CONSULTATION ON ADULT SOCIAL CARE CHARGING REFORM _DISTRIBUTION OF FUNDING 2023-2024.

RESPONSE BY THE RURAL SERVICES NETWORK

1. The Rural Services Network (RSN) represents 27 rural Adult Social Care authorities across England. Our response to this consultation paper represents RSN's views on the technical robustness of the proposed funding distribution, as well as its impact on our member authorities.

2. Any response to this consultation paper will only tell part of the story because it only focusses on how funding will be distributed in 2023-24. It does not take into account whether the funding is adequate to meets the additional costs that will actually be incurred by local authorities – including rural local authorities. The under-funding will be relatively small in 2023-24, but will grow considerably as more people benefit from the charging reforms.

3. Our member authorities will be affected in different ways by the reforms. Rural authorities do not have homogenous populations. The cost of the cap and changes to the "means test" will be greater in areas where residents have more assets, and where there are currently more self-funders. If we take two predominantly rural authorities, the rate of self-funders in Oxfordshire is double that of Durham.

4. Our response therefore will identify options that are the most effective at funding the additional costs in rural areas – but will also identify where there might be under- or over-funding for some rural authorities.

5. We recognise that the proposed formulas are an attempt to predict the future costs of the charging reforms. The actual distribution of costs is not yet fully known. Indeed, many authorities themselves do not yet know how much these reforms will cost them in either 2023-24 or later years. DHSC will have to be very open to evidence as it emerges, and will have to be flexible about updating and amending formulas in responses to new evidence.

6. Ultimately, the danger of getting the funding for the charging reforms wrong is that local authorities will be potentially put under intense financial pressures – and this will impair the way that authorities will be able to provide services, including adult social care. Both the quantum and the distribution of funding must cover the full cost of the charging reforms for all authorities, whether rural or urban.

Do you agree or disagree with the proposal to use the ASCRU-PSSRU means test extension formula for people aged 65 and over (2022) for distributing means test funding for people aged 65 and over in 2023-24? Strongly agree/ agree/ neither agree nor disagree/ disagree/ strongly disagree. Please explain your preference.

7. RSN supports the methodology and approach take in the proposed funding formula for the extension of the means test for older people. University of Kent's research and analysis appears to be robust and is a very good starting point for funding the charging reforms. There is still more work to do and the formula will have to be updated to reflect new evidence – even if this means making substantial changes to the formula.

8. RSN supported the formula that was developed by University of Kent alongside the Care Act 2014. We would encourage DHSC to implement this formula (for Settlement Funding Assessment, Improved Better Care Fund, and the Social Care Support Grant) at the same time as introducing this new formulas for the charging reforms. It would create a much more consistent approach to funding adult social care. The current Adult RNF (from 2013-14) is now very out-of-date, and it should be replaced by the Kent formula.

9. The indicators used in the proposed formula are reasonable. The indicators cover both "needs" and the ability to pay. The formula performs reasonably well for the majority of rural authorities but we are not sure that it is adequately reflecting the additional costs of outliers, particularly those with very high and very low costs per head. Our concerns are particularly strong for places with more affluent residents.

10. It is not clear that the indicators used to measure people's assets are adequate. Council tax bands are a reasonable proxy for most authorities – but the bandings are capped and so will not reflect the full range of assets that are held by residents. Furthermore, the evidence on self-funders suggests that there should be a different distribution of funding.

11. The consultation paper says that areas with "higher proportions of wealthier people (more assets/ income) will have greater AER than other areas". The proposed formula tends to under-state the additional costs of more-affluent authorities (including rural authorities, such as Oxfordshire, or Suffolk) compared to the distribution of self-funders. University of Kent states: "we expect the AER predicted by the formula to (positively) correlate with the number of self-funders (per capita) in an area".

12. We recognise that there are issues with the reliability of this dataset (produced by the Office for National Statistics, ONS) – but it shows that there are problems with the way the proposed formula deals with assets in wealthier areas. If inadequate, DHSC might need to improve this dataset (potentially with inputs from returns from local authorities) and update the funding formula in 2024-25.

13. Nevertheless, the proposed formula gives rural authorities a greater share of funding than 2013-14 formula, which we would expect. 2013-14 formula is out of date; with real

problems with the formula for rural authorities. On that basis, this is a step forward. The only real test is whether the formula is aligned with actual costs.

Do you have a preferred approach for distributing means test funding for adults aged under 65 in 2023-24?

Option 1 – ASCRU-PSSRU means test extension formula for people aged 18- 64

Option 2 – per capita (people aged 18-64) distribution formula

Option 3 – ASCRU-PSSRU means test extension formula for people aged 65 and over (2022)

Other

Please explain your preference. We are particularly interested in any evidence that would add to our understanding of the distribution of pressures.

14. The consultation paper does not offer a good range of options. RSN could not support either the formula based on older people and per-capita. It would be unacceptable to use either of these methodologies. They either do not relate to the 18-64 age cohort (and could materially misstate the distribution of additional costs) or choose to ignore differences in those costs (by using per-capita distribution). We could not support the use of either.

15. Option 1 is the best of these options because it does at least use data and needs indicators for the 18-64 age cohort. Using the weightings from the older people's formula is a reasonable but far-from-ideal compromise. This is something that will need to be updated as soon as data from local authorities becomes available. Option 1 has the advantage that it can be refined as more data becomes available.

16. Selection of indicators in Option 1 is reasonable.

Do you agree or disagree with the proposal to distribute cap funding in the same way as means test funding for adults aged under 65 in 2023-24? Strongly agree/ agree/ neither agree nor disagree/ disagree/ strongly disagree. Please explain your preference.

17. Given the relatively small cost of the "cap" in 2023-24 we agree with the proposed formula for 2023-24. However, this can only be a temporary measure and it is essential that a replacement formula is developed as soon as data becomes available from local authorities.

Which option do you prefer for distributing £247m of funding for assessments in 2023-24?

Please explain your preference.

18. None of the options is particularly satisfactory. There is clearly a shortfall in the amount of data and the formulas proposed here can only be temporary solutions.

19. Overall, our preference would be for option 3 (ONS estimates of self-funders). This dataset appears to reflect the actual distribution of additional costs more effectively, particularly for those authorities with more "affluent" residents, where costs will be highest. This data has the advantage that it reflects actual circumstances on the ground and is the best basis for distributing funding until there is actual evidence of the additional costs.

20. Our preference from the other two options is option 1 (utilisation) because the data on which it is based is more robust. The drawback of the utilisation approach is that local authorities apply different eligibility criteria in different ways: there is no uniform approach. The normative approach is more expansive and uniform, and it recognizes informal care. But data is on ADLs is not routinely available, however, and so is estimated using data from ELSA data.

21. The indicators used in the formulas in options 1 and 2 are reasonable but we are not convinced that the indicators used to measure "assets" are reasonable.

Is there anything else about the options for distributing funding that you wish to comment on?

22. DHSC should make clear how the process will operate for taking onboard new evidence and making changes to the funding formulas.

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