is not the paying of it but how to ensure that they have the funds to do so based on their income from commissioned services. In a recent survey (May 2016) by National Care Association 93.7% of respondents indicated that they commission with local authorities, which indicates clearly that the sector is heavily reliant on local authority funded client.

This not only raises crucial issues of equity in the workforce, but can have substantial consequences for the quality of care provided. As one participant at a seminar on this topic held at The King's Fund said: '...patients are being neglected by a workforce that we have neglected'.

In response

NCA echoes the conclusions of the Cavendish Review (Department of Health 2013), which argues that there is a need to invest in this staff group by making the work:

- More attractive to a prospective workforce by taking responsible action to improve the image of social care through positive projections of the work undertaken by the millions, both formally and informally, and of people supporting vulnerable individuals in care settings and in their own home.
- Giving career development opportunities,

3 cont'd

- Developing a grade structure for people to aspire to and encouraging a team approach to high-quality care,
- Providing opportunities for further training and skill building.

Clearly, it is critical that we have a competent and skilled workforce to deliver the quality of care for older and vulnerable people now and in the future.

4

Sustainable structures for Local Authority commissioning

The social care funding gap is a direct result of an on-going strategic policy of under-investment, by national and local government, in planning for the future of the market which should deliver innovative options to meet the needs of vulnerable individuals. The lack of sustainable funding for social care provision is undoubtedly the single greatest threat to the stability of the social care market. Innovation and expansion of care provision in both the care home and home care markets are negated when local authority and clinical commissioning groups are reducing the funding per resident by 8% on average, while providers endure a 7% increase in wage bills alone, year on year.

It is important to note that where there has been investment through partnership approach and innovative community solutions, the positive impact on communities has been startling. Close co-operation between health and social care professionals has seen a seamless service which enables those receiving the service to be confident in the support they receive and their ability to remain in control of their well being.

In a recent statement by ADASS (the Association which represent Directors of Social Services), they recognised that the 'quality, safety and sufficiency of social care services are fundamental to a dignified society'. Many other independent sector analysts have also now gone on record to acknowledge that the fabric of a strong caring community is heavily reliant on a robust and sustainable social care provision. Currently, just under 2 million people use social care and the sector employs 1.6 million care workers. The impact of social care on the lives of these individuals and their families is not insignificant because if we assume that 4 people are affected for every person who receives social care we know that 8 million people will be directly affected by the use of a social care service – in itself a very conservative assessment!

We know that we face a period of continuing cuts in the social care budget - losses that we believe are unsustainable considering that the needs of individuals continue to grow, and such needs would originally have been considered to be health care needs and so be allocated through the NHS budgets. We must never forget that the people being cared for in residential and indeed in some cases at home, would, just a few years ago, have been originally assessed as needing NHS care and remained in long stay geriatric wards at a cost three times the amount we paid today. Additionally, these people were being cared for by qualified nurses with acute medical support at hand and support by auxiliary staff equivalent to the care workers employed in care services today.

In stark contrast, statistics show that 90% of residential and nursing care services are today delivered by independent providers, whose sector predicts a shrinkage of 40,000 beds by 2020 due to local authority underfunding, with residents forced into the NHS's local general hospitals.

We have changed the dynamics of what social care looks like with policy that fits the budgetary envelope. In doing so, we have created an expectation that care can be delivered at the highest quality but at the lowest cost. This is methodology commissioners have irresponsibly applied since the introduction of the Community Care Act. In trying to squeeze the sector through the strategic objective of 'managing the market' they have created a challenge that will now see a systematic fracture in the availability of quality services at a price they can afford to pay. The outcome is that commissioning this practice has contributed to instability in the market which, when faced with additional costs brought about by the National Living Wage, has tipped the balance. The LGA (Local Government Association) predicts a funding gap of £700 million a year on average as a direct result of a rise in demand, which means that their shortfall will render some of the services they need to access as being out of their reach.

In response

NCA will be urging UK Government to:

- Initiate a sustainable ring-fenced national policy on social care spending that cannot be circumvented by prejudicial decisions of local politicians.
- Transparent and unified commissioning models that guarantee services responsive to social need.

4 cont'd

- At a time of crippling underfunding, the NCA urges the government to establish a transitional fund to support the independent care sector, without which we will see providers continue to struggle on the brink of closure.
- Make funding available for training and education through a partnership with other government bodies which is accessible to small and medium sized providers.

5

Averting a two-tier care system of shrinking choices

Under threat is a UK support system of care self-payers that is essential to Local Government and NHS care provision. Crucial to the survival of the social care market is a synergy that sees self-funding care clients heavily subsidising the local authority-funded market, as they pay the true cost of care. Interestingly, local and national Government are heavily reliant on the highest taxpayers in their later years to continue to pay a 'stealth' tax on care they receive. Over 50% of all older residents in independent sector care homes in the UK pay the full costs of their long-term care fees.

In response

NCA calls upon policy-makers to consider these cross-subsidies, and:

- Work with the sector to seek solutions to flaws identifiable in this practice. The commercial viability of this ancillary care provision is threatened when below-rate fees for publicly-funded residents can no longer be sustained by self-funders whose disproportionately weighted contribution is increasingly regarded as a questionable practice.
- National Care Association believes that without a solution to this imbalance our already fragile care sector is destined for financial collapse, to avert the establishment of a two-tier system developing, it is imperative that solutions are found to avert the volatility.

6

Boosting independent care home sector funding

When the Government initiated the creation of a £3.8 billion Integration Transformation Fund in 2013, now referred to as the Better Care Fund (BCF), its objectives were seen as posing a profound threat to the independent care home market. Under the BCF policy framework, local areas were asked to set targets, against

five key metrics, with reduction of admissions to residential care homes the principal target identified. Local authorities, clinical commissioning groups, and health and wellbeing boards continue to be exhorted to avoid permanent placements of older people (65+) in residential and nursing care homes with the aim of delaying dependency by promoting the acceptance of domiciliary care services within care users' own homes. In 2016-17, the BCF will be increased to a mandated minimum of £3.9 billion (2015-16 £3.8 billion) to be deployed locally on health and social care through pooled budget arrangements between local authorities and Clinical Commissioning Groups.

The methodology used has put many home care providers in precarious positions as they are expected to carry out complex care tasks in unrealistic time constraints. We must be mindful that the home care market faces additional financial challenges with the uncertainties of an available workforce and persisting EU directives, which have a direct impact on their budgets.

In response

NCA calls for a review of BCF funding arrangements to incorporate the option of ring-fenced Treasury money to support the independent social care sector, which would recognise the fragility of sector.

- NCA reflects the sector's view that the continual squeeze on residential fees will prove to be a false economy by denying care home services to frail and aged people most in need.
- Put simply, as the chairman of the NHS Confederation emphatically states, starving councils of money for social care for the elderly should be branded 'insane economics and bad social policy' and government should give more taxpayers' money to councils to close the funding gap.
- The BCF, on current evidence, will exert even greater influence to undermine the core purpose of promoting locally-led integrated care, with reduced autonomy for councils to implement any uplift in fee settlements providing publicly-funded residential care.
- Almost one in 10 beds in Britain's care homes could disappear in the next five years because of the financial crisis facing the sector - a fallout that would see residents flood local general hospitals, costing an estimated £3 billion per year by 2020.

Entrepreneurial innovation: Energizer of the care home sector

The UK's self-funded registered residential care and registered nursing home market is worth £4.9 billion per year, with the value of the independent sector's supply of homecare and supported living estimated a similar sum.

Private companies have invested £19 billion into private care in the last 20 years. However, the fragility of the sector coupled with the underfunding of local government will see many care home operators reposition their services as either exclusively devoted to privately paying clientele or consider other business options which will bring greater returns. The current climate indicates that investment to support private care for self-payers remains strong but, as a direct result of local authority pressure on fee margins, investment in the neediest areas dominated by publicly fee-paid placements has been weakened.

In response

NCA calls upon government to review its policies on public and private care coordination to attract significant investment in the residential and home care market when set against the efficiency of social care commissioning models, which in many cases are not the solution. It should be noted that:

- The average cost for an NHS bed per week is £2,121.00 compared to an average of £563.00 per week for social care provision in a small to medium sized residential care setting,
- A week's home care package of three hours would cost £356.58 and often is the preferred choice of individuals, however it does indicate the cost-effectiveness of care homes to meet a genuine demand to obviate hospital bed-blocking.
- There must be a review of the cases in localities where the local hospital is struggling to discharge people who are no longer in need of acute NHS care; a crisis that is costing the NHS close to a one billion pounds every year.

It is important for health professionals to utilise the care services in their community to maximum capacity. Partnership options should be sought out and forged to enable people in every area of the country to access the most appropriate option to meet their personalised needs. We have to look at a more pragmatic way of not duplicating each other's health and social care services work but embracing the innovation and expertise each one brings.

8

Care Sector contributes conspicuous value to national GDP

The adult social care sector is estimated to support over 2 million Full-Time Employee (FTE) jobs and yields over £40 billion of Gross Value Added productivity (GVA), representing for England almost 4% of all GVA and almost 12% of all FTE jobs in the wider English economy. Local economies are enhanced by the care sector all over the country are enhanced by the social care market.

In response

NCA says that despite this impressive productivity there is clear evidence that, had there been real sustained investment in social care through a transparent commissioning model, we would have a far more positive, healthy market today, which would be robust enough to withstand the financial challenges we now face.

- Given the predicted post-Brexit shrinkage of the care workforce, new and original approaches should – of necessity – be explored by government and care providers to seek a cohesive strategy to expand a market that is both essential and of conspicuous value to the national economy.
- Strong social care and a strong economy go hand in hand.

9

Dedication of private care providers drives up standards

In order to deliver innovation we must ensure we attract levels of investment which will not only deliver in the short term but be sustainable: a substantial challenge with real term reductions in fees. With downward pressures on fees residents receiving care services are being let down by public services, leaving dedicated care providers to ensure that their assessed needs are being met: assessed needs which should attract support from health professions but do not.

Providers are supporting people with complex long term conditions without support, an undertaking that includes purchasing specialist equipment which the individuals have the right to receive through the NHS. In a recent survey carried out by NCA a home care provider commented that; ' care packages offered to clients have become heavily restricted', which highlights the dilemma providers face.

In response

NCA says the maintenance of standards to ensure that sector provision focuses on the best care we can provide is crucial for the comfort and health of service users.

- Demography is the biggest single pressure on budgeting, requiring an additional 3% of social funding per year to maintain services at their current standard; a standard already under threat from austerity cuts imposed by central and local government, the impact of which will be felt by those most in need of care and support.
- Assessed care needs of individuals must be met in whatever service they chose to access. The loan of equipment must be reviewed to ensure that an integrated approach is adopted by the NHS in the best interest of the people we care for.
- Policies to correct this underfunding and inequalities are priorities in our representations to government. We will seek to have current practice reviewed during this challenging period.

Small and medium sized enterprises (SMEs) especially vulnerable

Demographics tell us that, from 2008 to 2018, people living with multiple health care conditions will increase by about 50% due to increased life expectancy. Against this scale of longevity, society has no coherent plan for a future that will support a longer-living community in safety and security. Yet, we face a period of continuing cutbacks in the social care budget, with the Local Government Association predicting a gap of £700 million a year on average as a direct result of this rise in demand.

In response

NCA predicts that – due to a £375 million black hole in state funding, small and medium sized enterprises (SMEs) in the care sector are especially vulnerable to such underfunding. The consequence of are:

- Without increased funding from local councils in recognition of the true cost of care, many independent care providers will withdraw from the market.

- Such an exit could equate to the loss of 40,000 beds in the independent social care market, and the worsening of a bed-blocking crisis already in evidence across much of the NHS.
- The blocking of hospital beds will be further challenged if a clear integrated model of care is not developed at local levels to create clear pathways to long term support for those who need it. This crisis currently costs the NHS of some £1billion annually (Simon Steven, Chief Executive of NHS England) and will only increase if we do not address the issue.

Mind the (investment) gap!

For decades politicians have told us that there is no future for residential care despite evidence to the contrary. We now see a growing concern that a significant loss of care beds (especially in localities where the local hospital is struggling to discharge people who are no longer in need of acute NHS care) will destabilize communities. We must also bear in mind that people who are left in hospitals unnecessarily become vulnerable to infections, which not only can hamper their healing but can actually have a detrimental effect on their wellbeing.

In response

NCA says that if we just consider the impact of delayed discharges from the NHS. We know from a recent report by Age UK, that almost three million hospital bed days have been lost since 2010 at a cost of £910 million.

- In May this year the National Audit Office estimated that the cost to the NHS of delayed discharges was in the region of £820 million – the figure may be an estimate but the message is clear.
- We have to consider the magnitude of social care solutions that resource could have bought.
- We know that older people cared for in more appropriate settings within a social care model, be it in a residential or home care setting, have greater levels of satisfaction. We believe these social benefits could become a greater reality with more viable public/private integration through realistic, sector-sustaining commissioning models.
- We believe that pooling resources, skills and expertise will bring about solutions.

A National Care Service is the new reality

The funding gap is an important issue for us to consider but it is not the only issue that challenges us; we also have the challenge of the workforce. Neither is exclusive as without a workforce we cannot deliver and without funding we are challenged to attract the right workforce.

Bearing these challenges in mind, we must consider the opportunities that will emerge from a growing market. As the need to care for more people with complex health and social care needs grows we must ensure that we start to look at creating confidence in a sector that has faced substantial criticism over the past decade.

Providers have met the challenges of innovating, developing and meeting the needs of individuals once cared for by our National Health Service. Ipso facto, the social care sector is now the National Care Service and should be recognised as such. We, the providers, now do everything that was originally remitted to the Health Service.

The important issue to reflect on is that the need for social care is going to increase not decrease. With this in mind we must ensure that we:

- Support a positive image of social care and work together to eradicate poor care in any setting, be it health or social care.
- Recognise the professionalisation of the social care workforce and providers.
- Create sustainable pathways to an integrated model of care that supports individuals whose needs have been assessed.
- Use excellence of service as the model we all subscribe to and which is achievable and sustainable for care providers in the best interest of the people we care for.