



PRESS RELEASE

17 August 2015

100 days and counting...

As the Tory government passes the milestone of its first 100 days in office The National Care Association ask the question; “how high on the Government’s agenda is the crisis in social care funding in view of the Chancellor of the Exchequer’s Budget in July, a Budget which imposed further costs of circa £1bn plus on the already fragile market?”

National Care Association Chairman, Nadra Ahmed OBE, argues that the facts speak for themselves, “the chronic underfunding of care placements by Local Authorities, and increasingly by Clinical Commissioning Groups, is systematically pushing more care providers towards exiting the sector.

Many providers, in both the private and voluntary sectors, have indicated that the increasing financial pressures they face will make them unsustainable, and sadly many are now working towards an exit strategy. This will be of great concern to the public as we already have a projected shortage of suitable available beds when mapped against the increasing demographic of people needing care in the next decade and beyond.

“Unless Public Bodies protect funding for the thousands of vulnerable, sick and frail people the Social care Sector supports more and more people will be unable to access and receive the care they need and may have no option but to put further pressure on NHS acute hospitals. Not only is this deeply concerning for individuals and their families, but it is also worrying for the already stretched NHS as it will lead to more people being unable to leave hospital when they are fit to do so, further impacting on NHS hospitals being able to meet their obligations to citizens in their localities”.

It is important to bear in mind that the social care sector is an integral part of the NHS and contributes to the stability and wellbeing of vulnerable citizens. In the event that further care beds are lost in the community Local Authority and NHS commissioners will be unable to secure the care home places they need. This will result in further unnecessary use of expensive hospital accommodation at a much greater cost to the public purse. The concern then will be the impact on acute beds as care provision continues to shrink and the acute care role of hospitals is compromised.

Based on projected cuts to adult social care budgets, it is estimated that the UK will face a shortage of 100,000 care beds by 2020 as a direct result of Council cuts and the projected demographics around the ageing society. This estimate is based on an 81,000 gap between the need for and availability of beds, and demographic pressures, which it is estimated would add a further 18,000 to the gap.

Mrs Ahmed argues that the scale of the problem is much bigger than policy makers will face up to. Rumours continue to persist of another corporate care-home provider on the verge of collapse, and there is little confidence that the care system would cope as well as it did when Southern Cross collapsed in 2011. Additionally, home-care businesses are now in more desperate straits. One of the largest home care providers is alleged to be up for sale with its current owner, the Saga group, having written down its balance-sheet value to nil.

Social Care is an integral contributor to the sustained stability of our NHS, yet July's Budget imposed further costs of £1bn plus on a fragile sector, dealing with rising costs and client dependency levels. According to initial calculations by the Local Government Association, indemnifying care contractors against the new **National Minimum Wage** would cost councils in England an extra £330m next year, rising to £1bn extra by 2020. This at a time when, the association says, the funding gap in adult social care is widening by £700m annually.

The Resolution Foundation think-tank, which has carried out detailed analysis, puts the UK-wide extra costs to the public purse of the Budget's plan at £1.3bn by 2020 – on top of another £1bn already penciled in for increases in the original national minimum wage. In net terms, deducting savings to the exchequer after tax and benefits, the foundation reckons the additional costs to be £675m by 2020, or just over £1.2bn including the amount already allocated for the national minimum wage.

Social Care funding facts:

- **Social care involves both public money and private spending.** Local authorities spend is £14billion: 35% of their total spending and the biggest single budget that Councils control. Individuals spend at least £10billion of their own money on care services, with nearly half of care fees being met by individuals using their own money.
- **Social care contributes to economic growth of the country as well as meeting social needs.** The majority of care provided is by providers running small and medium sized businesses, which forms a size able part of the local and national economy. The sector contributes circa £43billion into the national

economy and supports 1.5 million full time equivalent jobs making them one of the largest employers. As the majority of care budgets are spent on the workforce, there is the potential for a significant multiplier effect to stimulate economic growth if the local strategic plans recognised the potential. We are of the opinion that strong social care and a strong economy go hand in hand.

• **The funding gap for social care is estimated to reach £4.3billion by 2020.** Demography social care is the biggest single pressure on national budgets, requiring an additional 3% per year to maintain services at their current level. Estimates assume savings of 1.5% in each of the next two years and 1% thereafter as savings become much harder to make. This is in addition to the 12% savings achieved during the current spending review period. It also assumes that the additional costs of the Care Act 2014 will be fully reflected in central government support and a £500million net benefit from continuation of the Better Care Fund.

National Care Association believes that history will judge society on how well it looked after its frail and vulnerable citizens at a time when they needed care and support. Social Care has been the backbone of the NHS, creating solutions for people in need of support post-acute episodes in their life: we believe that we are now at a crossroad and we have to decide as a society if we are happy to support decision makers who, if they chose to ignore the plight of the sector as it stands, will be remembered as the people who abandoned a generation of elders in their time of need.

ENDS

For further information please speak directly to National Care Association Chairman **Nadra Ahmed OBE** on 07949 583517.

The National Care Association

Suite 4 Beaufort House, Beaufort Court,
Sir Thomas Longley Road, Rochester ME2 4FB

Tel: 01634 716 615

Fax: 01634 727 794

Email: info@nationalcareassociation.org.uk

www.nationalcareassociation.org.uk