

London Councils

The voice of London local government

Care Bill - Second Reading

House of Commons - Monday 16 December 2013

Summary

London Councils supports the ambitions of the Care Bill, but we have serious concerns about the level of funding made available to local government announced for the new duties and responsibilities arising from it. While the government has committed to meet the funding for new burdens on local authorities, our analysis shows that their actual commitments will fall well short of meeting the actual costs.

If not fully funded, the requirements of the Bill will exacerbate already significant funding pressures on social care and could undermine the Bill's desired outcomes.

London Councils four asks are:

1. The government must fully fund the new burdens arising from the Bill. Our research shows costs of the order of **£738 million** between 2016/17 to 2019/20 in London alone (most heavily loaded in the first and fourth years). The government has only committed £1 billion for 2016/17 and 2017/18 for the whole of England, which is not sufficient.
2. The government must fully fund local authorities' preparatory costs. The implementation of the new proposals – most particularly the paying for care reforms – will be a complex and large-scale challenge, for which local authorities have very limited capacity to respond given budget cuts. While boroughs in London are already starting to plan for this, the government has not made sufficient funding available to cover this. No funding has been provided for 2014/15 and £335 million has been provided for England for 2015/16, but we estimate London alone will face costs of nearly £90 million that year (see detailed cost estimates over).
3. We urge the government to consult on draft secondary legislation and guidance as quickly as possible and certainly while the Bill is still going through Parliament. Planning for implementation is being delayed by a lack of some important policy detail.
4. The government must undertake a communications campaign to build understanding. There is a widespread lack of understanding about the implications of the reforms - a recent survey showed that 3 in 5 Londoners do not expect to make any financial contribution to their care.

We have worked on this Bill since its start and are very keen that these important and well-researched points are made on behalf of London in the debate. We hope you can help us to get these asks across. If you need any further information, please do not hesitate to contact us - details on the last page.

Background to the funding issues

Many of the Bill's provisions will have significant implementation costs. This must be set against the fact that councils in London have already had to manage at least 35% cuts to their core funding, with a further 10% (potentially as high as 16%) in 2015/16, and the likelihood of more beyond that. These cuts are on top of £421 million funding pressures in adult social care from demographic changes and inflation between 2011/12 and 2015/16.

As a result, local authorities simply cannot absorb the Bill's extra costs resulting within their existing budgets. Failure to fully fund the costs of the new regime risks undermining its effective implementation and/or putting further pressures on services to the most vulnerable people. It is critical that the Bill is appropriately funded if its aspirations are to be achieved.

Breakdown of costs to London authorities

London Councils has undertaken a series of pieces of research into the costs to London of the new funding regime and the wider Care Bill over recent months, using ONS data, current and forecast adult social care spend, and cost estimates from boroughs. Set out in time order, they are as follows.

Preparation costs in 2014/15

Preparation for the parts of the Bill that will be introduced from April 2015 will have to take place in 2014/15. In addition, the complexity of the paying for care reforms means that preparation will also have to start for this in parallel – as is reflected in the development of the joint implementation programme by the Department of Health, LGA and ADASS. However, the government has not yet identified any funding to support this implementation activity. Local authorities' capacity to engage in this work – for which there is a high degree of willingness in London – is very limited given the pressures on local government and social care budgets and other reform agendas, including the integration of health and care and new responsibilities flowing from the Children & Families Bill.

Implementation and system improvement costs in 2015/16 - £89.8 million

Our analysis includes the costs of implementing the new requirements for information and advice, administration of deferred payments, carers assessments and carers support from April 2015. It has also estimated the cost of system improvements required for the new paying for care regime, together care user assessments and care account management, which are expected to start 6 months before the new regime commences in April 2016.

If the government's £335 million for Bill costs in 2015/16 is allocated according to the current formula, London could expect to get around £52 million – well short of the £89.8 million costs we estimate boroughs will face.

Costs for full implementation between 2016/17 – 2019/20. £1.14 billion.

Our analysis of the Bill's new burdens on London boroughs alone is £738 million between 2016/17 and 2019/20. At the same time, demographic pressures and inflation could increase adult social care costs in the capital by £399 million. So London boroughs will face a total funding pressure for adult social care of the order of £1.14 billion over these 4 years.

The £738 million new burdens splits into two component parts as follows.

1. Implementing the paying for care reforms - £478 million.

The introduction of the new paying for care regime is the most significant element of the costs. Raising the means testing threshold will have immediate costs from April 2016 and could see a 15% increase in Londoners qualifying for local authority funding support for their care. In London, given higher costs of care, we estimate that the average time to reach the cap will be 3.5 years (compared to nearly 6 years in the North East). We estimate a higher proportion of people in London

(27%) will reach the cap. And the costs to London boroughs thereafter will also be higher than in regions. Not only do these costs need to be fully funded, but the funding allocation mechanisms to distribute the funding will need to reflect the way costs will fall in different parts of the country.

2. Implementing the other parts of the Bill 2015/16 – 2019/20. £260 million.

It has not been possible to estimate costs for all parts of the Bill. However, those elements for which we have been able to do this, our estimated costs are:

Providing information & advice	£7.92 million
Deferred payments administration	£5.6 million
Carers assessments	£29.48 million
Carers support	£163.2 million
Care user assessments	£48.6 million
Care accounts management	£5.28 million.

Set against these costs, the government has so far identified the following funding nationally to support preparation for and implementation of the Bill:

- £335 million for 2015/16 (for implementation of those parts of the Bill that will commence on April 2015 and to support preparation for implementing the paying for care reforms that will commence in April 2016)
- £1 billion per annum in 2016/17 and 2017/18

Three additional areas of Concerns

1. Early clarification of outstanding policy decisions

We are still waiting for at least 25 different pieces of secondary legislation alongside the statutory guidance covering several important areas. The absence of some key policy decisions - for example the thresholds for working age people - impacts directly on the ability to plan effectively for implementation. The government should provide drafts of all regulations and statutory guidance while the Bill is still going through Parliament to develop strong practitioner understanding. London Councils and borough experts stand ready to support the development of workable policy solutions in any way we can.

2. Commitment to a national publicity campaign

The new 'paying for care' policies are complex and there is not widespread understanding of how they will work in practice, particularly among people likely to be directly affected. An Ipsos-MORI survey found that 58% of people expect not to have to pay for their own care. It is vital that better understanding is built particularly addressing the proposed changes well in advance of local authorities having to implement the new requirements. Misconceptions by the public are likely to increase disputes with boroughs, creating financial and reputational risks.

3. Co-ordination with other reform agendas

In parallel to implementing the Care Bill, local authorities are seeking to drive forward the integration of health and social care at scale and pace. This includes through the new Better Care Fund, which pools £3.8 billion of existing funding in 2015/16, for which local authorities have to agree joint plans with CCGs for 2014/15 and 2015/16. They are also expecting to be implementing the new Children & Families Bill, including the Special Educational Needs reforms which could extend care support up to age 25.

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London Councils represents all 32 London boroughs and the City of London. The Mayor's Office for Policing and Crime and the London Fire and Emergency Planning Authority are also in membership