RURAL LENS REVIEW

People at the Heart of Care

Adult Social Care Reform White Paper

Published December 2021

RURAL SERVICES NETWORK

At a glance

Rural Services Network's thoughts on **People at the Heart of Care White Paper:**

In many places through the White Paper the Government's ambition is expressed in terms of words to the effect of "we want people to be able to say". **From a rural perspective and in terms of fairness we expect people who draw on care and support (including carers) and those delivering the support to be able to say:**

- **I and my carers can access good social care support regardless of where I live.** Addressing geographical inequality must start with the inequitable distribution of funds between rural and urban areas, including ensuring that funding formulae fully address the extra costs of service provision in the rural context.
- **I can access good social care regardless of my age.** Between 2018 and 2040 the 65+ age group in predominantly rural areas is projected to rise by 46.3% (41.2% for predominantly urban areas). For the 85+ age group the projection for predominantly rural areas is 93% (urban 66.9%). It is well known that for the 85+ age group, when care/support is needed, it is generally more complex and costly to provide.
- **I can access good social care regardless of my financial means.** I should not have to pay more through my council tax for social care in my area than someone living in an urban area.
- **I can access good digital care.** It is imperative that the necessary level of broadband connectivity required to meet the Government's aims is available across all rural areas without delay. This includes the so-called 'hard' or 'very hard' to reach areas.
- **I can access preventative health initiatives regardless of where I live**. Predominantly urban areas receive 56.8% more per head in government public health grant than their rural counterparts despite addition costs of service delivery across rural areas.

SUMMARY

Particular challenges for rural and county areas are:

- **Resource**: Government funded support for adult social care service costs is significantly lower in county and rural areas.
- **Workforce**: The higher average age alongside ageing population projections within county and rural areas places a high burden on these local authorities.
- **Self-Funders**: The balance of adults self-funding their care is higher in rural areas and likely to be more sensitive to reforms made to the funding system.
- **Care Homes**: The proportion of residential care homes situated in rural locations is higher than in metropolitan areas, often encouraging service user inflow to counties.
- **Sparsity**: Geographical challenges in providing adult social care in large and remote rural areas, particularly the time and costs involved in delivering personal care over large distances.

Local Authorities in rural areas are suffering from years of historic underfunding compared to urban areas. They will be looking for financial reform to bridge the funding gap for Social Care budgets to ensure that they can meet growing demands on the service and current levels of unmet need.

There is a consensus across the social care sector that increased funding is needed to alleviate current pressures before future reforms can be attempted.

ABOUT THE WHITE PAPER

Real and demonstrable improvements will need to be seen year-on-year over the 10-year timeframe, without which this could be judged as a 'kicking into the long grass exercise'.

We would stress that this White Paper is about Adult Social Care and not just elderly person's care. A review of July 2021 data shows that in respect of Personal Independence Payment for eligible working age people aged 16 to 64, as a fraction of people in this age

group, the cases with entitlement stand at 6.2% in Predominantly Rural areas and 6.6% in Predominantly Urban, and the mean financial award was £111 and £109 respectively. **Therefore, disability and mental health care issues are as important in rural as urban areas – but with fewer support services available in rural areas and huge issues relating to access, isolation etc.**

Importantly the White Paper recognises the need for the reform proposals to happen consistently so that **everyone can benefit – no matter where they live.**

This Rural Lens Review builds on a joint report by the Rural Services Network (RSN) and the County Councils Network (CCN), launched in September 2021 entitled ***The State of Care in County & Rural Areas***. That report was designed to describe and quantify the then current state of adult social care in county and rural areas. Importantly, following the announcement the previous week of the Government proposals for adult social care reform in England, the report also explored the potential impact of measures on existing service provision alongside reforms such as a 'cap on care' and new rights for self-funders to access council arranged care contracts.

An Executive Summary of this joint report The State of Care in County & Rural Areas can be found here and you can download the full report here.

FUNDING RELATED ISSUES

RSN COMMENTARY:

General
Criticisms of the White Paper mainly focus on whether there is sufficient funding to make the proposals realistic – and to make social care financially viable. There is also significant concern that the White Paper fails to address the likely winter crisis and nothing to boost care worker pay in the short term amid very significant staff shortages exacerbated by the pandemic.

There is absolutely no mention in the White Paper of the formulae used to distribute Government Grant to Local Authorities. In 2021/22 urban areas receive 16% more per head of population in Government support for social care services than rural areas. The gap has increased from 4% in 2017. This is despite the fact that it costs more to provide services across rural areas.

It is imperative the Government enshrines in law the proportion of the Health and Social Care levy that will be dedicated to social care. Without a proportion of funding being enshrined in law for social care, there is no guarantee that income from the levy beyond 2025 will be used to predominantly fund social care once the NHS backlog is cleared (if it is by then).

Local Authorities in rural areas are suffering from years of historic underfunding compared to urban areas. They will be looking for financial reform to bridge the funding gap for Social Care budgets to ensure that they can meet growing demands on the service and current levels of unmet need. Simply funding the changes which are proposed is not enough. There is a huge backlog of unmet need currently which needs to be urgently addressed.

The historic underfunding has seriously impacted on the capacity of rural Councils. Competition or 'bidding' for Government Funds is then negatively impacted by these capacity issues.
The Government needs to ensure that all citizens are able to access the similar levels of social care service regardless of where they live. A sustainable and fair distribution of resources between health and social care must be coupled with a fair formula for distributing monies between different councils. This must recognise the costs of service delivery in county and rural areas. There must also be an understanding that reform to social care will change demand patterns and eligibility for support for self-funders, in the process creating new, specific pressures for these councils. Any funding distribution must also recognise the already disproportionate burden placed on council tax to fund services in county and rural areas.

In terms of the (at least) £150 million of additional funding "to drive greater adoption of technology and achieve widespread digitisation" the Government first needs to urgently ensure the necessary level of broadband connectivity to all rural areas – including those 'hard or very hard to reach' areas. Not to do so will clearly continue to disadvantage rural communities and exclude them from major parts of the Government's Adult Social Care Reform Agenda. Affordability of the technology, connection costs and training and support in the use of the technology will also need to be addressed as a priority. The fragility of electricity networks in rural areas also needs to be urgently remedied.

In addressing the 'Why 10 years" question the White Paper states "We know that some of the challenges in social care cannot be quickly fixed". Whilst that is true a lot of those challenges can be addressed though increased funding to meet costs (including unmet need backlogs) and – for rural areas – a fair distribution of government support which reflects the additional costs faced in rural areas.

Public and private fee polarisation has become more deeply embedded as a structural feature of the care home market, with private fees more than 40% higher than publicly paid fees for the same level of amenity, and in all probability the same level of

care. Previous analysis for County Council Network has shown that this had led to a care home fee gap of £761m for counties alone in 2020/21.

It should be remembered that the underfunding by government of rural councils' costs relating to the statutory duties in respect of social care has wider service impacts. The last decade or so has shown that to fulfil their statutory duties rural councils have had to reduce other service budgets classed as 'discretionary services'. This includes bus service support, support for cultural and sports/leisure services and economic/community development. These services all impact on the wellbeing and health (physical and mental) of rural residents. Our research shows that in the current financial year (2021/22) urban authorities are able to budget to spend three times more per head of population on so-called discretionary services than their rural counterparts. Planned spend on public transport per resident is nearly ten times more in urban areas compared to rural.

Cost & Spending

- County and rural unitary councils spend 4.1 times more on social care external providers than their in-house services. This is substantially higher than in any other type of council (English unitaries 3.3 times; London boroughs 3.2 times; metropolitan boroughs - 3.0 times).

- County and rural unitary councils draw a disproportionately high amount of their fee income from client contributions compared to other types of council. Over half of all client financial contributions (charges for local authority arranged care) towards the cost of social care in England were in county and rural areas in 2019/20, some £1.5bn.

- **The data shows that the unit costs for clients aged 18-64 are most expensive in county and rural unitary councils for both residential and nursing care.** Residential care for this age group is 15% higher compared to metropolitan boroughs.

- **The cost of providing home care services in county and rural areas is significantly more expensive than for other types of council.** It is just under 10% more expensive to deliver services when compared to English unitaries and London boroughs, and as much as 18% more compared to the average metropolitan borough.

Funding & Financial Outlook

- **Between 2015/16 and 2019/20 county and rural unitary councils having absorbed substantially larger reductions to their core funding for adult social care than any other type of council (42.3%).**

- Nationally, decreases in funding have been offset to a large extent since 2017/18 by an increase in temporary grant funding. As a result of temporary grants, **all council types except county and rural unitary councils** have seen a rise in total grant funding in nominal terms, albeit small. **By contrast county and rural unitary councils have seen an overall reduction of £128m.**

- Funding and the costs of services has diverged dramatically over the past five years. As a result of growing demand for services and costs, the difference between funding and service costs has grown 20.8% over the period, some £1.2bn for county and rural unitary councils.

- Nationally government funding in 2019/20 was meeting almost 42% of the costs of providing services. There is a large variation between council types, with just 30% of costs met through grant funding in county and rural areas. **An ever-increasing reliance on council tax is unsustainable and unfair to rural areas where council tax is already much higher than in urban areas. In 2021/22 rural residents paid, on average, £96 (19%) per head more in council tax than their urban counterparts.**

- Future cost projections for the period 2020/21 to 2029/30 show that nationally total costs will rise by £6.7bn, some 38% just to keep services operating as they are presently without any increase the level or quality of services. **County and rural unitary councils account for £3.3bn of this total increase in costs over the period, with estimated spending need rising 40% - higher than the national average and for metropolitan boroughs.**

- While the additional Covid-19 expenditure on social care has been funded by Government, with this expenditure reducing by almost two thirds during the current financial year, there is growing evidence there will be medium-term 'legacy costs' from the pandemic which could become embedded beyond 2021/22. While the Government have committed to funding a 'fair price for care', it is extremely uncertain that the funding announced to date will be sufficient to meet the costs arising from reform when the full additional costs from market equalisation are considered - estimated at £761m annually in county and rural areas alone. The impact of extending commissioning duties to self-funders to enable them to have their care arranged by councils, and access local authority contracts and fee levels, must be fully costed, consulted on, and risk assessed, with appropriate funding and policy mitigation to prevent unsustainable financial costs and risks to councils and providers.

WHO CARES?

RSN COMMENTARY:

Nationally it is reported that there is a backlog of care assessments and packages of about 400,000 cases.

Service Demand

- **County and rural unitary councils received 49% of all service requests in 2019/20, up by 5.6% since 2017/18. Nationally, those aged 65 and over accounted for 71% of all service requests but in county and rural areas the share of requests received from this age group is disproportionately higher (75%) compared to other parts of the country.**

- The proportion of requests attributable to older adults has remained static over the past three years, with growth in requests across the two age bands remaining broadly similarly in county and rural areas. This is in contrast to urban authorities, with Metropolitan boroughs in particular seeing the number of requests from those 65 and over decline.

- **County and rural areas have the highest percentage of service requests - 58%, where no formal service is provided. Some 545,000 requests to county and rural unitary councils during 2019/20 resulted in advice or signposting, or no service being provided. Just 8% of all requests (77,000) resulted in long-term care support.**

- The percentage of service requests where no formal service is provided has remained static since 2017/18, demonstrating that while Government have provided temporary one-off resources for adult social care, this has only served to offset rising costs of providing services, rather than expand provision to more individuals.

Care Provision

- About 80% of total gross social care expenditure (£15.4bn) by local authorities in England is spent on direct forms of care, consisting of residential, nursing, and community or home care.

- **Some 47% of spending in county and rural areas is on working age adults in receipt of care. This is despite three quarters of demand for care services in county and rural areas coming from those aged 65+.**

- County and rural spend is proportionally higher on those receiving support with a learning disability. Some 72% (£2.6bn) of provision for working age adults is for this type of care recipient, higher than in London boroughs (66%), Metropolitan boroughs (69%) and other English unitaries (67%).

- Reflecting the fact that county and rural unitary authorities contain the largest proportion of residential and nursing homes, the spend on these forms of care setting is disproportionately higher than in other councils at 52.5%.

- The data shows that there has been a long-term trend of shrinkage of the residential care home market even before Covid, with county and rural areas witnessing the closure of 272 residential and nursing care homes over the past three years.

GOVERNEMENT'S 10 YEAR VISON FOR ADULT SOCIAL CARE

RSN COMMENTARY:

There is little here that can be argued with as a vision. The devil is and will be in the detail. **A timescale for what the Government wants to be achieved, by when (within the 10-year period) is essential.**

There has been criticism of how the £86,000 is to be calculated and the greater impact it will have on poorer families.

As always, our concern is to ensure that rural areas benefit from proposals at the same time and pace and to the same quality, as urban areas and that the costs of achieving similar outcomes in a rural context are fully reflected in the funding.

New statutory duties in relation to self-funders and the cap on care costs will come with significant additional administrative and workforce burdens of operating care accounts for people approaching the Councils. The implications for county and rural unitary councils will be particularly acute and will need careful consideration in the development of the Government's plans.

Analysis of the expenditure by county and rural unitary councils on different forms of setting by age group shows starkly the predominance of residential care as the primary delivery model for both cohorts above community-led services. The expenditure on residential care for working age adults is particularly marked, which partly explains the earlier finding that 47% of county social care budgets are spent on working age adults despite them only making up 33% of the total number in receipt of a service. This reliance on residential care may also be a consequence of community services being more difficult (and expensive) to provide over the long distances of rural areas.

There are benefits in a transition towards domiciliary rather than residential care, which must be managed. There needs to be a safety net for the financial risk to local authorities and the wider stability of the provider market with resultant under occupancy of residential care places. Moreover, as outlined in other parts of this Rural Lens Review, the proposed reforms present a number of further sustainability challenges from self-funders accessing local authority fee rates.

We recognise the need to address the unfairness in the fee levels paid for care. But these commitments will have enormous implications for councils and providers. The Government intention to actively encourage self-funders to access council-arranged care will lead to greater market equalisation between council and self-funder fees. **County and rural unitary councils will be particularly exposed to the risks of increased demand and greater financial pressures, given their higher average percentage of self-funders (53%) and proportion of care homes. These areas are already facing a care market-fee gap of at least £761m - the estimated annual cost of bringing local authority fees closer to self-funder rates.**

It was these costs and risks associated with market equalisation that led to the delay in the implementation of funding reforms in 2015. With financial strain in the provider market intensifying since that point, **unless significant resources are provided this would potentially further undermine the profitability of providers and result in large-scale care home closures, or unfunded commissioning costs for councils to sustain their local provider market.**

While the Government have committed to funding a 'fair price for care', it is extremely uncertain that the funding announced to date will be sufficient to meet the costs arising from reform when the full additional costs from market equalisation are considered - estimated at £761m annually in county and rural areas alone. The impact of extending commissioning duties to self-funders must be fully costed, consulted on, and risk assessed, with appropriate funding and policy mitigation to prevent unsustainable financial costs and risks to councils and providers.

STRONG FOUNDATIONS TO BUILD ON

RSN COMMENTARY:

Between 2018 and 2040 the 65+ age group in predominantly rural areas is projected to rise by 46.3% (41.2% for predominantly urban areas). For the 85+ age group the projection for predominantly rural areas is 93% (urban 66.9%). It is well known that for the 85+ age group, when care/support is needed, it is generally more complex and costly to provide.

As we said in the previous section unless significant resources are provided proposals in the White Paper would potentially further undermine the profitability of providers and result in large-scale care home closures, or unfunded commissioning costs for councils to sustain their local provider market.

We cannot stress enough the need to invest in, grow and encourage micro-enterprises in very local rural areas and ensure these micro-providers meet the quality standards and safeguarding required. These requirements at present create a barrier to entry that ends up with large care provider companies dominating the market but operating a business model that adds to the cost of delivering to rural areas - if they do so at all. Micro enterprise needs to be factored into procurement practice or we will continue to have care provider contracts handed back in large rural areas.

Addressing geographical inequality must start with the inequitable distribution of funds between rural and urban areas, including ensuring that funding formulae fully address the extra costs of service provision in the rural context.

As we have commented elsewhere in this Rural Lens Review it is imperative that the necessary level of broadband connectivity is available across all rural areas without delay. This includes the so-called ‘hard’ or ‘very hard’ to reach areas.

HOUSING RELATED ISSUES

RSN COMMENTARY:

Research by the Nuffield Trust in January 2019 showed that was an almost 40% increase in delayed hospital discharges (delayed days per 1,000 admissions) by Trusts defined as "with unavoidably small hospitals" compared to other Trusts. Resolving the care crisis in rural areas would reduce NHS costs and cut waiting lists for NHS care.

Suitable housing will always be a key factor in the development of adult social care. In its report with the Association of Retirement Community Operators (ARCO) - Planning for Retirement - CCN highlighted the desire of many of its members to invest in retirement communities which can offer a more gradated and preventative approach to ageing within specifically designed housing with care developments.

The Government states that it wants people to be able to say, **"I can live as part of a community, where I am connected to the people who are important to me, including friends and family, and I have the opportunity to meet people who share my interests."** The development of suitable homes for older and disabled people in or near to their family home is massively important. The costs of such small-scale developments must be fully recognised as must the costs of meeting the care needs of residents in those developments.

The report recommended that a key barrier to expanding this provision at present is the large number of terms being used to describe 'Retirement Communities' (e.g., 'Extra Care', 'Close Care', 'Later Living' etc.) makes it confusing for different local authority functions (e.g., housing, planning, social care) to always be clear on what they are talking about to each other. Creating more common language to define what a retirement community is and what it should offer would be helpful.

Another recommendation would be to ensure that classifications in the planning system properly reflect the fact that the retirement community model is neither C2 (Residential Care) or C3 (Private Retirement Housing) but somewhere in between. The report therefore recommends the creation of a new C2R category with clear definitions of what would be expected from a retirement community which could provide greater assurance for councils, providers and developers alike and make the creation of such developments more likely.
There is a clear lack of housing choice for older households in the rural areas where they live. There are no real options to 'right-size' given limited growth in new developments.

There are significant challenges in adapting older homes for disability living.

A high proportion of older owner and occupiers are reliant on community support.

Access to DFGs is challenging for many and grant rates too low – the whole approach to adaptations needs overall. Ultimately prevention through the right adaptations could prevent falls etc. thereby reducing NHS/Social Care costs.

To help support the expected ongoing transition from residential to domiciliary care, reform should help encourage the better development of mixed forms of provision such as retirement communities which offer specifically adapted housing with care on site enabling a more gradated approach to planning for infirmity and meeting the care needs of those who are ageing.

The Government must ensure that Registered Providers (Housing Associations) and Housing Authorities can play their full part by making grant rates (including via Homes England) reflective of rural development costs. **A bespoke rural grant fund is called for.**

Even if the £300m of funding referred to was all put into new build developments it would deliver just 3,000 new homes across England at £100,000 per unit (which may well be a low estimate of combined land, design, infrastructure and build costs).

The White Paper makes much of embedding housing in broader health and care strategies. In rural areas the problem is also the other way around and comes from not embedding health and care into broader housing and planning strategies. If planning, housing and economic strategies continue to encourage working people to live in ever-expanding major settlements and leave rural communities to be the preserve of older people, the costs of care, especially when care costs are capped (if this can really be said to be happening) will fall to the public purse. It will also be even more expensive because the workforce will not come from within the community. This is a major contributor to the workforce challenges.

DIGITALLY ENABLED CARE

RSN COMMENTARY:

To repeat a point, we made earlier in this Rural Lens Review, in terms of the (at least) £150 million of additional funding "to drive greater adoption of technology and achieve widespread digitisation" the Government first needs to urgently ensure the necessary level of broadband connectivity to all rural areas – including those' hard or very hard to reach' areas. Not to do so will clearly continue to disadvantage rural communities and exclude them from major parts of the Government's Adult Social Care Reform Agenda. Affordability of the technology, connection costs and training and support in the use of the technology will also need to be addressed as a priority.

DHSC needs to be very clear where the greater adoption of technology and widespread digitisation can be achieved through Super- Fast Broadband (rather than gigabit capable) and communicate that widely throughout rural communities and to service providers.

The fragility of electricity networks in rural areas also needs to be urgently remedied.

When considering the new 'Innovative Models of Care programmes and providing 'risk-sharing funding' **it is essential that a number of rural local authorities are involved to develop and share best practice in the rural context.**

In respect of the Office for Health Improvement and Disparities "tackling the top preventable risk factors for poor health, including obesity, smoking and alcohol" it should be noted that **in terms of prevention activities relating to Public Health generally predominantly urban areas receive 56.8% more per head than their rural counterparts despite addition costs of service delivery across rural areas.**

EMPOWERING THOSE WHO DRAW ON CARERS AND FAMILIES

RSN COMMENTARY:

We repeat the points made before about the reliance on digital technology in the rural context.

The identification and testing of a range of new and existing interventions that support unpaid carers must include identification and testing in a rural context.

The DWP Local Supported Employment scheme must include at least 2 rural local authorities as part of the 20 to be worked with.

A few hours may be a useful period of respite for a carer living in a large town where they can do useful things in a few hours. For a carer - who may not drive - in a rural village, a few hours is the time spent sitting on the bus get to do something useful. As such more time is needed for respite care to be meaningful in rural areas.

GOVERNMENT'S STRATEGY FOR THE SOCIAL CARE WORKFORCE

RSN COMMENTARY:

Analysis by the Nuffield Trust suggest that nationally 110,000 people could lose out on home care by April 2022 due to staff shortages fuelling what it describes as 'an invisible care crisis' in people's own homes and increasing burdens on unpaid carers

Rural areas already faced challenges recruiting and retaining carers before the pandemic, given the need to deliver over larger areas. Some providers do not always fund travel time for domiciliary carers, for example, which can be distinctly longer in remote rural or coastal areas, and these disincentives workers. Some people who would be suitable to work in social care may not have access to their own transport and public transport is infrequent or even non-existent in areas outside of main conurbations.

The absence of truly affordable homes in rural areas (to rent or buy) unquestionable affects the number of potential employees. If, due to housing costs/availability, people leave rural areas for market town or other larger centres the cost of travel to work is a disincentive to employment in the rural care sector at present.

More recently, additional pressures in the workforce have been created by labour shortages in other industries such as hospitality, catering, and retail which often draw from the same pool of workers. Pay inflation in these roles has had a significant impact on the sector as care workers are enticed away by more pay with less responsibility elsewhere.

As part of their proposals for reform, the Government have outlined that they will invest at least £500m in new measures to provide support in developing the workforce and introduce further reforms to improve recruitment and support for our social care workforce.

CCN and RSN welcome the emphasis on improving the workforce. However, the details of proposal must recognise the particular challenges faced in county and rural areas and ensure that the workforce is adequately recognised and rewarded. This may involve specific policies tailored to meet rural circumstances. Resources must allow county and rural unitary councils, which have difficulty recruiting staff to work across long distances, to be able to compete with industries such as hospitality and retail which draw from the same labour pool and which have recently witnessed pay inflation.

SUPPORTING LOCAL AUTHORITIES TO DELIVER SOCIAL CARE REFORM AND THE GOVERNMENT'S VISION

RSN COMMENTARY:

See the Funding Related Issues in this Rural Lens Review.

In terms on new duties for the CQC there should be a requirement for the CQC to reach a judgement when reviewing the plans and strategies of ICSs and ICBs in respect of 'fair and reasonable access to services' for different communities (including rural) across the service geography.

ICBs and ICS must be required, in law, to collaborate with their neighbours over rural areas where services straddle their boundaries.

In terms of data collection, the requirement should be of sufficiently fine grain to identify the situation in different rural communities.