

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

REPORT OF THE EXECUTIVE DIRECTOR OF ADULTS & COMMUNITIES TO CABINET, 9 MARCH 2022

Public or private: Public

PEOPLE AT THE HEART OF CARE: ADULT SOCIAL CARE WHITE PAPER

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Cabinet on the proposals on the new Adult Social Care White Paper, setting out the implications and actions for the Council

2. RECOMMENDATIONS

- 2.1 Cabinet are asked to note the implications of the White Paper and the actions being undertaken by the Council.

3. INTRODUCTION

- 3.1 People at the Heart of Care: Adult Social Care White Paper was published on 1st December 2021. In its introduction it states:

For the vast majority of people, care begins at home. Carers play a vital role in our communities, and we all owe them a debt of gratitude. And so our vision for adult social care puts people and families at its heart. It is a vision that:

- *offers people choice and control over the care they receive*
- *promotes independence and enables people to live well as part of a community*
- *properly values our exemplary and committed social care workforce, enabling them to deliver the outstanding quality care that they want to provide*
- *recognises unpaid carers for their contribution and treats them fairly*

- 3.2 This built upon, with further details, following the announcement on 7 September 2021 when the Prime Minister set out long overdue reforms for how people in England will pay for their social care.

- 3.3 From October 2023, no one will be forced to pay unlimited and unpredictable costs for their care, giving them certainty and peace of mind. How individuals pay for their social care is not the only challenge the sector is facing. The proposals outlined state that they will not solve all of the problems but will be a significant step in moving us towards a new vision for social care.

- 3.4 The white paper sets out how it will encourage investment and innovation

across the sector, to support a shift away from a reliance on residential care and offer people genuine options for drawing on care at home and in the community.

Funding

3.5 The white paper sets out what funding is to be made available. Funding is split into 2 areas.

- Funding to support the implementation of the Cap on Care costs, means tested support and the fair cost of care
- Funding to support innovation and priorities set out in the White Paper

3.6 The overall funding to be made available is set out in the table below

	Overall Total	£5.4bn over 3 years for Adult Social Care Reform	
1	Cost of Care Funding	£3.6bn for Cost of Care Cap split over 3 years	
		£2.2bn for Cost of Care Cap starting in 2023	£1.4bn for the fair of care starting 2022/23
2	Innovation and Improvement Funding	£1.7bn over 3 years to support innovation and improvements across adult social care	

The Cost of Care Funding

3.7 The cost of care proposals will make changes in two areas.

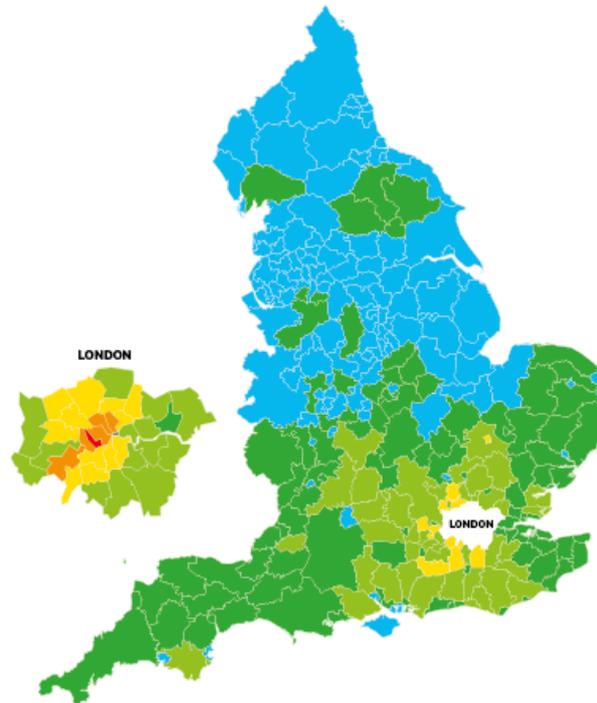
- a new £86k cap on the amount people will pay for their care costs (excluding daily living costs in a care home) over their lifetime.
- People with assets over £23,500 currently have to pay the full cost of their care. Only people above the upper capital limit of £100k will pay full cost of their care up to the care cap. Means-tested support will change to people contributing with value of assets between £20k and £100k.

3.8 The £3.6bn for the cost of care will fund the two areas that the proposals will impact.

- £2.2bn funding for the Care Cap is expected to cover the costs that Councils will be expected to fund once people reach the £86,000 cap on care costs.
- £1.4bn is to support Councils manage the increase in the cost of care resulting from a movement of Council fee rates closer to what self-funders pay.

3.9 Critics of the cap highlight the fact that £86,000 could represent the entire value of a home or more in the North of England. In contrast, this figure might be small compared to the value of a home in the South, where house prices are significantly higher. Therefore, a homeowner in the North will lose a higher percentage of their assets.

Average house prices, September 2021



source: Land Registry
By Tom Saunders
© 1

- 3.10 Analysis of house prices across England has revealed that those who own homes valued at the average house price in the [North East](#), without savings, would lose 56 per cent of their assets if they required £86,000 or more worth of care. Meanwhile, in [London](#) – where the cost of living is far higher – those who own a home valued at the regional average price would only lose 17 per cent of their assets under the same circumstances.
- 3.11 Providers generally balance lower Council funded support with higher self-funder fees. However, as people start to reach the care cap, more people will have their care funded by the Council. This will result in a drop in income to providers if the fees Councils pay remain lower than self-funder fees, so it is expected there will need to be a move of Council fee levels to be closer to self-funder rates.

Innovation and Improvement Funding

- 3.10 The table below describe how the £1.7bn funding is split within the White Paper

Wider Care Reforms – area and description	3 Year £M
Housing / social care integration <ul style="list-style-type: none"> • Exploring other innovative housing solutions to support more people to live independently at home • strategic commitment “in all local places” to connect housing with health and care and drive the stock of supported housing 	300
Technology / Digitalisation <ul style="list-style-type: none"> • Build on Social Care Digital Innovation Programme • Technologies to prevent falls • Digitised care record in place that can connect to a shared care record • digital learning offer 	150
Social care workforce <ul style="list-style-type: none"> • A Knowledge and Skills Framework (KSF) to support career progression • Improved Care Certificate with improved portability • Continuous Professional Development fund for Nurses, OTs and AHPs. • A new digital hub for support and a portable record of learning • Initiative to provide mental health and wellbeing support. • Policy to identify and support best recruitment practices • New Digital Care Hub with imbedded skills passport 	500
Disabled Facilities Grant <ul style="list-style-type: none"> • invest in the DFG and supported housing, to support more people to live independently at home • Increase the upper limit of the DFG; align the means test with charging reforms • New guidance for LA on how to make use of the DFG grant 	570
Informal carers <ul style="list-style-type: none"> • To ensure that the 5.4 million unpaid carers have the support, advice and respite they need, fulfilling the goals of the Care Act. • Funding to improve respite and breaks, peer group and wellbeing support 	25
Innovation in care / support <ul style="list-style-type: none"> • support LAs and partner providers to develop, commission and deliver new models of care for people living in non-residential settings • New service to make minor repairs and changes in peoples’ home 	30
Information & advice (website) <ul style="list-style-type: none"> • improve information for service users to help them navigate the care system and understand the options available to them • Existing local initiatives and identifying strength gaps • Increased oversight on how LAs communicate and advise 	5

Wider Care Reforms – area and description	3 Year £M
Care & Support Offer <ul style="list-style-type: none"> • Investment in Market Shaping, commissioning, and contract management in Local Authorities. • Continuous professional development, support for developing a clear career path for commissioners, and strengthening leadership 	70
Care and Support Specialised Housing <ul style="list-style-type: none"> • Incentivise the supply of specialised housing for older people and people with learning disabilities • Announced in National Disability Strategy to improve support to people with disabilities 	210
Total Allocation	1,700

- 3.11 Details of how these funding areas will be made available to Councils is not currently available, making it difficult to understand the impact this could make in Barnsley. Where possible we will look to ensure we have plans in place to take advantage of funding across these areas.
- 3.12 Yorkshire and Humber ADASS and Y&H Chief Execs will continue to lobby government for a more co-productive approach to the allocation of the Health and Social Care Levy through ICS arrangements enabling a more targeted approach to local NHS/social care priorities.

Impact of these Changes

- 3.13 It is fair to say that for some people these changes will have a fundamental impact. However, for many they may not be impacted for a long while.

People most likely to be affected will be:

- People who currently make a contribution to the cost of their care.
 - ✓ the amount they contribute may change.
- People who currently pay the full cost of their care and have between £23,500 and £100,000 of assets.
 - ✓ they may be expected to make a contribution, but the Council may also fund some of their care in the future.
- People who manage and fund their own care and would like the Council to manage their care for them.
 - ✓ They can ask the Council to manage their care and access Council fee rates.
- People with complex and high costs of care as they are most likely to reach the cap on care first.
 - ✓ A smaller group of people who have high or long term care costs who will reach the cap on care first.

People not expected to be affected will be:

- People already funded by the Council for their support and not making any financial contribution.

3.14 To understand how soon people would be impacted

- The average cost of residential care in Barnsley is £30-35,000. Once the cost of living has been deducted from this cost (expected to be £10-12K per annum), it would be 4 years before anyone currently in residential care would reach the care cap.
- Home Care costs are generally lower than residential care, so depending on the level of support a person is getting, it would be expected to take longer to reach the cap on care costs, typically around 8 years.

4. PROPOSAL AND JUSTIFICATION

4.1 Whilst the White Paper is welcomed, there is a considerable amount of work to be done within the Council to understand and prepare for the full impact of the Cost of Care Cap, both on the different groups of people but also on the wider market.

4.2 The Council has established a Funding Reform project group to manage the work to understand the impact. This group will look at

Review of financial processes:

1. Review of the end-to-end finance processes to identify areas or processes that would be impacted by the announced reforms as well as identify areas for improvement that could be addressed at the same time.

Assess financial impact of reforms

2. Map timeline of the reforms, clarify funding flows / profile (NHS and local authorities) that make-up of the £5.4bn allocated funding to local authorities.
3. Model the potential impact of the new cost of care cap (£86k limit on personal care costs) and required changes in financial assessment
4. Analyse current fee-paying clients, categorise, and assess financial impact
5. Assess impact of the increase in National Insurance Contributions Levy of 1.25% on procurement contracts / supply chain costs.
6. Assess potential impact on cost of care / care market sustainability.
 - using the LA's contracts for arranging care for self-funders.
 - increase in nos. of self-funders that may be supported by the LA (due to care cost cap).
 - Impact on capacity within the council to undertake this activity
7. Assess required finance and operational system changes to facilitate the reforms

- 4.3 This group will report back through the Better Lives programme Board and thereafter to SMT / Cabinet to ensure that decisions and actions to ensure Barnsley is compliant with the Proposals
- 4.4 In addition to this, in order to maximise the potential for accessing the £1.7bn funding for innovation, Adult Social Care is developing proposals to look at
- Disabilities Facilities Grant
 - Digital and assistive technology opportunities to support people differently
 - Care Academy to support the focus on workforce development
 - Market Shaping to support ambitions set out in the Council Market Position Statement

Each of these areas will form the basis for future updates to Cabinet.

5. FINANCIAL IMPLICATIONS

- 5.1 The Government has announced investment of **£5.4 billion** in adult social care over the next three years to deliver the funding and system reform commitments as follows:

- £3.6bn – will fund the introduction of a cap on personal care costs; financial assistance to those without substantial assets; and the move to a fair cost of care rate.
- £1.7bn – will deliver wider support for the social care system, particularly our brilliant social care staff and improve the integration of health and social care systems.

- 5.2 Whilst there is broad support for the proposals as set out in the White Paper, concerns continued to be raised regarding whether there is sufficient funding to make the proposals realistic – and to make social care financially viable. The key funding concerns and risks are as follows:

- so little of the taxation increases will actually be used to close the identified existing £6bn funding gap in social care from increased demography and inflationary pressures. The expectation by the Government is that ASC demographic and unit cost pressures will continue to be met through Council Tax, social care precept, and long-term efficiencies via the annual local government funding settlement.
- There is also the concern that the funding for social care reforms will be insufficient. Whilst work to assess the financial impact of the charging reforms has commenced, there is real risk that the annual cost will be more than the £3.6bn full-year funding from 2024-25.
- ASC will remain significantly under-funded, despite the reforms and additional funding that has been announced. Indeed, the reforms are likely to place even more financial pressure on local authorities, particularly in relation to the move to a fair cost of care and introduction of the £86,000 cap on cost of care.

5.3 The 3 year funding profile for the £3.6bn has been announced by the Govt and summarised in the table below (further details of the allocation of the £1.7bn is yet to be announced):

	3 Year £M	2022-23 £M	2023-24 £M	2024-25 £M
Care cap and capital limits	2,200	-	800	1,400
Funding for fair cost of care	1,400	162	600	600
Total	3,600	162	1,400	2,000

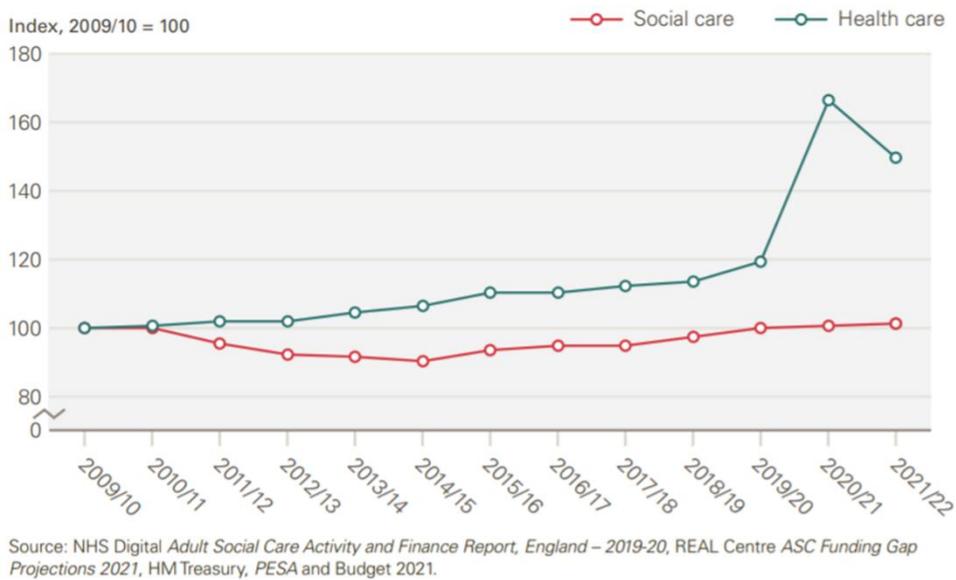
5.4 Barnsley has been allocated **£835k** (from the £162M in 22/23). The purpose of the funding is to ensure LAs can prepare their markets for reform and move towards paying providers a fair cost of care, as appropriate to local circumstances. Under the grant conditions, the Council is required to undertake a cost of care exercise and produce a market sustainability plan by Sept 2022.

5.5 The following are a number of financial issues / risks for consideration:

1. There are concerns around the pace of change / reforms and whether the funding earmarked for ASC reforms are properly aligned / profiled to cover costs as they are incurred by local councils.
2. Funding initially, secured from the National Insurance increases, will be directed to the NHS to address the back logs created by the Pandemic. If these back logs remain or other pressures materialise it is unlikely that additional funding would be re-directed to ASC as intended.
3. Work to be undertaken on developing a cost of care model and in establishing a fair cost of care rate would need to be aligned with developments regionally to ensure consistency across local areas.
4. Barnsley has a Cost of Care model for Residential Care that it has already shared with Providers in Barnsley. It is proposed to engage with care home providers with a view of exploring options for improving the current cost of care in 22/23 as a move towards a fair rate and in advance of the regional / national work on developing a standard model.

5.6 The diagram below illustrates the main concern for Local Authorities. Whilst investment and support for Health can be seen, this has not been matched by investment in social care. Many people have commented on the intrinsic link between having a good social care system and sustainable Health system. Our concern is that all the focus will remain on health, whereas investing in social care will do far more to support the health system.

Figure 6: Comparing spending on health and social care



5.7 Local authorities will continue to lobby central government to allow local areas to have greater control over the funding raised by the Health and Social Care Levy so that it can be targeted towards joint local NHS/social care priorities.

6. EMPLOYEE IMPLICATIONS

6.1 Staff will be consulted and involved in developing a new ways of working and supported to adopt new systems

7. LEGAL IMPLICATIONS

7.1 There are no legal implications at this stage, but Legal colleagues will be consulted as processes and systems are updated to ensure we are compliant with any new requirements.

8. CUSTOMER AND DIGITAL IMPLICATIONS

8.1 The proposals in the White Paper will impact on customers as it will change the amount they have to pay for their care. This will affect both existing and new people who need care and support. Part of the reforms include development of information and advice to help people understand what they can expect from Adult Social Care, but local information will still be required. More specifically many people will need to either assessed for the first time, or have a review of their financial position as a result of these proposals.

The Councils care management and finance systems will be reviewed to establish what changes will be required to manage the changes required

9. COMMUNICATIONS IMPLICATIONS

9.1 National information and advice around the reforms are expected to be put in

place. Local information and advice will be updated once impact of changes is better understood

10. CONSULTATIONS

10.1 Consultation on the reforms has been led nationally. Any changes to the Councils policies will need to follow normal consultation channels

11. EQUALITY IMPACT

11.1 Not applicable – these are national proposals that we will be required to adopt and implement as per the white paper.

12. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

12.1 Implementation of the proposals will form a key part of the actions of the Adult Social Care business plan.

13. RISK MANAGEMENT ISSUES

13.1 The White Paper raises a number of risks and issues that the Steering Group referred to in the report will address. These include market sustainability under the fair cost of care funding made available to the Council to pay for care and support.

13.2 The adult social care system is still recovering from the impact of the pandemic. The White Paper will require significant levels of activity and engagement across the sector whilst continuing to recover from a very challenging period.

14. BACKGROUND PAPERS

People at the Heart of Care
<https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper/people-at-the-heart-of-care-adult-social-care-reform>

Report author: Andrew Osborn

Financial Implications/Consultation

Joshua Amahwe (10/02/2022)
.....
(To be signed by senior Financial Services officer where there is no Appendix A attached)