

Rebecca Evans AM
Minister for Social Services and Public Health
Welsh Government
Ty Hywel
Cardiff Bay
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Your Ref/Eich Cyf

Our Ref/Ein Cyf

Date/Dyddiad

22nd August, 2017

Ask for/Gofynner am

Neil Ayling

Direct Dial/Rhif Union

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Dear Minister,

National Funding Position and the Sustainability of Social Care Services

Thank you for your continued advocacy for the funding needs of social care, alongside health, in the lead up to decision-making on the Welsh Government Budget by the Cabinet. Your personal understanding and support for social services, with its inter-dependence with the National Health Service in Wales, is valued and appreciated.

Local authorities in Wales and the Welsh Government are together making the case to the UK Government that the long-standing policy of financial restraint and austerity has to be reversed with this next national budget. The impacts of the compounded annual reductions in public spending are self-evident with social care showing the greatest signs of stress.

The triple challenge of the fragility of the social care market, the increasing demand for services, and unprecedented workforce inflationary costs within the care sector has not lessened since last year.

The unfunded cost pressures in the care sector mean that services will not be sustainable without additional support and investment. There are ample national reports published by reputable national bodies including the Care and Social Services Inspectorate Wales (CSSIW) to evidence this statement. Indeed, the recently published Interim report of the Parliamentary Review of Health and Social Care in Wales, commissioned by Welsh Government itself, reveals the inflationary pressures in the social care sector in full. These are confirmed to be at 4.1% per year in the period up to 2021, even greater than the projected NHS cost pressures at 3.2% per year for the same period.

The significant workforce cost pressures facing each commissioning local authority include:-

- annual living wage implementation;
- directives for the payment of travel time;
- additional Tax and Pension requirements for care providers; and
- maintaining competitive wage rates to retain workers in the labour market.

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The total cost pressures combined for Flintshire will add 5%+ to the total social care cost base in 2018/19 at a time of reducing local government budgets. This is against a background of increasing complexity of demand and demographic change. The situation is made more challenging by the demands on services by (1) volume and (2) complexity, and is further exacerbated by the impositions of legislation and policy demands by Welsh Government itself. Whilst this later comment will be unpopular with Government Ministers, the collective evidence given by local government to the Finance Committee as part of its on-going Inquiry into the Financial Estimates Accompanying Legislation is clearly set out. With cost pressures coming from all sides we are reaching breaking-point.

This is particularly so in parts of Wales where models of care provision are precarious. As you know in Flintshire we have a fragile local care sector with a number of providers retiring from or leaving the sector with an insufficient number of new businesses entering the sector to replace them. Our local provision of care home beds for older people reflect this reality with our numbers being the lowest in Wales at 28.4 per 1000 population (CSSIW Annual Report 2015/16). National research continues to show that the care home sector is retracting. If as a commissioner we cannot meet the cost pressures of local providers in full the decline in provision will worsen.

We have an ambition to invest in local public sector direct care provision to expand our services to meet need. We have maintained our three Council-owned and managed Residential Care Homes despite budget pressures. Had we not then there would have been an under-supply of places to meet demand within the County. We are now reviewing the options to expand one of our homes to ensure that there is sufficient provision of high quality and assured local places. We are currently exploring with the Betsi Cadwaladr University Health Board a pooled budget project to develop additional care home beds and intermediate care provision in this care home. We would welcome the opportunity to explore how Welsh Government could support us with this venture, including access to capital support.

Having developed a self-funding model for Extra Care Housing since the withdrawal of the Social Housing Grant as a capital subsidy, we have embarked on our third Extra Care scheme (Flint) and are planning our fourth (Holywell). These are ambitions which require base funding to fulfil. It would be a travesty if the ambitions of our Council Plan, supported by our Public Service Board partners, were destroyed by continued austerity. Indeed, it would make a mockery of the Future Generations Act, and the vision of 'the Wales we Want' would be hollow words.

Local government has welcomed the commitment to continue the Intermediate Care Fund. An expansion of the Fund would be one solution to offer some funding relief to meet sector pressures. As a minimum the continuation of the Fund and guaranteed support for the services currently drawing on its resources is essential.

We have been vocal in making the case that Flintshire as a low funded council per capita is more exposed to the consequences of public funding austerity; our low funding base has a direct impact on the availability of funding for social care locally.

In 2015 the low funding base of the Council has meant that we have had to contain our average spend on social care to 12% below the Welsh national average. Furthermore, our spend on older people is particularly low with spend per 1,000 population being only 75% of the Welsh average. As a consequence Flintshire is now at a level of high risk of financial unsustainability. An improved financial settlement for local government as a whole will provide some financial relief to meet the local costs pressures within the sector.

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Flintshire has made revenue budget reductions of £79M over the past decade against an annual net revenue operating budget of around £250M. All services other than commissioned social care and schools have had to reduce their budgets by a minimum of 30% to illustrate the work that we have done to be both innovative and efficient. This cannot continue. We face a further annual funding gap of £11.7M in 2018/19 – social care pressures accounting for £3.91M of this figure - a gap that we cannot bridge. Local funding solutions total around £5-6M at best and these make up the last round of options with choice now being exhausted. We cannot be expected to find further savings in other services to meet the costs of inflation in legislative and policy reform for social care.

Our case for increased investment in social care is based on: it being a top social policy priority and now an electoral issue across the UK; Governments, both national and devolved, having recognised the demands with additional in-year targeted funding in 2017/18 meaning the argument has now been won with further increases to keep step with cost-demands having to follow; the demographic forward projections being incontestable; the fragility of the care market being a cause for national concern; the NHS being dependent on a well-functioning care sector with a failure to invest causing systemic problems for the secondary health sector.

Flintshire has a long and proud track record of a commitment to quality in care standards and innovation in social care. We are respected for this by Government, CSSIW, and the independent commissioners. However, we are one of the lowest spenders per capita on Adult Services and have managed our spend on Children's Services, despite spiralling demand, with great care; have one of the leanest in-service management and cost overhead models; have extracted annual efficiencies from the social care budget to cross-subsidise the rising costs of care. Our resilience statements now show that key services in social care are at 'amber' status and are on the verge of turning 'red'.

On a national scale we welcome the recognition by Welsh government of social care as a sector of national strategic importance. The Care Sector is an important employment sector and a generator of local procurement expenditure. We continue to invite a discussion cross-portfolio within the Cabinet to view the Care Sector as a recognised small and medium enterprise sector for support in its own right. It is a contributor to the economic strategy for Wales. Specific business support needs to be offered including equipment grants, training incentives and access to affordable capital. The latter point is particularly important as capital investment is needed for providers of reputable social care partners to modernise their estate and provide facilities fit for the future.

We are requesting that Welsh Government give urgent consideration to the following for the collective local government family in finalising its budget proposals for 2018/19:-

- parity of funding increases for health and social care as interdependent services;
- guaranteed future funding for primary services from the Intermediate Care Fund;
- further relaxing of or the removal of charging caps and granting the Council the freedom to recover the costs of some services;
- economic development support for the sector; and
- full funding of legislative and policy-led changes to service entitlement and expansion.

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For Flintshire specifically this means:-

- being guaranteed a minimum of a 'cash flat' Settlement for 2018/19;
- having cost pressures of £3M+ in social care funded over and above a 'cash flat' Settlement;
- being assured of on-going ICF funding commitments; and
- being given an assurance that new legislation and policy commitments originated by Welsh Government will be funded in full.

Thank you for your continued support.

Yours sincerely,



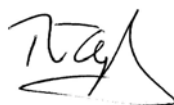
Councillor Aaron Shotton
Leader of the Council



Colin Everett
Chief Executive



Councillor Christine Jones
Cabinet Member for Social Services



Neil Ayling
Chief Officer for Social Services