directors of adass adult social services West Midlands

WM ADASS Vision 2022 http://wm-adass.org.uk

Making flipping social care a national endeavour

Time to transform our thinking on adult social care

22nd September 2022

Making flipping social care a national endeavour

Foreword

Flipping Social Care: Transforming our approach from a deficit model to one that highlights the assets that we have and contribution that the sector makes to the West Midlands economy.

With the new government's renewed emphasis on economic growth, it is timely to remind the adult social care sector that it five years since West Midlands ADASS first discussed the concept of "Flipping Social Care", arguing that adult social care must be seen as an essential investment in great communities and not just as an unavoidable cost to society.

Our argument is based on our fundamental belief that the economic benefits and opportunities that flow from a vibrant and well-resourced social care sector will deliver "a sustainable health and care system, that supports thriving economies and communities, promoting independence and social justice".

As evidence for this we cited some "Big Numbers" that justify our assessment of social care as a "Supersized"1 asset. Five years on, these numbers continue to reinforce the scale and importance of the sector as an economic force:

Then		Now
4,100	The number of locations in the West Midlands where care and support services are provided	**3,950**
170,000	The number of adult social care jobs in the West Midlands	**178,000**
£1.4 billion	The gross spend on adult social care by councils in the West Midlands	**£1.6 billion**
£4.3 billion	The financial contribution (GVA, induced and indirect effects) of adult social care to the West Midlands economy	**£5.1 billion**
570,000	The estimated number of unpaid carers in the West Midlands	**660,000**
£14.6 billion	The estimated equivalent care cost of unpaid care if the State was required to provide this care.	**£16.8 billion**

"Unexpected events can set you back or set you up. It's all a matter of perspective."

[1] "Supersized - The impact of adult social care on jobs, growth, and regeneration in the West Midlands", West Midlands ADASS, November 2018

We have twice revisited our economic arguments since our initial assessment was published – firstly to take account of the anticipated impacts of the UK's exit from the European Union and subsequently to reflect the early effects of the global Covid-19 pandemic – concluding in both cases that the economic case for investment in adult social care remains strong.

And whilst the numbers above show the strength of our economic muscle, we must also acknowledge the increased fragility of the post-pandemic care market, the impact of inflationary pressures and the urgency this adds:

People – we employ a substantial, diverse workforce, but there are significant challenges – acknowledged in the recent House of Commons Health & Social Care Committee report on Workforce[2] - in respect of pay, skills, career progression, recruitment and retention. There are significant numbers of unpaid carers without whom the cost of replacement care would be unsustainable.

Economy – adult social care is an important sector for the national and regional economy, contributing billions in GVA, employing tens of thousands of people and offering unrivalled inclusive growth potential. It remains a "growth" sector, albeit with lower productivity potential than some other sectors. There is an imperative for innovation that should appeal to the digital & technology sector.

Market – there is an extensive distributed care market reaching into every community across the region, but with increasing viability concerns as care providers adjust to post-pandemic market conditions and the effects of energy price rises and general inflationary pressures. The market needs help to adapt to the demands of the future.

Communities – the nature of care provision needed to keep pace with rampant demand growth is changing. There is an expectation of better housing options for people drawing on care and support services and this presents an opportunity for the physical redevelopment of communities but is also a risk in places where local provision may shrink.

"Nothing is more expensive than a missed opportunity"

In making our case for better investment in adult social care we have repeatedly sought to talk less about our problems and more about our strengths. This more positive emphasis recognises both our duty to our most vulnerable residents and our contribution to the region's economic growth.

But it is also true that ***failure*** to invest adequately would present a number of significant risks:

Destabilisation of the care market – challenging market conditions and an inability to raise revenues to meet increased costs will mean an increasing number of providers falling out of the care market or limiting their own investment in service quality. We have already seen shrinkage in the number of establishments providing care and in the number of CQC-registered locations, with increasing waiting times for packages of care arising from reduced market capacity. Growth in demand due to demographic and other factors will add pressure to already constrained supply.

[2] House of Commons Health and Social Care Committee Workforce: recruitment, training and retention in health and social care, Third Report of Session 2022–23 (July 2022)

Increased harm to vulnerable people – if quality and choice falls people's experience of care will become increasingly negative. People may be exposed to increased risk of harm due to lower quality provision, loss of continuity of care and delays in the provision of care. Increased levels of demand without a corresponding change in supply also risks quality, continuity and access to care.

Increased cost to health and care systems – as services contract or face increased demand they may become less effective at helping people maintain or recover their independence, placing ever greater pressure on health and care services. In the absence of sufficient good quality preventative services, more people will need hospital care, whilst constrained care market capacity will mean more discharge delays.

Constrained economic contribution of ASC – Skills for Care calculate the economic contribution as the sum of Gross Value Added (GVA), indirect and induced effects of the adult social care sector[3]. This is derived from a mix of public sector and personal expenditure and reflects a positive return on investment – with increased investment expected to drive a proportionate increase in the economic contribution. Conversely, sub-optimal investment will suppress the future economic contribution of the sector.

"Reasons to be cheerful"

It might be considered frustrating that in spite of a strong economic case our arguments for Flipping Social Care have so far failed to gain traction and translate into meaningful investment. There are, however, signs that the need for investment has been acknowledged.

Despite – or perhaps because of – the challenges of recent times the policy landscape has been rewritten to better signal the government's intentions for adult social care. And whilst recent political events introduce an element of uncertainty it's worth reflecting on what is currently envisaged.

The "Building Back Better Plan for Health & Social Care" acknowledges both the impacts of Covid-19 and some of the systemic issues that pre-date the pandemic, committing the government to a new funding package to support the health and social care system. And whilst the bulk of the funding is earmarked for the NHS, there is provision for ASC funding linked to significant reforms, including £3.6bn over three years to meet the costs of funding reform (introducing a cap on care costs, support for those without substantial assets and a commitment to move towards 'fair cost of care' payments to providers).

The plan also commits to funding the system reforms described in the adult social care white paper "People at the Heart of Care", and for improving the integration of health and social care - £500m for Workforce development, £300m for new housing options and a £150m digital innovation fund are amongst a further package of £1.7bn over the same three years – bringing the total allocation to £5.4 billion.

[3] The value of adult social care in England, kdNetwork Analytics / Skills for Care, 2021

These reforms acknowledge the long-term failure of successive governments to address systemic challenges, while the white paper itself acknowledges that the funding it signals will be insufficient to meet all of the sector's funding needs while delivering its new vision. The House of Commons Health & Social Care Committee recommends funding for adult social care of £7bn per annum – far in excess of the £5.4bn earmarked by government over the next three years. The allocated funding whilst welcome will need to leverage substantial additional investment if it is to help deliver the government's vision for adult social care.

Away from social care, the new "Building Back Better Plan for Growth" describes the three 'core pillars of growth' (Skills, Innovation and Infrastructure) and sets out the UK's growth priorities (Levelling Up, Transition to Net Zero and support for the government's vision for 'Global Britain'). The Levelling Up agenda is particularly relevant, recognising the importance of access to jobs, wages and skills opportunities in communities where people feel rooted by strong social and family connections. With its reach into communities across the region, the adult social care sector offers access to jobs, but systemically high vacancy and turnover rates suggest a need to do more to improve wages and skills if the social care workforce is to grow at the rate needed to meet future needs. And with demand continuing to grow through a combination of demographic and health-related changes, the sector ought to provide fertile ground for technology and innovation. These links to the UK's growth priorities make a strong argument for the sector's inclusion as a local and regional priority for investment.

"Who Pays?"

Whilst the national economic position post-covid remains very challenging, the opportunity to derive a positive return on investment and to avoid or minimise the cost of failure make adult social care an "investable proposition", while the political cost of failure for a government that has committed to "fix social care once and for all" will surely provide a strong incentive to look again at the sector's requirements.

Two parliamentary committees have very recently recommended that **government** needs to invest at least £7 billion per annum in adult social care from 2023/24, to meet current challenges and provide the headroom to deliver the reforms needed to achieve the government's vision. This should be seen not only as an essential investment to avoid the cost of failure, but as a means of generating economic growth. This will require both direct funding of local authorities for the adult social care sector and policy stimulus to encourage structural and private sector investments.

Regional and sub-regional Local Enterprise Partnerships are responsible for managing UK structural growth funding whilst **Mayoral Combined Authorities** have access to un-ringfenced "gainshare" investment funds over 30 years, to be spent on local priorities. UK Shared Prosperity Fund and Adult Literacy Multiply Fund allocations to the West Midlands Combined Authority (£105 million over the next three years) and separately to Local Authorities in the region (£110 million over the same period) represent a sizeable fund to deliver levelling up ambitions and growth priorities. The extent to which regional economic plans recognise the potential offered by adult social care should be thoroughly challenged but may need stronger policy direction to ensure an appropriate hare of this allocation.

Regional bodies also have a role to play in influencing **private sector** and **social investor** attitudes to business investment. Whether as a way of fulfilling Corporate Social Responsibility commitments or to generate return on investment, the social care sector offers both societal and economic reasons for businesses to invest. Notwithstanding the ethical considerations that exist, there is a need to plug the gap between available state funding and that needed to meet policy objectives.

Existing government funds, such as the £300m Housing Transformation Fund, are designed to stimulate the property market by leveraging **private sector investment**, for example in Supported Living accommodation which can present ethical, low risk opportunities with attractive returns while increasing the supply of high quality homes for vulnerable adults. ASC teams will need to take note of, and influence, strategic housing market assessments to ensure that the changing accommodation needs of their populations are accurately reflected in local development plan policies (and that there is adequate community benefit from housing and other forms of development). Other ways to leverage this funding will need to be explored so that the fund produces maximum benefit.

The interplay between Social Care and Health services demands that **integrated care systems** consider the balance of investment, recognising that social care has the potential to reduce demand on secondary health services. Conversely, we are currently witnessing that constrained social care provision has the potential to slow down patient flow through hospital and cause increased length of stay / delayed discharges. Co-investment in adult social care services to deliver system-wide benefits has largely been limited to Better Care Fund projects aimed at the interface between hospital and community provision. These should give confidence that ICS investment in adult social care can produce benefits for the NHS, both in terms of cost savings associated with shorter stays and in maintaining patient flow needed to power through waiting lists lengthened considerably through the Coronavirus pandemic.

It is difficult to envisage councils being able to prioritise a bigger share of Local Authority funding without a significant uplift in base budgets – a fact recognised by successive government committees. It remains uncertain whether, or how much of, the recommended £7 billion per annum will be directly funded by government. Much more likely is a balance of funding sources - however, government will need to be much more directive in its policy framework if this is to successfully “fill the gap”.

Paul Johnston
West Midlands ADASS Associate
August 2022