Manchester City Council
Report for Resolution

Report to: Health Scrutiny Committee – 4 September 2018

Subject: LGA Adult Social Care Green Paper: Draft Manchester input

Report of: Executive Director of Strategic Commissioning and Director of Adult Social Care

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Summary

This paper is Manchester's draft input to the LGA green paper on adult social care and wellbeing, The lives we want to lead. The period for consultation ends on 26 September 2018.

The LGA's paper is particularly welcome given the time it has taken for the Government to release its own green paper on adult social care. The LGA work should be a helpful catalyst for Government to focus urgently on the future funding of social care, starting by recognising that significant, sustained additional funding is required. This must be in the broader context of the continued uncertainty and significant underfunding for local government.

The LGA paper starts from the national funding gap. It calculates that since 2010, councils have had to bridge a £6 billion funding shortfall just to keep the adult social care system going. In addition, the LGA estimates that adult social care services face a £3.5 billion funding gap by 2025, just to maintain existing standards of care.

This paper sets out the context in Manchester, including the significant challenges on adult social care in terms of finances, demographics, and increases in demand.

Devolution to Greater Manchester has allowed Manchester to be more ambitious about how to integrate social care and health. The locality plan, 'Our Healthier Manchester', sets out how this will fundamentally improve the health outcomes of our population, and achieve financial and clinical sustainability. Properly funded, sustainable adult social care is fundamental to delivering our ambitions and plans. Certainty is needed that sufficient funding will be available to meet continued increases in demand and cost, and to invest in new ways of working and transformation.

The LGA have developed a series of funding options to propose to Government. Of the options presented, the suggested preference is raising additional funding through national taxation. These options are on the right scale financially. These options also enable a progressive approach to raising funding from those who are most able to pay, with the funding to be distributed effectively to local authorities, properly recognising where it is most needed including demographic factors, health outcomes, and levels of deprivation.

Recommendations

Committee are asked to comment on the draft Manchester input to the LGA Adult Social Care Green Paper

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Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable)

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Adult social care is an important source of employment in the city. The future funding of adult social care directly influences the level and type of employment opportunities available.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Adult social care is a significant sector of employment for Manchester residents, and this paper calls for significant additional future funding in order that we can effectively resource the sector.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Adult social care is a key part of the Our Healthier Manchester Locality Plan for health and social care, which sets out our ambitions and approach to improving health and wellbeing in the city.
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

LGA green paper for Adult Social Care and wellbeing
Draft Manchester input

1 Introduction – the need to act

1.1 Manchester welcomes the opportunity to input to the LGA's green paper on the future of adult social care and wellbeing, *The lives we want to lead*.

1.2 The LGA's paper is particularly welcome given the time it has taken for the Government to release its own green paper on adult social care. This work should be a helpful catalyst for Government to focus urgently on the future funding of social care, starting with the recognition that significant, sustained additional funding is required.

1.3 This must be in the broader context of the continued uncertainty and significant underfunding for local government. If the broader issue is not addressed, more councils will cut other services in order to balance budgets, which will in turn impact on economic growth, well-being, and the wider determinants of health. The current financial situation in some local authorities brings into sharp relief the risks associated with further delays on both of these matters.

1.4 Of particular concern is the future of the Improved Better Care Fund which equates to £28.1m in 2019/20. This, coupled with the Spending Review, the fair funding reforms and business rates reset and system changes, all significantly hinder effective long term planning in local government, and with our partners in health.

2 Manchester context – we need to meet the challenges of rising demand and cost, within the unique opportunity of devolution

2.1 Manchester is proud to have taken a lead on devolution with Government over the last five years, including the ground-breaking arrangements on health and social care devolution. The Greater Manchester *'Taking charge'* strategy is now being implemented across the conurbation. The strategy sets a clear direction for reform across a population of 2.8 million people with some of the poorest health outcomes in the country and very significant financial challenges. It starts from the principle that integration of health and care is best led locally, by the key partners in each of the 10 local authority areas in Greater Manchester, working differently with each other, with national Government, and with people in places.

2.2 Devolution to Greater Manchester has in turn allowed Manchester partners to be more ambitious about how to integrate social care and health across the city. The locality plan, *'Our Healthier Manchester'*, sets out how this will fundamentally improve the health outcomes of our population, and achieve financial and clinical sustainability. Some of the health and social care challenges faced are:

<u>Financial pressures</u>

- £147 million system-wide financial gap for health and social care in Manchester by 2020/21. Greater Manchester estimated the health and social care financial gap to be around £2 billion between 2015 and 2021. The LGA

have calculated the national gap to be £3.5 billion by 2025 just to maintain current standards of care.

- Adult Social Care has increased as a share of the MCCnet budget from 29% in 2010/11 to 33% in 2018/19. The 2018/19 budget reports stated that social care now accounts for 40% of controllable spend
- In 2017/18 alone MCC experienced a 10.9% year on year increase in commissioned homecare hours (23,326 at April 2017 and 25,869 at March 2018);
- Provision for the National Living Wage for contractors has cost MCC around £19m from 2016/17 to 2019/20, on top of salary increases for Council staff. The Government did not provide additional resources to Manchester to fund this. In the proposed new model of Homecare, the specification states that providers are expected to pay at least the Manchester Minimum Wage (£8.75 per hour) which is higher than the National Living Wage (£7.50 for those aged over 25). Further work will be done on these issues in other parts of the social care including Residential Care and Learning Disabilities support.
- Failing markets for many commissioned services including residential and nursing care and homecare (domiciliary care), with many providers unable to run an effective business due to rising costs of labour, increasing costs of care, and the financial pressures facing local authorities and other commissioners that impact on the fees they can afford to pay

<u>Demographics: More people living with poor health outcomes</u>

- An increasing number of residents aged 65 and over, currently higher than in the last five years
- 8.2 years lower life expectancy for men and 6.4 years lower for women than the national level
- A healthy life expectancy that is far below the national level - just 56.1 years for men and 54.4 years for women, compared to 63.4 years for men and 64 years for women nationally
- The highest rate of premature deaths from diseases considered preventable of any local authority area in England - cancer, cardiovascular disease and respiratory disease
- A greater proportion of remaining life after 65 in poor health compared to the national average. Residents living longer but with higher levels of frailty linked to poverty
- A higher than average proportion of older residents with poor health outcomes and complex care needs due to the impact from wider determinants of health, such as long term unemployment and specific health behaviours
- High deprivation, which is known to cause or worsen poor health. Manchester is ranked 5th worst of 326 local authority areas nationally, and the 1st worst in the country on the health domain of the index of multiple deprivation
- Ethnic inequalities in health arising from an increasing proportion of residents from Black, Asian and Minority Ethnic (BAME) backgrounds
- In terms of the workforce, care sector jobs are relatively low paying and low skilled, within Manchester and nationally. There are significant risks from the implications of leaving the European Union given a large number of health and care jobs are filled by EU nationals. National Insurance registrations for EU workers have started to fall after being at record levels in 2015 and 2016.

There are opportunities to recruit more Manchester citizens to jobs in the social care sector, including younger people (Manchester has a relatively young population with proportionately more than average people of working age), but there needs to be a significant investment to make these roles more attractive, along the lines of the proposals to reform Homecare.

High and rising demand

- More than double the rate of alcohol-specific hospital admissions than the national rate
- A greater use of hospital services by older people than seen nationally
- An increase in the over 65s presenting with mental health needs, particularly dementia, saw an increase in people requiring support, from 164 at the start of the year 2017 to 188 at the end of the year
- During 2017 there was a net increase of 86 clients with Learning Disabilities

3 Properly funded, sustainable adult social care is fundamental to our ambitions and plans

3.1 Implementation of the Our Healthier Manchester plan is proceeding at pace. Manchester's plans are hugely ambitious, however they cannot happen without sustainable future funding of adult social care.

3.2 Manchester partners are integrating services on the ground for residents while undertaking radical structural change to organisations. The creation of a Single Hospital Service (SHS) is bringing three major hospital trusts into one organisation. Manchester Health and Care Commissioning (MHCC) has been established as a single commissioning function for the city, comprising City Council and three Clinical Commissioning Groups. The Manchester Local Care Organisation (MLCO) is live, in order to integrate community-based and out-of-hospital services – social care, primary care, mental health, and community health.

3.3 The strength of partnerships in the city is fundamental to this change. For example, the Partnering Agreement for the MLCO signed by all key partners – providers and commissioners, social care and health. There is a single Transformation Accountability Board for driving delivery of reforms funded by investments. A single set of priorities have been agreed for MHCC with agreed areas for investment in health and social care. There is a single commissioned budget for health and social care - however, the practicalities of making this work has highlighted just how chronically underfunded social care is.

3.4 The Manchester Agreement is an investment agreement that specifies the precise measures by which partners will reduce demand for acute health and social care services over the next five years. As demand is reduced for acute care, savings will need to be made, with finances freed up to re-invest in community-based services. This should be a virtuous cycle of investment, reform, savings, and sustaining investment.

3.5 The Our Manchester approach underpins how all of this change will happen. This involves putting people at the heart of everything we do, in new ways, to genuinely listen and understand what is important to them. The approach means recognising when staff are making assumptions, and starting conversations from strengths people have, not deficits. The Our Manchester behaviours – proud and passionate, listening, owning it, and working together – are a whole-system approach to changing cultures and ways of working, at all levels, including at the front line.

3.6 The Manchester Local Care Organisation (MLCO) went live on 1 April 2018. It has an ambitious strategy of leading local care and improving lives in Manchester, with our residents. The four aims of MLCO are:

- Promote healthy living
- Build vibrant communities
- Keep people well in the community
- Support people in and out of hospital

3.7 The four broad service areas for MLCO to achieve these aims are:

- Population health – improving population health and well-being.
- Primary care – integration and improving access.
- Integrated Neighbourhood Teams (INTs) – 12 geographical multi-agency teams that build integrated care around people and their lives, combining social care, community health, primary care and mental health – and linking outwards to other services and assets affecting the social determinants of health in neighbourhoods.
- Manchester Community Response (MCR) – intensive support where needed to help people move through the health and care system, including in and out of hospital, reablement, and crisis response.

3.8 The programme of adult social care transformation will involve:

- Adult social care teams effectively embedded within the 12 INTs with strong multi-agency working built around the residents of Manchester.
- Investing in new ways of working within social care that will reduce demand for acute services, including:
    - Extra Care housing schemes as a high quality alternative to residential care that maintains people's independence, and reduces inappropriate admissions to hospital. This means expanding from around 300 neighbourhood apartments currently to almost 1,000 by March 2020.
    - Expanding the reablement service to keep people at home for longer, reducing admissions and re-admissions to hospital, and delayed transfers of care. This means recruiting over 70 FTE staff to expand reablement, boosting the core service to meet demand, introducing a discharge to assess service, and an expanded offer for people with complex care needs.
    - Investing in new forms of assistive technology to support people to continue to live at home, independently rather than expensive homecare packages or placements in residential care, including electronic medication dispensers.
    - These and other schemes are built into the four service areas led by MLCO set out above, and link with other transformation investments

including High Impact Primary Care, Prevention offer to strengthen community links and social prescribing, enhanced Home from Hospital service etc.

- Changing behaviours in line with the Our Manchester approach. This means strengths-based working, putting residents at the heart of everything we do, workforces trusting each other and working together better – for example, strengths-based, trusted assessments so residents can tell their story once
- Workforce change being driven from the bottom-up including over 130 activators to champion change and a new approach to embedding strengths-based working.
- Applying new technology through a 'digital first' approach including shared care records for all patients, better use of health analytics including risk stratification, artificial intelligence, and assistive technology.
- Commissioning differently in line with the Our Manchester approach. For example a new model of homecare commissioned on an outcomes basis, with providers moving away from 'time and task', providing continuity of care, effective progression routes for workforces with higher pay and higher skills
- Programme of improving core social work practice within key services.

3.9 There is already some evidence of how adult social care reform is reducing demand, as part of health and social care integration. The challenge now is to rapidly increase the scale and pace of that reform, and to hardwire it into ways of working. For example, the Community Assessment and Support Service (CASS) has integrated Community Health, Social Care, Primary Care, Mental Health, and voluntary and community sector services in North Manchester. This approach is being scaled up through the Manchester Community Response approach in the MLCO. There is a particular focus in this approach on improving the interactions between in-hospital and out-of-hospital services. From January 2014 to December 2016 this service contributed to North Manchester significantly reducing rates of non-elective admissions (NELs) to hospital (by 14%, rising to 22% for 0-1 days length of stay) while NELs increased in both South Manchester (+12.7%) and Central Manchester (+2.1%).

3.10 All of these plans and ambitions cannot happen without sustainable future funding of adult social care. Manchester needs the certainty that sufficient funding will be available to meet continued increases in demand and cost, and that we can afford to invest in new ways of working and transformation. The alternative – continued lack of clarity and shrinking budgets – is to not invest in integration, scale back prevention and early intervention that keeps people well at home, reduce services to the core minimum – which will just shunt cost and demand onto other parts of the system, in particular to the NHS. Nobody in Manchester wants that to happen.

4 Funding options

4.1 We welcome the LGA's proposals for how to sustainably fund adult social care. Given the LGA's calculation of the national financial gap as £3.5 billion, the most important point is to ensure funds raised are on this scale. There also needs to be a commitment from Government that, whatever source of funding is found, the money needs to be committed to adult social care over

the medium term with clarity to allow for effective financial planning and investment locally.

4.2 Raising funding through national taxation

Of the options presented, our preference would be either

- 1 per cent on income tax, or
- 1 per cent on national insurance.

The advantages of these options are:

- They are on the right scale – they would raise more than sufficient funding to meet the national financial gap as calculated here.
- National taxation scheme allows for funding to be drawn from those who are most able to pay, and then redistributed to where it is most needed.
- The funds would need to be distributed effectively to local authorities, ensuring there is proper recognition within the funding formula for levels of adult social care need, including demographics, poor health outcomes, deprivation and other factors.

The other schemes outlined would not be preferred, for the following reasons

4.3 Means testing universal benefits

- Would not raise sufficient funding in the calculations presented here.
- Would create perverse incentives for some older people whose benefits become restricted, which damages their well-being and health, leading to further pressure on social care and health.

4.4 1 per cent increase in council tax

- The level of income that areas could raise through a council tax increase would be directly linked to each authority's council tax base, which is determined by property values and take-up of benefits. The council tax base of an area is not linked to levels of demand for social care.
- If anything there is an inverse relationship between the ability of authorities to raise money through council tax and levels of social care spend. Areas that are council tax-rich tend to have more people who can afford to fund their own social care, so the local authorities in those areas would have less need for the additional funding, whereas in a place like Manchester there are high levels of income deprivation in many parts of the city.
- Nationally, this option would represent a postcode lottery, disproportionately benefiting those living in areas with historically high house prices. For example, in Manchester, there are almost as many Band A properties (131,980 out of 226,310) as the whole of Greater London (136,840 out of 3,565,810 properties). In Surrey, only 1.8% of properties are in Band A - therefore a 1% increase in Surrey would raise over £7 million, compared to only £1.5 million in Manchester, where 58% of properties are in Band A.
- £1.5 million would fall well short of even paying for Manchester's estimated demographic pressures for adult social care, of £8.1m in 2019/20. This increase is driven by the growing numbers of people who require care and

support, and the estimated costs of National Living Wage for contracts, which is in excess of £4m.

4.5 Charging for accommodation costs in Continuing Health Care

- This option would also only raise a fraction of the amount required.
- It would also be very complex to administer given there are already a whole range of complexities between how local authorities and health account for the CHC services such people receive.
- There is a case for looking at CHC funding more generally as part of the wider funding reform given the challenges it creates in the system.

4.6 Other alternatives for the Government to explore would include:

- Means-testing services that are less health-critical within the NHS but are currently 'free at the point of delivery', particularly as care for conditions such as dementia through the social care system is not.
- Expansion of deferred payment schemes for individuals to use the value in their property to pay for their social care, recognising these already exist in some form and there are real barriers to their expansion.
- Reviewing benefits like Attendance Allowance and how they relate to social care, but recognising there is currently limited overlap between people receiving these benefits and social care, and that any additional revenue raised would probably be marginal and have to come from cutting benefits.