

Caring For People, Not Making Markets

A response to Durham County Council plans
for Phase 2 of
Investing in Modern Services for Older People

Durham County UNISON

CENTRE *for* **PUBLIC SERVICES**

Research • Strategy • Planning • Evaluation

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Contents

Executive Summary	4
1. Introduction and context	7
2. The limits of a social care market	8
3. Impact of further closures	15
4. Analysis of options	21
5. Recommendations	24
References	

List of Tables

1. Care Home Closures and New Extra Care Schemes
2. Claimant Count in County Durham, September 2005.
3. Changes in unemployment in County Durham
4. Gender differences in changes in claimant count between 2004-05
5. Claimant Count for Care Assistants and Home Carers, September 2005
6. Economically inactive but wanting a job
7. Number of notified vacancies – care assistants and home carers 2004-05

Executive Summary

The County Council is at a crucial juncture.

Does it continue to withdraw from direct provision through more closures and outsourcing and become a commissioner and regulator of a social care market with services provided almost exclusively by private contractors and voluntary organisations?

Or does it maintain a significant and influential in-house provision in a range of social care services in order to set standards, assure quality, give it additional power in its regulatory, financing, and employment roles in meeting the social needs of older people and their families in the County?

There is no fundamental disagreement with the values, vision and priorities for older people outlined in the PFA/CURS report. However, UNISON considers that the remainder of the analysis in the report is flawed in six important ways because it:

- 1) Embraces an extension of the social care market but fails to recognise or identify the limitations of market mechanisms and the high risk of market failure with potentially drastic consequences for older people, carers, staff and the County Council. It is a very one-sided analysis.
- 2) Fails to examine the employment consequences of further home closures and the corporate impact on the County Council.
- 3) Fails to address existing health and social care inequalities and does not recognise that market mechanisms could widen health and social care inequalities in County Durham.
- 4) Recommends a strategy of further withdrawal from residential care and an expansion of other care services but this is based on partial information on the demand for different care services.
- 5) Fails to identify the resource and cost implications of policies and the options in the report.
- 6) The 12 recommendations are limited to the process by which the County Council should progress the development its social care strategy.

The **lack of a forecast of future social care needs** should be a major concern to Elected Members. This is a difficult process but it could have been presented in the form of different scenarios which would have given elected members at least a perspective on the range of possible needs.

Elected members are being asked to decide on options when they have no idea of the cost implications because the PFA/CURS report does not contain any cost analysis. This runs against all the principles of democratic accountability and the fiduciary duty placed on elected members.

Impact on communities

The impact of further closures and withdrawal from care provision will be:

- Between 400 and 1,500 staff will be made redundant/severance or redeployed if the County Council closed its residential homes and withdraws from direct provision of social care services.
- Opportunities for redeployment will very limited in Phase 2.

- The number of job losses (as distinct from redeployment and transfer to another employer – private or voluntary sector contractor) could be as high as 550 public sector jobs plus 80 jobs in the local economy, a total of 630 job losses.
- The claimant count in County Durham was 6,678 in September 2005 of whom 1,815 were women.
- The claimant count increased 16% in County Durham in the last year with female unemployment increasing faster than male unemployment in Chester-le-Street, Derwentside, Sedgefield and Wear Valley.
- The claimant count for care assistants and home carers increased 13% to 130 in County Durham in a nine-month period ending September 2005.
- There are 12,100 people in County Durham who are economically inactive but wanting a job, equally divided between men and women.
- The number of notified vacancies for care assistants and home carers almost halved from 161 to 87 between November 2004 and September 2005.

The claimant count is rising in County Durham, particularly for women. Care workers are experience increasing unemployment and fewer vacancies. Durham County already has the highest percentage of people affected by high levels of multiple deprivation – 33% compared to the next shire county, Lancashire with 20%. Hence redundancy/early retirement and job losses have a greater negative impact on the community.

It is another shortcoming of the PFA/CURS report that it failed to assess the corporate impact of the options and recommendations.

The PFA/CURS Phase 2 report completely fails to address the employment consequences of the policies it advocates and the options it sets out for the County Council. There is no recognition of a regional health and social care economy in the North East (North West Regional Assembly, 2003 and Department of Health et al, 2004) and thus fails to assess the impact on the regional economy, labour market, skills and supply chains.

The options

A review of the seven options for Phase 2 concludes that:

- Options 1, 2 and 4 should be rejected outright.
- Options 6 and 7 should be supported together with Option 5 subject to two qualifications.
- Option 3 requires further consideration and should be a minimum requirement.

Additional options

We recommend that the County Council also adopts the following option which sets the context for further consideration of the seven options:

Option 8 - Strategic in-house provision of care services. The County Council should have a role as a strategic provider of all key social care services. This should be on a level which is viable and enables DCC to influence quality standards in services and the quality of employment.

Recommendations

Based on the analysis of the PFA/CURS report and the evidence in Part 3 of this report, UNISON urges the County Council to:

- 1) Reject Options 1, 2 and 4 in the PWA/CURS report.
- 2) Postpone a decision on Phase 2 until the resource implications are fully examined and the County Council undertakes a forecast of future needs for the different care services.
- 3) Retain all the existing DCC residential care homes and undertake further work, based on the findings under recommendation 2 above, whether some should be converted to resource centres or EMI homes and/or retained for residential care.
- 4) Carry out a full assessment of the impact of further closures on corporate services, in particular the effect on jobs in these services and the cost of services to the rest of the County Council.
- 5) Accept Option 8 (Part 4) regarding the County Council's role in the strategic provision of care services.
- 6) Retain a minimum 25% provision of home care provision.
- 7) Scrutiny should investigate the decision making process and the way options were considered under Phase 2 of IMSOP.
- 8) Recommendations 1 – 12 in the PFA/CURS report focus on the process the planning process. They cover important matters such as building a shared vision and strategy, engagement with older people, integrated working, managing change and access to information. They should be revisited once decisions have been made on the above recommendations.

1. Introduction and context

Durham County Council commissioned a review of plans for Phase 2 of Investing in Modern Services for Older People (IMSOP) from Peter Fletcher Associates and CURS, University of Birmingham who delivered a final report in August 2005 (henceforth referred to as the PFA/CURS report).

Phase 1 of IMSOP followed the Housing, Care and Support Strategy for Older People agreed in 2002, included residential home closures and provision of extra care schemes. It recommended a second implementation phase to include the closure of a further four County Council residential care homes and development of 4 new EMI care homes.

Thirteen Durham County Council residential care homes have been closed in the implementation of Phase 1. In addition, the number of home care hours commissioned from the in-house service has fallen to 22% (May 2005), the bulk of hours are now outsourced to private companies and voluntary organisations. Seven extra care schemes have been developed since 2002.

This report was commissioned by Durham County UNISON from the Centre for Public Services with the following objectives:

- To assess the potential implications of the Phase 2 proposals for care services and staff.
- To identify the shortcomings and gaps in the consultants report and recommendations for Phase 2.
- To assess the seven options in the consultants report and to make recommendations for further action.

The government published a Green Paper, *Independence, Well-Being and Choice: Our Vision for the future of social care for adults in England* in March 2005. It is a consultation document and should not be treated as a 'tablet in stone'. It is also important that each local authority examines the proposals and designs a vision and strategy which takes account of local needs, circumstances and the County Council's own policies for social care provision.

The County Council is at a crucial juncture.

Does it continue to withdraw from direct provision through more closures and outsourcing and become a commissioner and regulator of a social care market with services provided almost exclusively by private contractors and voluntary organisations?

Or does it maintain a significant and influential in-house provision in a range of social care services in order to set standards, assure quality, give it additional power in its regulatory, financing, and employment roles in meeting the social needs of older people and their families in the County?

Social care is facing a raft of policy initiatives and challenges ranging from the government's Green Paper on adult social care (*Independence, Well-Being and Choice*, March 2005), a planned joint White Paper on health and social care, the Wanless review of social care, the Spending Review 2007, Local Area Agreements, the merger of regulatory bodies and demographic change. Since the PFA/CURS report was completed the government has launched a major reorganisation of PCTs. It is important, therefore, that the County Council does not rush into decisions which it later regrets but cannot reverse.

2. The limits of a social care market

Introduction

This section examines three key issues:

- Consensus on strategic aims and values
- Imposing market solutions on older people
- Who will be in control – the County Council or the market?

Consensus on strategic aims

A set of ten values and principles are described in the PFA/CURS report to which most older people, carers, elected members, health and social care bodies, community and trade union organisations will sign up to. They promote integrated care, independence, involvement of older people in policy making, flexibility and choice, security and stability, recognition of equality and diversity, prevention and targeting resources.

The PFA/CURS report also sets what they believe to be the County Council's vision for older people. This is summarised below:

- Develop a modern range of services to enable as many older people with health and care needs as possible to stay at home or in a supported housing setting.
- Provide older people and their carers with more choice and control, based on good accessible information and person centred assessment relevant to their needs and aspirations.
- Develop an integrated approach linking housing, social care, health and community based services for older people.
- Make full use of housing related services such as community alarms, assistive technology and housing support services.
- Ensure a broader range of housing options as alternatives to residential care, including extra care housing, and sheltered housing.
- Address specialist and complex needs of older people, for example, with dementia and with chronic conditions.
- Promote a preventative approach which focuses on what older people 'can do' rather than a paternalistic approach of providing 'care to' older people.
- Work in partnership with other key stakeholders and older people to develop and deliver a modernisation programme.
- Improve the quality of life and well-being of older people.

The conclusions of a Sedgefield area workshop organised by Age Concern (June 2004) in conjunction with the PFA/CURS Phase 2 report also supported this vision (pages 29-31).

The Phase 2 report consultation process also included a development workshop in June 2004 attended by representatives from the County Council, district councils, PCTs and other agencies. The workshop concluded that it was an opportune time to "make the next service shift" to address the older peoples agenda in a holistic way, develop a county-level strategy for older people based on a shared vision on

citizenship, rights and social inclusion and a positive view of ageing. “There was strong support for a further shift away from residential care – seen as a last resort – and towards developing housing based models of care and support, and a more integrated range of community based services.”

The workshop drew up a number of priorities:

- “Community based mental health services.
- Further development of extra care, but in a broader model of dependency levels and partnership between districts and county and PCTs.
- The development of extra care and some sheltered housing as hub and spoke community outreach models – possibility of basing voluntary and community organisations such as Age Concern in the extra care hub.
- Potential for further use of sheltered housing stock for extra care.
- Better clarity and further development of intermediate care.
- More respite care.
- The development of a capacity building prevention approach which supports older people to self assess and help themselves – older people as their own care navigators.
- The further development of the integrated team concept, including housing and other agencies.
- Workforce planning and training to include housing as well as health and social care staff – flexible multi skilled frontline staff, particularly in rural areas.
- Better information for staff and older people.
- More focus on homeowners.
- More use of assistive technology linked to out of hours services.”

(PFA/CURS pages 71-72)

There is no fundamental disagreement with the values, vision and priorities for older people outlined in the PFA/CURS report. However, UNISON considers that the remainder of the analysis in the report is flawed in six important ways because it:

- 1) Embraces an extension of the social care market but fails to recognise or identify the limitations of market mechanisms and the high risk of market failure with potentially drastic consequences for older people, carers, staff and the County Council. It is a very one-sided analysis.**
- 2) Fails to examine the employment consequences of further home closures and the corporate impact on the County Council.**
- 3) Fails to address existing health and social care inequalities and does not recognise that market mechanisms could widen health and social care inequalities in County Durham.**
- 4) Recommends a strategy of further withdrawal from residential care and the expansion of other care services but this is based on partial information about the level and type of demand for care services.**
- 5) Fails to identify the resource and cost implications of policies and the options in the report.**

- 6) **The 12 recommendations are limited to the process by which the County Council should progress the development its social care strategy.**

Deciding policy with no idea of the cost?

The PFA/CURS report states that “undertaking a cost benefit analysis was not part of our brief” (page 47) and calls on the County Council to benchmark costs against other authorities. It would appear that the Phase 2 strategy and options have been developed with little understanding or consideration of the costs to the County Council, older people, carers and staff.

Elected Members may want a cost benefit analysis at some stage but right now they need basic financial information about the options which the PFA/CURS report does not supply. **Elected members are therefore being asked to decide on options when they have no idea of the cost implications. This runs against all the principles of democratic accountability and the fiduciary duty placed on elected members.**

Social care needs in Durham

The PFA/CURS report included baseline data on population projections for older people, ethnicity, health statistics and a brief needs analysis for each local authority.

It highlights some of the differences in needs and supply between local authorities. The report also has an analysis of supply indicating the number, location of nursing, care homes and extra care homes, the types of sheltered accommodation and the supply of home care.

The problem lies not in identifying the current pattern of provision (although information gaps remain) but in the information required to identify future needs. The wider the range of accommodation and services available the more difficult it is to forecast needs and thus plan supply.

The lack of future needs forecasts should be a major concern to Elected Members. This is a difficult process but it could have been presented in the form of different scenarios which would have given members at least a perspective on the range of possible needs.

Imposing market solutions on older people

Whilst there is a high level of agreement with the values and principles, strategic aims and priorities, UNISON is fundamentally opposed to the further marketisation of social care in County Durham and the imposition of market solutions on older people.

The PFA/CURS report accepts uncritically the development of market mechanisms in social care. It expresses no reservations about the government’s view that local authorities should concentrate on commissioning and withdraw from providing services for older people. The report also reports the findings of two meetings held with private and voluntary sector residential care and home care providers and Durham County Care. The report lists a series of ‘messages’ from these meetings but there is no critical analysis. It is devoid of any analysis of the resource and financial implications of the policies it promotes or the recommendations.

There is a widening credibility gap. Just at the time when a significant political and cultural shift has taken place in attitudes and priorities in addressing the status, needs and aspirations of older people, a fundamental policy change is taking place promoting market mechanisms and the withdrawal of public provision. But the market does not plan for social needs.

Market mechanisms

The proposal is to move from a mixed economy of care to a system in which market forces determine the provision of care with the government and Durham County Council reduced to strategic planning, funding and attempting to regulate the market.

The PFA/CURS report basically advocates that the County Council should, at best, provide a minimum level of social care services or, in the case of residential care, to cease to provide accommodation. Equally important, the report does not advocate the County Council having a role in the delivery of new care services. This may mirror current government thinking but there are many critics of similar government policies in health and education. The Association of Directors in Social Services is highly critical of the lack of integrated approach to adult social care (ADSS, 2005).

Withdrawal from in-house provision or having a low level of provision means that social care for older people will be increasingly provided through market mechanisms and reliance on market forces. Private and voluntary providers will be in a very strong position to dictate provision and prices once the County Council's in-house provision is shut down.

Meanwhile, the private sector is consolidating its market share of nursing and residential care. The largest private residential home operator is now Blackstone, a US buy-out group, with more than 28,000 beds. In the last year it has acquired three UK care companies, overtaking BUPA as the largest operator.

Vulnerability of markets

A strategy for older people which relies almost exclusively on market mechanisms will be a high-risk strategy, potentially undermining the objectives of providing security and stability for older people. The PFA/CURS report recognises the importance of house prices in determining the options available to older people. Labour costs and interest rates for capital investment are also crucial. But house prices and interest rates are rarely stable.

Implications of market mechanisms

Unless the County Council makes a clear commitment to retain a **strategic provider role** in social care, there is a danger that in-house services will be closed forthwith or allowed to 'wither on the vine' until closure becomes inevitable because of increasing costs caused by declining economies of scale and questions about continued viability.

Private companies and voluntary providers will usually seek to confine public provision to certain limited functions:

- provide the difficult and non-profit making services which private companies and voluntary organisations will not provide.
- filling gaps in localities where private and voluntary providers fail to invest in facilities and/or provide services.
- high risk areas.
- meet crises and peaks in demand, for example dealing with private/voluntary sector home closures, contract terminations.
- undertaking training, upgrading skills and other workforce development functions.
- taking responsibility for the consequences of 'gaming' and other contractual tactics adopted by private and voluntary providers.

- responding to the consequences of peaks and trough in demand for services.
- dealing with outcome of changes in corporate ownership of care companies resulting in mergers/closures of facilities and services.
- dealing with outcome of financial crises in companies which may result in early termination of contracts or closure of facilities/services.
- dealing with contract terminations for poor performance which may require input of additional resources and/or technical support.

Conversely, these are the very reasons why the County Council must have a continuing role in social care provision. A perfect social care market exists only in theory, not in practice.

Limits of regulation

The cost of monitoring service delivery and operating regulatory frameworks is high. The government is planning to consolidate a number of national regulatory agencies precisely because of the increasing costs. It plans to merge the Commission for Social Care Inspection with the Healthcare Commission to create a Social Care Health Inspectorate. It is uncertain what changes will be made to the regulatory framework.

Outsourcing service delivery increases the responsibility of the client or commissioning body, yet local authorities and health organisations have a poor track record in monitoring the quality and provision of outsourced services. Monitoring is more difficult when services are provided in a variety of locations at the neighbourhood and local level.

Regulation regimes are rarely comprehensive and rigorous enough to fully control a market. Markets and competitive regimes normally encourage contractors to maximise their income. To do this they resort to 'gaming' techniques which exploit loopholes in payment systems, a lack of monitoring and inspection, contract variations and focus on high income activities. In health and social care, 'gaming' could include:

- Up-coding – recording additional unnecessary diagnoses and procedures or selecting the most expensive diagnoses.
- Discharge and readmission of patients to attract additional payments for a single spell.
- Inappropriate admissions (for example from accident and emergency).
- Deliberately keeping patients in hospital for more than 48 hours to attract the full tariff.
- Misclassifying patients into specialist healthcare resource groups that are funded through separate arrangements (HSJ 13 October 2005).
- Dividing work into batches to maximise income.
- Ignoring service failures which have low financial penalties – it is cheaper to bear the financial penalties than to employ staff to correct them.
- Exploiting vagaries of contract responsibilities by maximising use of variation orders for claims for additional work weather and client delays.

Quality of employment

Pay and terms and conditions in private companies and voluntary organisations in the social care sector are, in general, inferior to those in local authorities and health organisations. There is a large body of evidence to support this statement from research studies by the Equal Opportunities Commission, the Fawcett Society, trade unions and the Centre for Public Services to name but a few. The differences are not just in hourly pay rates but also:

- More restricted access to a pension fund and lower level of contributions;
- Reduced sick pay;
- Fewer annual holiday days entitlement;
- Lack of job security with many staff employed on a casual and temporary basis;
- Shift/piecemeal work patterns and impact on family life (at a time when the government and local authorities are promoting family friendly policies);
- Lack of trade union membership and representation;
- Lack of training and learning opportunities.

The Green Paper on adult social care recognised that the social care workforce has been undervalued and the Departments of Health and Education and Skills are currently reviewing workforce development options. Skills for Care is addressing the skill base. Pay, pensions and conditions of service are core issues in valuing staff, workforce development and increasing skills. However, the government is silent on how these issues will be tackled when local authorities are employing fewer and fewer care staff. How the government's care policies can be 'cost neutral', as the Green Paper claims, beggars belief.

The County Council has a key role to play in slowing, if not preventing, a race to the bottom and further exploitation of women and migrant labour. This would significantly undermine the improvements in care services, make recruitment and retention even more difficult and make integrated services a more distant objective.

Effect of a residual role for in-house provision

Residential care, and in-house services more generally, are often referred to as a 'service of last resort'. The PFA/CURS report refers to residential care in this manner several times. This may be understandable when attempts are being made to reduce the reliance on this option and to promote other alternatives. However, it has the effect of residualising residential care when it will continue to be required by some older people.

It also has the effect of residualising public provision. Council housing has been viewed as a residual tenure by many policy makers over the last three decades. Attitudes shape policies and funding levels which in turn lead to levels of demand, allocation and management practices which reinforce the 'residual' tag.

Comparison with council housing

Council tenants and district councils have been confronted with the same type of issues regarding investment to meet the Decent Homes Standard and future ownership of the housing stock. The government restricted the options to Arms Length Management Organisation (ALMO), stock transfer and the Private Finance Initiative. Nationally nearly 100 local authorities and tenants opted to retain council ownership by the use of prudential borrowing or the ALMO model despite the government refusing to make the same level of resources available to local

authorities which wanted to retain management and ownership. Sedgefield voted to retain council management and Wear Valley and Easington agreed to establish and Arms Length Management Organisation (ALMO) and retain ownership of the stock. Tenant ballots are planned in Chester-le-Street and Derwentside in 2006. Only Teesdale has transferred its stock to a housing association.

This approach should be mirrored in the County Council's response to similar pressures in social care.

Resources

The PFA/CURS report lacked an assessment of the resources and funding which will be needed to implement its recommendations. There are no costings and the impression given is that some services can be closed, others outsourced, new regulatory frameworks established and some services expanded, such as extra care, at no extra cost. Of course older people need high quality services available on demand. Many older people, if they could no longer live at home, would like to live in a supported community with a wide range of care, health and leisure services available. Almost everyone would like good quality accommodation in attractive, stable and secure communities with a wide choice of services.

But "choice cannot be unlimited in scope – there are questions of capacity, of the collective good and of the costs as well as the benefits to individuals" (ADSS, 2005). There are financial consequences and County Council faces many other competing demands.

Who will be in control – Durham County Council or the market?

This is an important question for Elected Members. They will be increasingly reliant on commissioning and regulatory frameworks to ensure that private companies and voluntary organisations deliver the type and quality of services within established procedures. Elected Members will be less and less in control of policies and implementation if the County Council is not also providing services. The County Council will have less leverage despite continuing to have a key role in funding care services.

There are also the question of maintaining democratic accountability of social care policies and services.

3. Impact of further closures

Introduction

This section examines the employment impact of closures and the wider knock-on impact on other County Council jobs and the local and regional economy. County Durham Care currently employs 1,740 staff, of whom 615 are full-time and 1,126 part-time (Durham CC Budget Book 2005).

Impact of Phase 1 closures

Staff from the 13 recently closed residential care homes either took early retirement voluntary redundancy or were redeployed into the remaining residential homes, home care or the newly opened extra care service.

Potential employment impact of Phase 2

The closure of a further 12 residential care homes (3 planned in Phase 2 plus 9 remaining homes if an option for total withdrawal is adopted – see Table 1) will affect approximately 400 staff. The options for redeployment will be drastically reduced for Phase 2 because the opportunity for redeployment into other residential care homes will obviously cease to exist and there are likely to be very few opportunities for redeployment into home care and extra care. A further withdrawal from home care provision would mean that the redeployment option would be virtually eliminated.

Table 1: Care Home Closures and New Extra Care Schemes

Local authority	No of care homes closed in Phase 1	New Extra Care Schemes	Care Homes listed for Closure in Phase 2	Additional care home closures if total withdrawal from provision
Chester-le-Street	1	1	0	1
Derwentside	3	1	1	2
Durham	2	1	0	1
Easington	3	1	0*	2
Sedgefield	2	1	1	2
Teesdale	1	1	0	0
Wear Valley	1	1	1	1
Total	13	7	3	9

Source: PFA/CURS Phase 2 report. *Wellfield home in Phase 2 but already closed.

Between 90% - 95% of this workforce are women, many with long service with the County Council.

If the County Council adopts a full commissioning strategy and withdrew from in-house provision of home care, day care centres and other care services (in other words these services would be outsourced to private companies and voluntary organisations) the level of job losses would be substantially higher. Although most staff should transfer under TUPE to a new employer (it should be noted that the social care sector has very poor record because of TUPE avoidance tactics), there are nevertheless almost certain to be job losses. Data from outsourcing local authority services indicate an average 20% job loss.

It is important to separate redeployment from job losses through redundancy, severance and lower staffing levels as a consequence of outsourcing. The closure of DCC residential homes will mean redundancy/severance or redeployment for 400 staff.

If the County Council adopts a marketisation strategy for social care which is the logical outcome of the government's proposals and the PFA/CURS approach, a further 1,000 DCC staff could face redundancy/severance or redeployment.

The number of job losses – where jobs are eliminated because they are neither provided in the public, private or voluntary sector, is more complex to estimate. Some additional jobs will be created in the planned expansion of health and social care services which would reduce the overall job loss total over time but this will not reduce the initial level of redundancy/redeployment and job losses. The fact that job opportunities may arise later with private contractors and voluntary organisations, very often with lower pay rates and inferior conditions of service, is of little benefit at the time of closure or outsourcing.

We estimate that closure of the DCC residential care homes would result in about 350 job losses assuming that 50 staff were redeployed. If the County Council outsourced other social care services the job loss total would increase by 200 (1,000 less 20% job loss assuming private and voluntary sector services replaced DCC services) increasing the total job loss to 550. The redeployment option would cease to exist in the scenario.

Public sector job losses have a knock-on effect on the local economy. A multiplier of 1.15 takes into account the higher level of part-time employees and the lower than average wage levels (Centre for Public Services, 1995). The economic model shows that for every 100 council social care jobs which are lost, a further 15 jobs will be lost in the local economy because of lower spending in shops, services and leisure activities. For example, a £1.00 reduction in the hourly rate for 1,500 care staff means nearly £3m less spent per annum in shops and local services.

So the total job loss would be 550 public sector jobs plus 80 jobs in the local economy, a total of 630 job losses.

Why redeployment will be difficult in Phase 2

Future redeployment of residential care staff will be extremely difficult because there will be few or no residential care homes and because home care and other care services will be in decline if the County Council decides to adopt the market model. Redeployment to other DCC services will also be difficult because of differences in skills (unless a retraining programme is in place) and because other departments are also under pressure to achieve efficiency savings.

Current level of unemployment

In September 2005 there were 6,678 registered unemployed in County Durham of which 1,815 were women – see Table 2. Sedgefield and Easington had the largest number of unemployed women, 393 and 340 respectively, followed by Dewentside, Durham and Wear Valley.

Table 2: **Claimant Count in County Durham, September 2005.**

Local authority	Female	Male	Total
Chester-le-Street	158	434	592
Derwentside	305	848	1,153
Durham	279	749	1,028
Easington	340	944	1,284
Sedgefield	393	994	1,387
Teesdale	52	123	175
Wear Valley	288	771	1,059
Total	1,815	4,863	6,678

Source: NOMIS, accessed 7 November 2005

The claimant count in County Durham declined in the early part of the decade but it has increased 16.2% between September 2004 – 2005 – see Table 3. The county wide figures masks a 32.8% increase in Derwentside and an 8% decrease in Teesdale.

Table 3: Changes in unemployment in County Durham

Local Authority	Sept 2003	Sept 2004	Sept 2005	% change Sept 2004 and Sept 2005
Chester-le-Street	657	532	592	+11.3
Derwentside	1,176	868	1,153	+32.8
Durham	1,101	915	1,028	+12.3
Easington	1,234	1,109	1,284	+15.8
Sedgefield	1,483	1,224	1,387	+13.3
Teesdale	203	192	175	- 8.8
Wear Valley	1,156	908	1,059	+16.6
Total	7,010	5,748	6,678	+16.2

Source: NOMIS, accessed 7 November 2005.

When the changes in the claimant count are examined more closely, female unemployment increased more than male unemployment in four local authorities – Chester-le-Street, Derwentside, Sedgefield and Wear Valley – see Table 4.

Table 4: Gender differences in changes in claimant count between 2004-05

Local Authority	% change between Sept 2004 and Sept 2005	
	Female	Male
Chester-le-Street	13.6	10.4
Derwentside	33.8	32.5
Durham	0	17.6
Easington	13.0	16.8
Sedgefield	16.3	12.2
Teesdale	0	-12.1
Wear Valley	22.0	14.7
Total	15.4	16.4

Source: NOMIS, accessed 7 November 2005.

Social care unemployment

A examination of the claimant count for Care Assistants and Home Carers occupational group in County Durham identified 115 unemployed in January 2005 which increased to 130 in September 2005, a 13% increase in a nine month period – see Table 5. 85% were women. Wear Valley, Easington and Sedgefield had the largest number of women in the claimant count in this occupation group in September 2005.

Table 5: Claimant Count for Care Assistants and Home Carers, September 2005

Local authority	January 2005			September 2005		
	Male	Female	Total	Male	Female	Total
Chester-le-Street	0	5	10	0	5	5
Derwentside	0	25	25	5	15	20
Durham	0	10	10	5	10	10
Easington	5	10	15	0	25	30
Sedgefield	5	30	30	5	30	35
Teesdale	0	0	5	0	0	5
Wear Valley	5	20	25	5	25	30
Total	20	95	115	20	110	130

Source: NOMIS, accessed 7 November 2005.

The claimant count indicates only part of the real level of unemployment. Another indicator is the number of people economically inactive but wanting a job – see

Table 6. Wear Valley and Easington had both the largest number of women and men in this category and the highest level, closely followed by Durham City and Sedgfield.

Table 6: Economically inactive but wanting a job

Local authority	Economically inactive but wanting a job			%
	Female	Male	Total	
Chester-le-Street	500	500	1,000	3.0
Derwentside	900	600	1,600	3.0
Durham City	1,400	1,300	2,700	4.9
Easington	1,500	1,400	2,900	5.3
Sedgfield	1,200	1,100	2,300	4.4
Teesdale	N/a	N/a	600	4.5
Wear Valley	1,700	1,200	2,900	8.0
Total	6,000	6,100	12,100	-

Source: Nomis – Annual Population Survey (Jan 2004 - Dec 2004)

The number of notified vacancies for care assistants and home carers in County Durham almost halved from 161 to 87 between November 2004 and September 2005. The largest decline was in Easington, Wear Valley, Chester-le-Street and Sedgfield.

Table 7: Number of notified vacancies – care assistants and home carers 2004-05

Local Authority	November 2004	April 2005	September 2005
Chester-le-Street	23	32	5
Derwentside	18	32	19
Durham City	29	12	25
Easington	45	28	15
Sedgfield	18	21	10
Teesdale	1	4	2
Wear Valley	27	18	11
Total	161	147	87

Source: NOMIS accessed 7 November 2005.

Summary of the evidence

The impact of further closures and withdrawal from care provision will be:

- Between 400 and 1,500 staff will be made redundant/severance or redeployed if the County Council closed its residential homes and withdrew from direct provision of social care services.
- Opportunities for redeployment will very limited in Phase 2.
- The number of job losses (as distinct from redeployment and transfer to another employer – private or voluntary sector contractor) could be as high as 550 public sector jobs plus 80 jobs in the local economy, a total of 630 job losses.
- The claimant count in County Durham was 6,678 in September 2005 of whom 1,815 were women.
- The claimant count increased 16% in County Durham in the last year with female unemployment increasing faster than male unemployment in Chester-le-Street, Derwentside, Sedgfield and Wear Valley.
- The claimant count for care assistants and home carers increased 13% to 130 in County Durham in a nine-month period ending September 2005.
- There are 12,100 people in County Durham who are economically inactive but wanting a job, equally divided between men and women.

- The number of notified vacancies for care assistants and home carers almost halved from 161 to 87 between November 2004 and September 2005.

This analysis shows that the claimant count is rising in County Durham, particularly for women. Care workers in particular are experiencing increasing unemployment and fewer vacancies. Durham County has the highest percentage of people affected by high levels of multiple deprivation – 33% compared to the next shire county, Lancashire with 20%. Hence redundancy/early retirement and job losses have a greater negative impact on the community.

The human costs of closures and reliance on market forces

The County Council has a responsibility to promote community well-being under the Local Government Act 2000. It must, therefore, fully consider the potential impact of creating a social care service which is increasingly reliant on market forces for the provision and quality of services. It must do this for the community as a whole and for specific equality groups. In addition it must assess the potential impact of the implementation process by which it achieves changes in social care services.

Corporate impact on the County Council

The loss of jobs as a result of the closure of residential care homes will have a knock effect on the rest of the County Council. It is another shortcoming of the PFA/CURS report that it failed to assess the corporate impact of the options and recommendations. The impact is difficult to quantify but it is essential that it should be assessed and taken into account. There are broadly four types of knock-on impacts:

- Loss of economies of scale in payroll, financial, legal and other corporate services. Durham County Council has a workforce of 16,200 and the loss of staff as a result of residential home closures plus the potential loss of a further 1,000 staff from outsourcing care services, will impact on the number of staff required in corporate services because the total number of staff could fall by 12.5%. This figure is likely to be significantly higher if the potential impact of the proposals for foundation schools, academies and limiting the LEA to a commissioning role in government's Education White Paper are taken into account.
- Loss of work for staff in workforce development, NVQ assessors and training staff. Personnel should assess the impact of residential care closures and outsourcing on these staff.
- Loss of work for Durham County Council's Service Direct in the provision of building repairs and maintenance. Service Direct should carry out an audit of the contracts with Social Care to determine the financial and employment impact.
- Reduced economies of scale in the procurement of goods and services. The impact on DCC's purchasing power for goods and services relevant to social care should be examined. The impact on local suppliers should be identified.

These impacts should be fully assessed before decisions are made on the social care options.

Health and social care economy

The PFA/CURS Phase 2 report completely fails to address the employment consequences of the policies it advocates and the options it sets out for the County Council. There is no recognition of a regional health and social care economy in the North East (North West Regional Assembly, 2003 and Department of Health et al,

2004) and thus fails to assess the impact on the regional economy, labour market, skills needs and supply chains.

The health and social care sector makes a significant contribution to the North East regional economy. It has an economic and employment role extending beyond providing services, meeting health and social care needs and reducing inequalities. The health and social care sector (primarily NHS and local authorities) spends several billion pounds annually on labour costs and purchasing goods and services, many of which will be sourced and produced in the region. The North East has not carried out a detailed analysis of the health and social economy as several other regions have done. However, the economic and social implications of outsourcing and closures on the regional economy will be broadly comparable (North West Regional Assembly, 2005).

The social care policies adopted by Durham County Council have a direct impact on the regional health and social care economy and the regional economy as a whole. This impact is particularly important with respect to:

- The number and quality of jobs.
- Capital investment and construction
- Local and regional supply chains in construction, equipment, goods and services.
- Skills shortages and training.
- Export of profits out of the region.
- New business formation. (However, claims about the regional economic benefits of new social enterprises or the formation of new businesses are false if they simply replace services previously delivered by the County Council. In these circumstances there is no net employment gain).

4. Analysis of options

Introduction

This section comments on the recommended options in the PFA/CURS Phase 2 report. The report identified seven options for the County Council, several of which could be implemented in combination. They were presented as options at the request of the County Council. Each option is summarised below followed by comments on their suitability.

The PFA/CURS report identified the following needs which set the context for the options:

- “There is an overprovision of residential care across the county. Even taking account of the likely population changes there is likely to be capacity in the overall market in the county, although local market changes in the independent sector may result in supply ‘hot spots’ in the future.
- The current level of nursing home care is about right now. However, the numbers may need to increase over time in line with the population changes.
- There are issues over the balance of residential care and nursing home provision in terms of meeting the needs of older people with dementia. There are also shortages of EMI provision in Durham and Sedgefield.
- There are issues over the overall balance and numbers of intermediate care beds across the hospital, care home and housing system which needs further investigation.
- There is a shortfall of extra care housing for rent, sale and shared ownership.
- There is an over supply of sheltered housing for rent, but a shortage of sheltered housing for sale and shared ownership in relation to tenure.
- There is a shortage in some areas of other accessible housing options for older people across all tenures, particularly two bedroom bungalows.
- There is a shortage of floating support services for older people living in general needs housing across all tenures, including for older people with dementia.
- A gap in for housing support services for Asian elders has been identified in Chester le Street.”

The options

Option 1 – As is or to maintain the status quo: PFA/CURS believe that there are no grounds to support this option.

Comment: This is a false option and should be discounted. There is no evidence that older people, Elected Members, service users, staff, trade unions and community organisations consider that the status quo is an acceptable or viable option. All services should have plans for continuous improvement.

Option 2 – Close all remaining homes: PFA/CURS claim “*there is a strong case for this option in order to maximise the resources, which can then be redirected into*

service modernisation and re-design. However, there are two caveats and they concern intermediate care and dementia provision. We believe it will be possible to purchase these services from the independent sector. However, there are risks attached to getting out of the market altogether and being dependent on the independent sector. A number of social services authorities have made the decision to retain some in-house capacity in relation to these two areas.”

Comment: This option should be rejected outright.

Option 3 – Retain 3 specialist homes: PFA/CURS consider this is “*an alternative to option 2 is to retain 3-4 homes as resource centres for intermediate care and dementia, and the provision of day care. This will maintain a place for the county council in the market and drive the modernisation of these services.”*

Comment: All the existing DCC residential care homes should be retained until further work has been carried out, using the findings under recommendation 2 above, whether some homes should be converted to resource centres or EMI homes and/or retained for residential care.

Option 4 – commission new specialist homes from the independent sector: PFA/CURS suggest this is a variant on option 3 which would require the County Council “*to commission a small number of resource centres as new developments from an independent sector provider. This would free the county council from the care home market but ensure that there was a core of specialist provision in the county. The principles learned around extra care/assisted living and the use of assistive technology could all be embedded into commissioning briefs.”*

Comment: This option will have the same consequences as Option 2 and should be rejected.

Option 5 – further development of extra care housing: PFA/CURS believe “*there is a strong case for a further programme of extra care housing across all tenures based on the principles we have outlined and in partnership with the district councils and PCTs”.....and “there is a strong wish from the district councils for the county council to adopt such an approach.”*

Comment: This option should be supported with two qualifications. Firstly, that further work is carried out to forecast demand so that it can be planned with provision related to local need. Secondly, added emphasis is given to provision for all tenure groups.

Option 6 – development of dementia services: PFA/CURS conclude that “*some bed capacity issues for people with dementia need to be addressed. However, in modelling this the county council should look at the potential of using all supported accommodation options, including extra care and sheltered housing and small group living models as well as care and nursing homes.”*

Comment: The needs of people with dementia must be addressed but we do not consider that their needs can be fully met by relying on private and voluntary sector provision.

Option 7 – supporting older people at home and prevention: PFA/CURS believe “*there is a need to retain some resources freed up through IMSOP Phase 2 to further build the community services infrastructure to support older people in their own homes.”*

Comment: Resources for prevention are vitally important. A measured approach to supporting people in their own homes which gives those who do not want or cannot remain in their own homes for ‘family’ or other reasons a viable alternative option.

Summary of UNISON's response to the options

Options 1, 2 and 4 should be rejected outright.

Options 6 and 7 are supported together with Option 5 subject to two qualifications.

Option 3 requires further consideration and should be a minimum requirement.

Additional options

We recommend that the County Council also adopts the following option which sets the context for further consideration of the seven options:

Option 8 - Strategic in-house provision of care services. The County Council should have a role as a strategic provider of all key social care services. This should be on a level which is viable and enables DCC to influence quality standards in services and the quality of employment.

5. Recommendations

Based on the analysis of the PFA/CURS report and the evidence in Part 3 of this report, UNISON urges the County Council to:

- 1) Reject Options 1, 2 and 4 in the PWA/CURS report.
- 2) Postpone a decision on Phase 2 until the resource implications are fully examined and the County Council undertakes a forecast of future needs for the different care services.
- 3) Retain all the existing DCC residential care homes and undertake further work, based on the finding under recommendation 2 above, whether some should be converted to resource centres or EMI homes and/or retained for residential care.
- 4) Carry out a full assessment of the impact of further closures on corporate services in terms of the effect on jobs in these services and the cost of services to the rest of the County Council.
- 5) Accept Option 8 (Part 4) regarding the County Council's role in the strategic provision of care services.
- 6) Retain a minimum 25% provision of home care provision.
- 7) Scrutiny should investigate the decision making process and the way options were considered under Phase 2 of IMSOP.
- 8) Recommendations 1 – 12 in the PFA/CURS report focus on the process the planning process. They cover important matters such as building a shared vision and strategy, engagement with older people, integrated working, managing change and access to information. They should be revisited once decisions have been made on the above recommendations.

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