

Clerk to the Economic Affairs Committee  
Committee Office  
House of Lords  
London  
SW1A 0PW

8 October 2018

Dear Sir,

**Social care funding in England**

Thank you for the opportunity to respond to the above consultation, which I have the pleasure to do on behalf of the United Kingdom Homecare Association (UKHCA).

UKHCA is the national professional association for organisations which provide social care, including nursing care, to people in their own homes. Our mission is to promote high quality, sustainable care services so that people can continue to live at home and in their local community. The vast majority of our 1,800 members in England provide services which are regulated by the Care Quality Commission (CQC).

**What are the funding challenges for social care in England and how can they be overcome?**

Local Authorities purchase in excess of 70% of homecare across England, in what is in many parts of the country, effectively, a monopsony market. Fee rates paid by councils to their providers still rarely take into account payments for careworkers' travel or 'down time' between assignments, despite this being 'working time' for the purposes of the National Minimum Wage Regulations and therefore costs which providers have a legal obligation to meet.

A distorted social care market continues to operate because councils often take advantage of and in many cases exploit their dominant purchasing power. For example, councils fail to recognise providers' increased costs resulting from the National Minimum Wage or changes to pension contributions

Unlike care providers, Local Authorities are not subject to statutory oversight by a statutory regulator such as the Care Quality Commission (CQC), in England and as shown by UKHCA's Homecare Deficit publication<sup>i</sup>, continue to pay rates well below what we consider should be a minimum price for the delivery of homecare services.<sup>ii</sup>

We believe there is a strong argument for CQC to be given statutory powers to assess routinely and report on the commissioning functions of local authorities' social care responsibilities.

UKHCA will be publishing an updated version of The Homecare Deficit within the next month. Data, collected in 2018 via a Freedom of Information request to all UK Local Authority with responsibility for delivering homecare services, has shown broadly the same picture as we found in 2016 and that that many Local Authorities continue to fund homecare services at unsustainable levels.

Although Local Authorities in the South tended to pay higher rates there were some surprising variations in the levels of fees paid.

From our findings, based on a sample week in April 2018, the current average rate for England is currently £16.19 as compared to £14.66 in 2016. Given changes to the National Minimum Wage and other statutory costs this represents a very low level of increase for council-funded services.

The current average price in England of £16.19 per hour which compares unfavourably with the £16.78 per hour paid in Wales and £16.54 per hour in Scotland.

We believe that Local Authorities should pay care providers a fair and sustainable rate, be subject to statutory oversight and that greater integration between health and social care commissioners and providers should be encouraged.

### **Why have successive governments been reluctant to address challenges in the delivery of social care?**

The majority of social care provision is funded by local government and as such has been overlooked in terms of the funding reviews that have resulted in recent increased resources for the NHS.

However, social care services do much more than just prop up the NHS.

Social care provision is largely delivered by the independent sector. However, as was shown earlier in this paper, a monopsony situation exists which does not permit proper competition and has seen commissioners consistently drive down the prices paid to providers despite increased wage and other pressures on providers.

### **How can a sustainable funding model for social care supported by a diverse and stable market be created?**

We believe that when calculating a fair and sustainable price for homecare provision local authority commissioners should include the following:

- Cover workforce costs, including careworkers' travel time, to ensure full compliance with the National Minimum Wage;
- Recognise wage expectations of local markets to secure sufficient workforce to meet local demand;
- Cover costs of regulation, supervision, organisation and training to meet quality and safety requirements;
- Ensure businesses receive a profit/surplus to maintain market stability and reinvest in services.

## **How can the cost of the provision of social care be fairly distributed?**

If the current funding system for social care is maintained, meeting future pressures on social care would require an estimated funding of 0.4% of GDP by 2033-34, equivalent to around £8 billion in today's terms or, £280 per year for each household in the UK. If the system were reformed to increase the generosity of the public offer, appending on social care would need to increase by even more.<sup>iii</sup>

Government has promised a review of the funding of adult social care as part of its forthcoming Green Paper.

A mix of increased central funding and an element of taxation or health insurance seems to be the most equitable solution and is gaining traction with both politicians and the wider public. We also believe that Government should consider tax breaks for people who will not qualify for state funded support but pay for care from their personal means.

However, better integration of the health and social care systems to focus on keeping people healthy and independent will also ensure that existing resources are best utilised with a focus on prevention rather than treatment.

## **What lessons can be learnt from elsewhere in the United Kingdom, or from other countries, in how they approach social care?**

Although still faced with funding constraints the Scottish Government is making efforts to integrate health and social care commissioning and oversight and take a person-centric approach to the delivery of services.

Section 53 of the Public Bodies (Joint Working) (Scotland) Act 2014 ("the Act") set out that Health Boards and Local Authorities must form an Integration Joint Board to exercise their functions with respect to health and social care.

We trust that the above will be helpful in your deliberations but remain happy to give evidence, in person, if required.

Yours faithfully,



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<sup>i</sup> United Kingdom Homecare Association **The Homecare Deficit 2016**

<sup>ii</sup> Angel, C (2018) **A Minimum Price for Homecare** Version 5.1

<sup>iii</sup> The Institute of Fiscal Studies May 2018 **Securing the future: funding health and social care to the 2030s**