

Adult social care reform

Purpose of report

For discussion and steer.

Summary

This report updates Members on important recent developments on adult social care reform, in particular the Government's reform proposals as set out in their report, 'Build Back Better: Our plan for health and social care', published on 7 September.

The report sets out the LGA's main positions on the Government's proposals, and requests Members' views on the LGA's developing messages in this area.

Recommendation

That the Executive Advisory Board note this update and offer comments on the questions set out in para 21 about the future direction of the LGA's lobbying and influencing work in this area.

Action

By the Community Wellbeing Board, as appropriate.

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Background

1. On 7 September, the Government published '*Build Back Better: Our plan for health and social care*' (the Plan). The Plan sets out a number of Government initiatives designed to strengthen the NHS and social care as we move forward and recover from the pandemic and its consequences. These initiatives will be funded through the centrepiece of the Plan; a new 1.25 per cent Health and Social Care Levy (the Levy), ringfenced for health and social care from April 2023, and based on National Insurance (NI) contributions. In summary:

Announced reforms

The Levy

2. A new 1.25 per cent, UK-wide Levy ringfenced for adult social care and based on NI contributions.
3. This will raise around £36 billion for health and social care over the next three years across the UK (approximately £30 billion for England). Of this, £5.4 billion will be invested in adult social care.
4. An increase in dividend tax rates by 1.25 per cent.
5. A staged approach:
 - a. The Levy will be introduced from April 2022 at which point NI contributions will rise by 1.25 per cent and the additional tax take will be added to the existing NHS allocation.
 - b. The Levy will be formally separated out from April 2023 and ringfenced for health and social care. It will apply to people working above state pension age and NI rates will return to 2021/22 levels.
6. Public sector employer contributions to the Levy will be funded from the tax take and the £36 billion figure is after that has been taken into account. This is to avoid a reduction in the spending power of public services.

What the Levy will fund

7. A cap on maximum care costs that people are required to pay themselves, effective from October 2023 and set at £86,000.
8. An increase in the financial means test thresholds, so that: people will not have to pay anything towards the cost of their care from their assets if they are less than £20,000 (up from the current threshold of £14,250); people will only be required to pay for the full cost of their own care if their assets are more than £100,000 (up from the current threshold of £23,250). People with assets between £20,000 and £100,000 will be required to contribute towards the cost of their care.
9. Funding to enable councils to move towards paying providers a 'fair cost of care' (with new guidance to be developed) and to help also tackle the problem of self funders

paying more for their care than people funded at the council level by enabling self-funders to ask the council to commission their care to get better value.

10. Investment of £500 million for new measures to support the care workforce.
11. Action to ensure unpaid carers have the support, advice and respite they need.
12. Investment in the Disabled Facilities Grant and supported housing and exploration of other innovative housing solutions.
13. Improved information for people who draw on social care and support.

Other announcements

14. The Plan acknowledges the core pressures facing adult social care and refers to the forthcoming Spending Review, stating: “We expect demographic and unit cost pressures will be met through council tax, social care precept, and long-term efficiencies; the overall level of local government funding...will be determined in the round at the Spending Review in the normal way”.
15. The Plan also commits the Government to publishing two new white papers by the end of this year; one on adult social care system reform (with focuses on housing, unpaid carers, information and advice, digital and technology, assurance, workforce, and models of care), and one on integration.

The LGA response

16. We have produced a thorough briefing on the Government's Plan (available [here](#)). This sets our views on the different aspects of the Plan's reforms. These can be summarised as follows:
 - a. Concern that the Levy provides no new and immediate funding for frontline adult social care
 - b. Unhelpful uncertainty on both the profile of the £5.4 billion for adult social care over the three-year period and how much social care will receive beyond that period and in future years
 - c. Concern about whether the £5.4 billion allocated for social care will be sufficient to meet all the Plan's reforms
 - d. Concern about who will be expected to cover the costs of employers' increased NI contributions for those organisations councils commission from and contract with.
17. On core pressures, we have been completely clear that a continuing reliance on council tax and the social care precept is unrealistic, inadequate and will further destabilise social care and councils' other vital local services. This point is a central feature of our overall Spending Review submission, which also makes clear that clearing the NHS elective care backlog depends on a stable and adequately funded adult social care system. We have called for a greater share of the Levy to be invested in the social care frontline from the outset.
18. On the white paper, we have called on Government to involve local government in its development to ensure it reflects, and is informed by, the considerable body of work that partners across social care have done in recent years.

Developing the LGA position

19. The immediate prospects for adult social care depend, in large part, on the outcome of the imminent Spending Review. If this does not deliver the level of new funding we have called for in our submission (and not simply increased spending power through council tax and the social care precept), we believe adult social care will face a perfect storm comprised of the following components:
- a. A major implementation programme for the announced charging reforms (the cap on care costs and extension to the financial means test thresholds) that is capacity-, time- and resource-intensive and under-funded
 - b. Continued pressure on the care workforce, potentially significantly exacerbated by the policy of mandatory vaccination
 - c. Continued pressure on the care provider sector
 - d. Confused and potentially damaging public perceptions arising from people seeing national increases in NI to fund the new Levy, as well as local increases in council tax and the social care precept
 - e. A vastly curtailed ability of adult social care to play its part in mitigating demand pressures on the NHS
 - f. A continuation of increased complaints and increased upheld complaints against adult social care, as recently evidenced by the Local Government and Social Care Ombudsman¹
20. This is likely to make things worse for adult social care overall, impacting in a serious way on people who draw on care and support to live the life they want to lead, and the workforce that delivers these services.

Issues

21. We propose to develop our public messaging and influencing activity on adult social care around the points set out above. Members' views are therefore sought on the following questions:
- a. Are these points the right ones?
 - b. Are there other issues that need to be highlighted?
 - c. What are the likely consequences of the Spending Review not injecting adequate new national funding into adult social care?

Implications for Wales

22. Adult social care is a devolved function and therefore there are no implications for Welsh local authorities.

¹ <https://www.lgo.org.uk/information-centre/news/2021/sep/failing-social-care-system-reflected-in-relentless-rise-in-ombudsman-s-upheld-complaints>

Financial Implications

23. There are no immediate financial implications for the LGA. However, the Government's charging reforms constitute a major programme of work, as we know from previous experience of preparing for the reforms when they were previously due to be implemented. Additionally, the Government has committed to coproducing their social care white paper with local government, which will be a rapid and intensive process. Preparing for charging reform implementation and playing a key role in the development of the white paper, will therefore stretch officer capacity.
24. Our Care and Health Improvement Programme will work closely with the Department of Health and Social Care on implementation support for the Government's charging reforms and will strive to ensure that all required support to the sector is fully funded by the Department.

Next steps

25. The Community Wellbeing Board will continue to oversee the LGA's policy work on adult social care funding and reform.
26. Actions arising from this discussion will be taken forward by the Community Wellbeing Board and officers as appropriate.