SOCIAL CARE AS A LOCAL ECONOMIC SOLUTION FOR THE WEST MIDLANDS

Written by: David Powell, New Economics Foundation
With Karen Leach and Karen McCarthy, Localise West Midlands

Published by the New Economics Foundation, August 2017
www.neweconomics.org
+44 (0)20 7820 6300
@NEF

Registered charity number 1055254
© 2017 The New Economics Foundation
2 Social care as a local economic solution for the West Midlands

CONTENTS

Acknowledgements...........................................................................................................................................3
Summary...............................................................................................................................................................4
About this report ....................................................................................................................................................5
The good local economy ........................................................................................................................................6
The crisis in social care..........................................................................................................................................8
Social care and the WMCA.................................................................................................................................13
Seven ideas for the West Midlands Combined Authority ..............................................................................15
Conclusion ..........................................................................................................................................................22
Endnotes .............................................................................................................................................................24
ACKNOWLEDGEMENTS

The report was written by David Powell, New Economics Foundation, in collaboration with Karen Leach and Karen McCarthy at Localise West Midlands. It has benefited from the expertise and advice of many stakeholders, in particular: Chris Allen; Sarah Arnold; Andrew Bazeley; Graham Beaumont; Gareth Brown; Stephen Burke; Robin Caley; Chris Christie; Rachel Egan; Vicki Fitzgerald; Claire Foulkes; Janine Goodman; John Goodman; Susannah Goh; Clare Goff; Richard Hatcher; Penny Hollbrook; Ceri Hughes; Matthew Jackson; Rachel Laurence; Caroline Leighton; Sian Lockwood; Sarah Lyall; Sara Mahmoud; Catherine Needham; Conrad Parke; Monder Ram; Fred Rattley; Matthew Rhodes; Alun Severn; Helen Sharp; Claire Smout; Renny Wodyna; and Edanur Yacizi. Any errors, however, remain the responsibility of the lead author.

It was funded by the Friends Provident Foundation as part of the joint ‘Accelerating Good City Economies’ project run by the Centre for Local Economic Strategies (CLES), the New Economics Foundation (NEF), and New Start Magazine. The project has been working with five cities and city-regions across the UK to help catalyse a new approach to economic development that starts and ends with the actual need and assets of local communities.

The Barrow Cadbury Trust supported Localise West Midlands’s involvement in this project.

More about the project can be found at www.newstartmag.co.uk/good-city-economies/
SUMMARY

Social care is on the brink of, if not already in, crisis. Provision is on the cliff edge as a result of national funding cuts, an aging population, and a dysfunctional system dominated by ‘too big to fail’ companies. The West Midlands’ population of over-65s is expected to increase by 19 per cent by 2025 alone.

More funding is urgently needed, but is only part of the answer. There is an imperative to ‘do more with less’ at the local and regional level: to make every pound of public money work as hard as possible for the achievement of multiple objectives.

Care must be reframed as no longer just a ‘cost,’ but a major economic sector with the potential to deliver inclusive prosperity across the region. Nurturing a diversity of community-scale care providers would make the system as a whole more resilient and person-centred. It could also be the central plank of an economic policy that emerges from the actual needs, everyday lives and assets of the communities within an area – rather than grand, city-centre based strategies that hope to ‘trickle down’ to those on the geographic and demographic periphery.

The new Mayor of the West Midlands, Andy Street, has an ambition to see a far greater provision of public services – including but not limited to care – from cooperative, mutual or social enterprise models. Delivering on this means:

- Setting priorities for more small-scale enterprises in economic planning
- Targeting skills provision and business support to help them thrive
- Levelling the playing field for contracts so they can compete
- The targeted promotion and marketing of careers in key public services

The WMCA has the opportunity to lead the transformation of the care sector in the region – one that:

1) Meets needs: delivering on and driven by local needs, with a particular focus on the most vulnerable – and which can actively ensure the quality as well as the provision of care
2) Economically thrives: where the potential within communities is unleashed, with a small-scale ecology of new providers forming a growing part of a social care system that is a prime route for delivering good jobs

As first steps on social care, the West Midlands Combined Authority should:

1) Prioritise new models of care:
   - Set a top-line strategic objective for the region to increase the provision of care from community-scale enterprises
   - Establish a properly resourced Community Care Innovation Unit

2) Build the evidence base for alternative models of care provision:
5 Social care as a local economic solution for the West Midlands

- Map current and future care needs and how they overlap with community assets and demographics

3) Break through silos:
- Champion community care models as a means to deliver on multiple strategic objectives
- Disseminate evidence and best practice on the diverse benefits of small-scale care models
- Examine how smaller providers can play an active role in the co-provision of housing and care

4) Get the experts in:
- Establish a panel of experts in innovating for care
- Commission experienced catalyst organisations to run bespoke, targeted ‘starter’ programmes in areas of most need

5) Help level the playing field for small-scale care providers:
- Assemble and share best practice on how the Social Value Act can be used to support commissioning from a diversity of care models
- Support consortia of small providers to jointly bid for contracts
- Lead by example in the WMCA’s own commissioning and public spend

6) Promote social care as a career choice and economic sector:
- Launch a targeted advertising and marketing campaign on the vocational and career benefits of social care
- Establish a network of social care ambassadors in the region to outreach to schools and colleges

7) Target skills support to develop a more resilient care sector:
- Map and understand skills needs
- Devote some of the Adult Skills Budget to be flexibly deployed for the provision of the diverse skills that small care providers need

ABOUT THIS REPORT

Social care is a major, and growing, economic sector. It contributed £4.2 billion (3.5%) to the West Midlands economy in 2015/16, employing 165,000 people, and is likely to require an additional 25,000 jobs by the year 2025¹.

But it is a sector in crisis: starved of funding from national Government; increasingly dominated by a handful of large, debt-laden chain companies; struggling to meet the needs of an ageing population; and widely perceived as an unappealing, low-pay, high-stress career. With provision
on the cliff-edge, it is neither providing the care that many residents need, nor being treated as an effective and galvanising economic sector that could help meet the region’s aspirations.

This report situates social care at the heart of a different approach to economic development. One that makes every pound work as hard for the actual needs of communities as possible. One that would build resilience, diversity, and genuine, lasting prosperity right across the region.

It will mean doing some things differently. But change is in any case inevitable. It is very hard to see the sector continuing as it is without major collapse or major re-shaping.

In the West Midlands the election of the region’s first Mayor offers an opportunity to lead the nation in delivering a system that provides both the care, and the economic opportunity, that our fractured communities so urgently need. Care could be an engine of a new approach to economic development that starts from the needs of communities and their assets. It could provide jobs, skills development, wellbeing – and, of course, quality care – at the very heart of the communities across the West Midlands perpetually left behind by city-centre-focused economic strategies.

This report makes recommendations for seven areas in which the WMCA could help to shape a smaller-scale, more resilient, and effective care system.

None of what follows takes away from the responsibility of national Government to fund both the sector and local authorities properly. But they do provide some of the key building blocks for a fundamental reframing of how social care could be considered for ambitious local authority leaders: no longer simply a ‘cost’ to be borne by the public purse, but a dynamic driver of a bottom-up rejuvenation of communities and the economies they really need.

**THE GOOD LOCAL ECONOMY**

“The good local economy starts with the reality of local conditions and builds upwards... it assesses the skills and support needs of its local population and creates strategies to meet those needs. It values each person and resource and connects idle assets with enterprising people. It listens to the solutions of those living in communities and helps them to be realised. It creates the conditions in which big business serves and enables local needs.”

(NEF et al)

“... Economic growth that creates opportunities for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.” (OECD)

‘Inclusive growth’; ‘inclusive prosperity’; ‘the good city economy,’ cherishing the ‘foundational economy.’ There are many different terms used for what is broadly the same concept: **economic policy that emerges from the actual needs, everyday lives and assets of the communities within an area** – rather than grand, city-centre-based strategies that hope, often in vain, to ‘trickle down’ to those on the periphery.
This is not a halcyon vision: it is wise, 21st century policy-making (see box), fundamentally about ensuring not just the health and vitality of local economies, but of community resilience and wellbeing more generally.

### Delivering strong local economies

Research by Localise West Midlands (LWM) shows that economies with higher levels of small businesses and local ownership perform better on employment growth, social and economic inclusion, income redistribution, health, civic engagement, wellbeing, local distinctiveness and cultural diversity.

National government needs to get the enabling conditions, incentives and macro funding structures right: “the nature of the financial and industrial relations systems, investment in training and education, land ownership and property laws, taxation and social policies.” Yet many of the key tools are – increasingly so with greater devolution – in the hands of local authorities: ‘hard’ (economic strategies, procurement and commissioning) and ‘soft’ measures (information, the promotion of good practice, and convening).

The LWM research showed that two factors are critical:

1) **Localised money flows.** Money spent by people in a place with companies not rooted in that place is money that leaves the local area and rarely comes back. Conversely, in general, money spent with locally rooted companies is more likely to go to local suppliers, who are themselves more likely to spend on in the local economy. Every pound benefits more and more people in a place as it circulates: this is the ‘local multiplier.’ Maximising this local multiplier effect should be a key consideration for those attempting to stimulate local places via public funds or other support.

2) **Localised decision-making.** A local economy largely controlled by distant public and private sector decision-makers – effectively ‘absentee landlords’ – is a recipe for economic policy that doesn’t work for that place, or which sees its residents merely as ‘inputs’ to a homogenous system. As with money, decisions that are taken by and for local economic needs, and which involve business owners that understand the needs of their community, will deliver effective and robust results.

### The West Midlands as a Good City Economy

There is much in the West Midlands Strategic Economic Plan that resonates at the headline level with the Good City Economy agenda, starting with its intention that “everyone’s life chances, health and wellbeing are improved.” The Plan sets out a number of potentially supportive indicators: increasing average earnings and reductions in unemployment, and a reduction in health inequality. It also aspires to see the proportion of people with skills at NVQ4 or above increase to 36% and the numbers with no qualifications to fall to 9%.

However these indicators in and of themselves do not provide much of a foundation for a focus on the inclusive economy; ‘average’ targets on earnings, for example, can be met through a rise in pay at the top. In truth the focus of the plan is largely not on the ‘foundational economy’ – a
concept defined in 2013 by CRESC: “the sector of the economy that provides the goods and services taken for granted by all members of the population.” This is the everyday, perhaps mundane® economy, estimated to employ 40% of the workforce: for example, local transport, utilities, food processing and retailing, and services like health, social care, and education.

It is instead a strategy aimed at delivering high-end skills to attract inward investment: a high-tech economy that drives increases in Gross Value Added (GVA). This flows naturally from the explicit focus within the Devolution Agreement between the WMCA and HM Treasury on delivering “significant additional economic growth,” and in particular the condition that the region’s additional £36.5 million per year funding should “be invested to drive growth.”

A wider suite of indicators would be needed to ensure that the strategy is designed to, and is actively delivering on, an inclusive agenda. The Inclusive Growth Analysis Unit at the University of Manchester has analysed all 39 Local Economic Partnerships in the UK against 18 indicators “to capture the relationship between economic performance or potential, and poverty and related forms of disadvantage.” These indicators include a richer set of indicators relevant to a broader skills, employment and prosperity agenda, including educational achievement, fuel poverty, and worklessness (ibid).

The WMCA appears, from the content of its strategy and devolution agreement with Whitehall, to be focussing its new powers on relatively discrete, fashionable and visible sectors of the economy. However, interviews for this report suggested that beneath the top line indicators there is a commitment from the WMCA, LEPs and local authorities to focus more seriously upon genuinely inclusive prosperity. As this report argues, a richer understanding of economic policy is needed to truly make devolution work for its communities – delivering economic prosperity, resilience, and a sense of cohesion and optimism for everyone who lives in the West Midlands, not just a privileged few.

**THE CRISIS IN SOCIAL CARE**

This report is about the economic opportunities of social care, whereas it is more often seen as – not without justification – merely a challenge. There is indeed a national crisis in social care. There are ever more people in need of social care, with less money available to provide it – while the costs of provision are rising. Recruitment, retention and morale within the sector is low, and getting lower.

In a Guardian article from December 2016, Nadra Ahmed, chair of the National Care Association, claims “we are now beyond the crisis point. We really are at the edge of the cliff now.” That article goes on to note:

“Residential care homes are closing at an unprecedented rate, hospitals are log jammed with elderly patients with nowhere to go; in the community, local authority cuts are leaving more than a million people desperately in need of more assistance in their homes.” (ibid)

The Care Quality Commission, which regulates health and social care provision in England, reported an 8% fall in the number of care homes between 2010 and July 2016 (from 18,068 to
Social care as a local economic solution for the West Midlands

16,614). The fall is most severe in the poorest parts of the UK. Access increasingly depends on what people can afford and where they live, not what they need.

According to the Health Foundation, the National Living Wage will add £600m to the total social care wage bill. Brexit could also put pressure on staffing levels and potentially push up salaries; clearly, higher salaries are welcome in a sector where low pay is a major driver of retention, but it is better that this is achieved as a matter of proactive policy and an attractive sector rather than as a result of a decimated workforce.

This all comes at a time when the number of over 85 year olds, which had already increased by one-third between 2006 and 2016, is expected to double by 2035. Skills for Care estimate that the West Midlands’ population of over 65s will increase by 19% by 2025 (see Chart 1).

---

**Chart 1: Estimated projections of people aged 65 & over in the West Midlands**

![Chart showing projected population growth](chart.png)

*Source: Projecting Older People Information System, via Skills for Care*

Much of the crisis leads back to Westminster, and cuts in the funding available for social care. Net expenditure on social care has fallen in real terms from £8.1 billion in 2005-06 to £6.3 billion in 2014-15, according to Age UK. The announcement in Budget 2017 of an extra £2 billion is welcome, but as the King’s Fund warned, is still insufficient:

> “These resources will go some way towards stabilising social care, even though they fall short of the sums independent commentators have argued are needed to bridge the expected funding gap by the end of this parliament.”

That funding gap had been calculated as up to £2.1 billion by 2019/20.

The upshot is that council spending on adult social care in England fell 8% in real terms between 2009-10 and 2016-17, according to the Institute for Fiscal Studies. BBC’s Panorama reported that 69 home care companies closed in the first quarter of 2017 alone. At least 69 per cent of councils were affected by failures within the provider market in the last six months of 2016 alone, according to the Directors of Adult Social Services (ADASS).

Nationally almost half of all residential and nursing places, and 20% of home care support, are paid for entirely by self-funding older people. Self-funders cross-subsidise local authority places as they tend to pay more, making them essential to underpinning the stability of the
system as a whole. This results in significant geographical disparities between wealthy and less wealthy areas. In the West Midlands as a whole 39% of care home places are self-funded, compared to 54% in the South East and just 18% in the North East.\textsuperscript{25}

**A top-heavy, expensive and risky system**

The current system needs more cash – a proper level of funding is a prerequisite for ensuring healthy care. But the tenets of the system itself are in urgent need of overhaul. The increasing dominance of large-scale providers, with debt-laden business models, is a major vulnerability. Major providers ostensibly provide economies of scale, but this masks deeper inefficiencies: at the macroeconomic level, money spent with such providers is not working as hard for communities as much as smaller-scale alternatives. And this is a system that is providing itself to be inherently lacking in resilience.

Built into every contract to a major provider will be the underlying need to deliver a significant return on investment – CRESC found that big care providers expect to offer 11% returns to investors (including costly debt repayments which often return to the parent operating company).\textsuperscript{26} The business models of the largest five residential care chain companies in the UK offer returns to investors that account for as much as 29p in every £1 of their costs—the second biggest drain on expenditure after wages. The New Economics Foundation has estimated that as a result £115 million of the Government’s additional £2 billion funding for social care, announced in Budget 2017, will go straight into the pockets of investors or shareholders in the five biggest UK health care providers, rather than on improving the quality and availability of care.\textsuperscript{27}

There are 40 national providers that the Care Quality Commission terms as ‘difficult-to-replace’ (alternatively, perhaps, ‘too-big-to-fail’). These:

“… are large in size, regional presence or specialism. If any of these providers were to fail and their services closed, they would be very difficult to replace at local, regional or national level. Failure would present significant challenges for local authorities in affected areas to ensure that people continued to receive a care service that meets their needs.”\textsuperscript{28}

The care ‘market’ is increasingly consolidating towards such providers. As of 2015, nearly 20% of all care beds were provided by the ‘big four’ care companies – Four Seasons, Bupa Care Homes, HC-One Ltd, and Barchester Healthcare.\textsuperscript{29} They are gradually increasing their market share – buying up small chains and taking over provision from family-owned homes. Less than 1% of the adult social care market is met by cooperatives\textsuperscript{30}; in the West Midlands, 37% of all employees in adult social care work for the biggest 2% of companies.\textsuperscript{31}

Ultimately, the quality of care is paramount. Yet while big care providers favour 60-70 bed care homes, the Care Quality Commission has found that smaller homes – ten beds or fewer – generally provide better outcomes.\textsuperscript{32} Indeed, as Community Catalysts argue (our emphasis):

“Personalisation is a thread running through the governments’ strategy for health and social care. Personal health and care budgets are seen as tools which will allow people to get the care they want in the way they want – but in many areas personal budgets are meaningless as the
market is dominated by a small number of large traditional providers, with little real choice available. A succession of reports has shown that the traditional care market fails to deliver services that allow people to have a good life.”

Recruitment and retention

The sector is struggling to recruit and retain staff. Interviews for this report repeatedly heard that the sector is not seen as offering an attractive career. Turnover is high and re-recruitment is a major ongoing cost for care providers. Skills for Care’s May 2017 survey of recruitment and retention in care providers found that staff turnover can be “an influencing factor in organisations obtaining favourable ratings from the Care Quality Commission… attracting the right people, with the right values, behaviours and attitudes to work in adult social care is vital.”

In the West Midlands, turnover for non-senior social care roles was 36.3% in 2015/16 (see Chart 2), with an average of 29.4% for all roles.

---

**Chart 2: Staff Turnover rates in the West Midlands (2015/16)**

<table>
<thead>
<tr>
<th>Job Role</th>
<th>Turnover Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All job roles</td>
<td>29.4%</td>
</tr>
<tr>
<td>Senior management</td>
<td>6.6%</td>
</tr>
<tr>
<td>Registered manager</td>
<td>12.1%</td>
</tr>
<tr>
<td>Social worker</td>
<td>20.2%</td>
</tr>
<tr>
<td>Occupational therapist</td>
<td>17.3%</td>
</tr>
<tr>
<td>Registered nurse</td>
<td>36.5%</td>
</tr>
<tr>
<td>Senior care worker</td>
<td>17.7%</td>
</tr>
<tr>
<td>Care worker</td>
<td>36.3%</td>
</tr>
<tr>
<td>Support and outreach</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

*Source: Skills for Care*

There are many causal factors at work, of which perhaps the two most significant are pay and conditions.

**Pay:**

The average pay of a social care worker in the West Midlands is £7.24 (Skills for Care, ibid), yet evidence shows that pay below £8/hour has a major impact on staff retention. Many people leave the sector long before embarking on a long-term skills development pathway. Even those that stay within the sector may move between providers for small pay rises. This impacts not just on stability but also staff’s individual progression through training programmes.

The introduction of the National Living Wage—which is scheduled to rise to £9/hour by 2020—is a big step forward, although the Government initiative has been criticised by the Living Wage Foundation as not being calculated on what employees and their families actually need to live.
Moreover, there is a bigger issue; more cash in the system, and a greater diversity of more efficient, innovative and small-scale care models, are needed to ensure that higher wages can be delivered without simply increasing the pressure on delivery.37

Commissioners need to find ways to level the playing field for those providers that are in principle able to ‘do more with less’ the smaller scale care providers with business models that do not require significant pay-outs to investors. Commissioning authorities also need to reflect the wider value to the skills and economic development of communities that a more diverse portfolio of models could support.

Conditions:

The Joseph Rowntree Foundation suggests “research shows the importance of making staff feel valued; chances for progression; managerial support and proportional human resource management.” The Federation of Small Businesses38 cites evidence that work-related illness can be significantly lower in small and medium-sized workplaces, and job satisfaction and perception of the honesty and fairness of their employers can be far higher. Stretched provision of domiciliary care in particular can lead to extended travel times, as well as potentially raising health and safety issues around lone working.

In a sector in which the core of the workforce is motivated by a sense of public service,39 a proliferation of community-scale social care enterprises – by definition closer to the communities whose needs they seek to serve – have the potential to be a rich source of enduring jobs, skills development, and the meeting of care needs across the West Midlands. In these smallest enterprises there is an even more heightened sense of a workforce that wants to ‘give something back’ to its community, which is embedded in that community, and where very close relationships are actively formed with the people whom they support.40 These are motivations that may not be captured by metrics of, for example, professional status or the skills ‘progression.’

Smaller and community care providers are rated more highly

The Care Quality Commission’s 2014-17 review, ‘The state of adult social care services,’41 summarised its findings of comprehensive inspections into the sector across England. It found that:

- High performing care providers were those that had the strongest cultures around person-led care, “where people are at the centre – treating people as people, as opposed to recipients of care.”
- Community social care providers were rated the highest, with 87% of providers achieving a “good” or “outstanding” rating from the Commission.
- Smaller care homes are rated better than larger ones: 89% of both small nursing and residential homes were rated good or outstanding, compared to just 65% of large nursing homes and 72% of large residential homes.
SOCIAL CARE AND THE WMCA

Key statistics

Figures from the Directors of Adult Social Services (ADASS) show\(^2\) that for the West Midlands in 2015/16:

- The annual gross expenditure on adult social care was £2.035 billion, representing 35% of local authority spending
- Most councils have increased overall spending on adult social care, although some (in particular, Birmingham) have made major cuts
- 77% of the region’s 165,000 care workers are employed by the independent sector; 7.5% directly by local authorities; 7% in the NHS, and 8% through ‘direct payment.’

The West Midlands will need an ever-greater number of social care jobs— an extra 25,000 jobs by 2025, according to Skills for Care (op cit). It notes that there is likely to be “a large increase in demand for labour in the sector. This is driven by demographic change and will mean employers and policy makers need to look wider than the traditional demographics for recruitment in the future.”

Social care could therefore be a significant source of employment, for new and older workers alike. At 64.5% the West Midlands has the lowest employment rate of any UK city-region, according to the Resolution Foundation.\(^4\) As Josh Niecho notes in OpenDemocracy\(^4\), there is a:

“supply and demand mismatch: a long line of older workers without advanced technical qualifications who aren’t reskilling, migrants arriving who may be highly skilled but not with UK-recognised qualifications, and limited graduate retention, despite the highest per head student population of any region. Areas like Wolverhampton have structural skills gaps going back generations.”

The WMCA’s agenda and community care

The WMCA’s ‘Public Service Reform’ programme\(^5\) aims to lower the overall cost of public services while also increasing quality of life for residents. Community-scale social care is very well placed to help meet these three objectives; it:

- Uses ‘soft’ skills that people in disadvantaged situations already have, and provides opportunities for skills progression and diversification
- Meets local needs
- Provides the opportunity to plug ‘leaks’ in the local economy: retaining local value locally (see above)
- Is a suitable sector for social enterprise – 86% of all social care enterprises in the West Midlands employ fewer than 50 people (Skills for Care, op cit), and two-fifths employ fewer than five
- Can point to the increased economic efficiency and resilience of small-scale, community or not-for-profit ownership models
An ecology of community-scale social care providers could be a critical means of addressing unemployment, increasing the resilience and performance of the sector as a whole (see above), and helping to retain the benefits of locally-driven economic value within the local communities that need it. While social care is, of course, first and foremost about properly meeting the needs of the most vulnerable in society, it is also a major opportunity for economic resilience.

Investing in an ecosystem of smaller care organisations is an investment in the economic health andbroader social value generated within the West Midlands. Research by the University of Birmingham has suggested that the costs of social care provision by micro-enterprises need be no higher than those of larger companies and that the qualitative experience of a more personalised approach to care can be far higher.46

The new Mayor of the West Midlands, Andy Street, has promised to promote the provision of public services by co-operatives, mutuals and social enterprises – including transport, mental health, and social care.47 This too provides an exciting springboard for bringing together an inclusive approach to economic prosperity in the region and for leading the way in sustainably addressing the care crisis afflicting it. Future devolution deals could potentially one day allow far more flexibility for authorities such as the WMCA to experiment with the gamut of freedoms over regulations, taxation, and investment – provided that the quality of care for the end user is paramount and legally enshrined. Matthew Rhodes from Encraft in the West Midlands has argued for the creation of regional ‘healthcare innovation zones’48 that would see national Government give permission, with local consent, for experimentation in radically new approaches.

In the shorter-term the WMCA’s leadership role could help its composite local authorities in the innovative delivery of two legislative requirements:

- The ‘market shaping’ requirements under the Care Act 2014,49 to “stimulate a diverse range of care and support services” and to “ensure that the care market as a whole remains vibrant and stable”
- The Public Services (Social Value) Act 201250; this requires public sector bodies to “consider economic, social and environmental value when procuring services. When spending money on goods and commissioning services, they must ensure that this investment will also produce a wider benefit to the community.”

All of the above implies twin goals for the transformation of the care sector in the West Midlands:

1) **A system that works:** delivering on and driven by local needs, with a particular focus on the most vulnerable – and which can actively ensure the quality as well as the provision of care.

2) **Economically thriving and resilient:** where the potential within communities is unleashed, with a small-scale ecology of new providers forming a growing part of a social care system that is a prime route for delivering good jobs.
SEVEN IDEAS FOR THE WEST MIDLANDS COMBINED AUTHORITY

The West Midlands Combined Authority has four main ways that it can help to build a thriving network of community-scale social care enterprises:

1) Place community-scale enterprises – in social care and beyond – more centrally within its **strategic economic plan**, recognising their broader contribution to economic and societal wellbeing.

2) Help enterprises to establish in the first place, or to thrive if they already exist, through **skills provision and business innovation support**.

3) Give a diversity of care enterprises a seat at the table, going out of its way to **level the playing field** for them to compete fairly for contracts.

4) **Market** social care as a rewarding and engaging career, particularly for those at an early stage of skills development.

Below we set out in brief seven ideas that the WMCA could take forward under the above four themes. We hope they will be very much the start of a conversation that the WMCA will be at the forefront of initiating.

1. **Set and resource a strategic objective for transformative social care models**

Changing practice starts with changing priorities. The crisis in social care is acute. At times like these, change can be extremely difficult. It is not surprising if commissioners default to dealing with large providers, with systems and a risk profile they already understand. Even the most persuasive set of economic arguments for a different approach to social care provision must compete with the reality of stretched resources. The issue is fundamentally of capacity – even to consider, let alone trial, new approaches – and risk appetite.

Leadership, resource, and expertise from the WMCA is needed to break this impasse.

The WMCA should:

- Set a top-line strategic objective within its economic strategies for an absolute and relative increase in the provision of care from community-scale operators
- Adopt a comprehensive suite of indicators to support its deliver of an inclusive prosperity agenda, including on care
- Establish a dedicated function – for example, a ‘Community Care Innovation Unit’ – to ensure that it can lead collaboratively on transforming care provision across the region.
- Set aside dedicated funding for care innovation in the region.

2. **Build the evidence base for targeting and tailoring alternative models of care provision and how these map to the needs of the region**

The West Midlands’s care needs are as unique to the area as the makeup of the assets in the communities that live there. To target any of the levers of the Combined Authority, it is
important to first understand where particular care needs exist, and how these may map onto the skills and employment needs and assets of the region.

The University of Birmingham’s review for the WMCA’s Mental Health Commission noted that a poor quality spatial understanding of mental health needs in the region:

“will hamper strategic planning and an understanding of whether progress is being made on addressing inequities in access to effective support and the promotion of health and wellbeing… the intelligence on which to develop a strategic approach to mental health in the WMCA is neither comprehensive nor coordinated.”

The report notes that this intelligence should include both quantitative data on needs and assets, and more granular qualitative data on the real life experiences of the quality of mental health care across different areas and demographics of the region. All of the above is likely to apply to care as well.

The WMCA should:

- Map and understand where and how current and future care needs overlap with community assets, skills potential and needs, and other key demographics, and use this to inform subsequent targeting of innovation, skills and marketing support.

3. Break through silos in budgets and practice

In a climate of greater devolution, and of place-shaping powers going hand-in-hand with the need to do more with less, the WMCA does not have the luxury even if it so wanted of thinking of public services in silos. Its Public Service Reform agenda (see above) aims to maximise the effectiveness of public spending while actively increasing the life chances and wellbeing of communities. This approach heavily implies thinking of care as an opportunity to deliver on multiple agendas, with spending justified accordingly.

A greater diversity of community-scale care providers, acting as a genuine alternative and countweight to the status quo, could have the following benefit consistent with a broad suite of ‘inclusive’ economic indicators:

- Reductions in the unemployment benefit bill for the West Midlands as a whole and in specific geographical concentrations
- Fewer days lost to business through family or partners having to leave work to care for relatives
- Improvements in mental health resulting from greater community cohesion and reductions in worklessness
- The economic multiplier effect of closing the ‘leaky bucket’ and retaining a greater proportion of the money spent on the care system within the communities it serves
- The reduction in the de facto risk premium that accompanies a system dominated by ‘difficult to replace’ major care providers.

The most obvious synergy is between health and social care. For example, discharges from hospital are less delayed where there are more care homes available in the local area. ‘Bed blocking’ of people waiting to be discharged from hospital into the social care system has risen by over 40% in the last year, costing the NHS an estimated £800 million per year. And the
17 Social care as a local economic solution for the West Midlands

effect is mirrored: a failing social care system, unable to provide its patients with the daily care they need, can result in an increase in hospital admissions that could and should have been prevented. 

The direction of travel is already towards a place-based elision of the two sectors. The five West Midlands Sustainability and Transformation Partnerships (STPs) have been looking for the last two years at how to align the two sectors, although they stop short of considering the broader economic contribution the sector could make; Greater Manchester, meanwhile, has just taken control of its combined £6 billion annual health and social care budget.

The ‘Housing with Care’ model is one where the WMCA and its constituent authorities could work together to provide people in need of care with the simultaneous opportunity to downsize and to receive tailored care. Evidence from the Joseph Rowntree Foundation suggests that “schemes developed in partnership between housing associations and local statutory sector services were more likely to be responding to local needs and shortfalls in existing services.” Subsidised housing could also be available to care workers in communities facing particularly acute care or economic need.

This approach may provide an opportunity for a better financing model for building new homes and retrofitting old ones. If local authorities were permitted to borrow from the Public Works Loan Board to build and refit care homes, they could let these at moderate rents to organisations delivering the high-quality care people need, which could include consortia of smaller organisations. Furthermore, as Williams et al argue in a report on Swansea Bay:

“If [the Welsh Government] cannot borrow to build, then what about asking housing associations? ... If social landlords with 5% capital can build, they could be more imaginative and break with the blockhouse hotel-style format determined by chain business models.”

More work is however needed to understand how smaller-scale providers can play an active role in the co-provision of housing and care.

The WMCA should:

- Position community-scale social care provision internally as a way to deliver across portfolios – for example, economic prosperity, community cohesion, mental health and wellbeing agendas for the region and its composite authorities.
- Conduct a wide-ranging review of the economic, employment, and quality of care benefits of different small-scale approaches to social care.
- Gather evidence on best practice for enabling smaller-scale providers to play an active role in the co-provision of housing and care, and consider funding a Housing with Care pilot as part of an innovation unit (see 2).

* Caution is however needed to ensure that social care does not become the ‘poor relation’ of health under this approach, nor that the elision of the two sectors acts simply as cover for unfair spending cuts; part of the rationale for high turnover in the care sector is already explained by people leaving for better-paid jobs in health.
4. Commission specialist expertise from organisations that can help innovative care providers start and endure

Around the UK, there are many catalyst or support organisations with in-depth practical expertise in helping to inspire and nurture community based enterprises. A first step should be for the WMCA to convene an expert panel with experience of delivering innovative community-scale care models in the West Midlands, UK or internationally, to advise on the best approach to provide a structural transformation in the opportunities for community-scale organisations. This should include pioneers from the West Midlands area, which is rich with organisations that understand the needs of, or are actually running or supporting, innovative community-scale social care models.

National organisations exist with specific expertise in innovative approaches to care provision. One example is Community Catalysts, itself a community interest company (see box) — one of a collective of ‘six innovators in social care’ that include Shared Lives and Community Circles.

Case study: Community Catalysts

Community Catalysts works across the UK through local partners such as Community Voluntary Services to provide bespoke, hands-on support for local people to establish community social care micro-enterprises. These help people in need of care to stay living at home, make a new skill or make friends, lead a healthy life or enjoy a leisure activity. Services are almost always co-designed by those that need them, such as older and disabled people. While the failure rate for micro-enterprises nationally is approximately 80% within the first year, Community Catalysts claim that only 3% of the enterprises they help to establish have folded by the end of their two-year programme. It estimates that the total expected costs for a local authority over this time is £135,000, followed by light-touch, low-cost legacy support. In rural Somerset, with the enthusiastic support of the local authority, Community Catalysts has spent two years supporting 133 new social care enterprises, and advising a further 38. Between them, these ventures support 180 local jobs and provide 2,220 hours of care to 600 older people a week. For a one-off cost of the Somerset catalyst programme of £135,000, Community Catalysts estimates that it is delivering direct savings to Somerset County Council of an estimated £400,000 a year.

The WMCA should:

- Establish a panel of experts in supporting and innovative models in social care
- Commission an organisation such as Community Catalysts to run a bespoke programme of social care enterprise support, focusing at first on those areas understood to be most in need of community-based care provision

5. Help ensure a diversity of models of care can compete for contracts

Health and social care accounts for a third of all public spending in the West Midlands. Commissioning and procurement are major tools for driving business towards care providers that can provide broader social and economic benefit and value. Indeed, the Care Act 2014
actively requires authorities to ‘shape markets’ towards diversity and resilience in their areas, and the Social Value Act 2012 requires authorities to ensure broader value and community benefit when procuring services (see section V).

Interviewees for this report note that the Social Value Act has been fairly conservatively applied in practice – limited, for example, to ensuring that providers pay the Living Wage – in large part due to the funding pressures outlined elsewhere. Public Health England has commissioned the Institute of Health Equity to produce a toolkit to help commissioners apply the Act in practice.\(^59\) It reminds commissioners that the Act is not only in conformity with EU procurement rules, but can actively help deliver on other legislative requirements, such as the Equality Act 2010. It also suggests that the Act can be used to drive social value in many ways, such as:

> employing local residents or target groups such as young unemployed people, building local supply chains, procuring with the voluntary, community and social enterprise sector, working with schools and young people, requiring contractors to pay a living wage and minimising negative environmental impact”.

In its 2016 report, ‘Taking Care’, the Cooperative movement agree that the Social Value Act is not being used to its full potential, and that local authority procurement should:

> “ensure that the unique benefits of co-operative and social enterprise delivery models are reflected within the evaluation of bids… offering contracts that were suitable for co-operative providers would help to rebalance the social care market, ensuring fair competition between co-operative and for-profit providers.”\(^60\)

Even competing for tenders or contracts creates an inherent bias towards large-scale providers. Two-fifths of social care workers in the West Midlands are employed in ‘micro-enterprises’ with fewer than five employees. However, these micro-enterprises, the University of Birmingham argues, face considerable barriers to scaling up, with a conflict between the rhetoric of personalised care and “the reality of managed personal budgets and preferred provider frameworks.”\(^61\)

As Community Circles notes:

> “If we look at the landscape of support and services around the country, it remains dominated by models and approaches that are not serving people and communities well enough but which have been ‘business as usual’ for decades. These models are underpinned by commissioning, investment and ownership approaches which effectively institutionalise them and make it very difficult for any innovation to get a serious foothold.”\(^62\)

This issue goes beyond social care. The practicalities of commissioning are usually stacked against smaller organisations. Even demonstrating economic or social value can be challenging; it is likely to be far easier to mount a compelling case if you have access to the IT systems and organisational capital of a major company than a not-for-profit operation. Inspiring a greater diversity of community enterprises to play a role in providing key services means authorities actively supporting them in being able to get their foot in the door in the first place. This includes creating and supporting initiatives that allow consortia of smaller providers to bid for contracts and provide services together, such as Sandwell’s Communities in Sync.

Space and budget should be found within the Combined Authority’s skills, productivity and employment portfolio to support innovative ways of enabling a collaborative ecology of small-
scale providers to compete on a level playing field with major providers – helping every pound of public money to work as hard as it can for the local area. Its composite commissioning local authorities should be actively involved in this process from the outset, with the WMCA acting as champion and agenda-setter to secure commitments for key changes to commissioning practice.

The WMCA should:

- **Work with pioneers, experts, and its composite authorities to assemble best practice on the application of the Social Value Act to support a greater diversity of community-scale provision**
- **Provide funding and support to consortia of smaller organisations to compete collectively for contracts for care services**
- **Ensure the WMCA leads by example in its own commissioning of public services – leading best practice in the application of the Social Value Act**

**6. Market social care as a rewarding career**

Much more is needed to encourage people to consider social care as an appealing career option. A major advertising and marketing campaign by the WMCA – equivalent to those seen nationally for, for example, teaching – could help to address this. This could be developed alongside public agencies such as those delivering health and housing.

The campaign could be targeted or messaged in different ways – for example:

- **Targeted at those sectors of the population that are under-represented in the social care workforce. 84% of the social care workforce in the West Midlands is female. Same-gender social care, particularly personal care, is important to many users – particularly where personal and intimate care is needed.**
- **Targeted at and written in languages other than English, where there is a particular need for social care delivered in languages important in an economic area as demographically diverse as the West Midlands. English as a second or additional language can often be viewed as an impediment to skills development or employment. Some local authorities have stopped paying a premium for language skills other than English, but in social care, where the qualitative experience of the end user is paramount, it is vital to actively encouraging people fluent in languages such as Polish or Urdu to join the profession.**
- **Targeted at those in particular employment circumstances – for example those on long-term unemployment benefit, or ex-forces personnel.**

Social care is fundamentally a sector where the core of the workforce is motivated by the work that they do and the sense of making a difference to people’s lives (see above). It can be a richly rewarding career. Indeed, those who are not fundamentally motivated by wanting to ‘give something back’ may never find that care is the right career for them. As ADASS note:

"Values-based recruitment has the potential to unlock new pools of candidates to work in social care – essential if the sector is to meet rising demand for care and support in an increasingly competitive labour market. The right values, behaviours and attitudes are the raw materials for quality care and support - good induction, training and management will do the rest."
This rewarding nature of a career in social care would be likely to be the central messaging of any successful advertising campaign. Yet it is also a career that promises stability, long-term skills development as well as career and pay progression. These aspects should also be made a virtue of, particularly if targeted at job centres, schools and colleges.

The WMCA should:

- Launch a targeted public advertising and marketing campaign on the vocational and career benefits of social care
- Establish a network of ambassadors in the region who will speak in schools and colleges on the benefits of a career in care

7. Ensure the Adult Skills Budget can support a greater diversity of social care jobs

A marketing campaign (see #6) needs to be underpinned by an offer of support and training to help develop skills for care provision. A proportion of the Adult Skills Budget - newly devolved to the West Midlands – should be specifically earmarked to support the skills needed for a new model of care in the region.

This means starting from the needs of communities and the sector. Currently, the headline focus within the WMCA’s economic strategy is for 16,000 more people to have skills equivalent to NVQ4+ by 2030. Certainly, there are many opportunities within the social care sector for the application of skills at that level: there are an estimated 12,000 managerial-level positions in social care in the West Midlands alone. At the more complex end of social care need, ‘higher’ skills qualifications including some also used in nursing will be needed.

But the skills need in social care – particularly among the types of enterprises most suitable to community-scale provision – is not exclusively at this level. Many smaller-scale organisations will be at this end of the (very broad) care spectrum – performing tasks such as housework, walking the dog or helping to answer correspondence. Interviewees for this report suggest that the main skills need at the entry-level for community care organisations can be relatively basic – for example, interview skills, or time-keeping.

There are a very wide range of needs within the care sector. Since 2015, all social care employers that are regulated by the Care Quality Commission (CQC) are expected to ensure that new employees have obtained a Care Certificate before they can work with patients, prioritising those that are new to the care sector. Regulatory requirements are the same regardless of the size of the organisation or the size of their compliance and HR facilities. Employers will generally fund the provision of the Care Certificate themselves, but support from the Skills Budget to lower the costs of provision for smaller operators could help to level out the playing field and enable these organisations to better compete for contracts.

The skills budget could also be used to help develop other skills that are essential to creating and running new enterprises – for example, business development or marketing skills, focused on those seeking to establish community-scale social care ventures. One interviewee for this report noted that many such ventures are established by people in middle-age who may not have the online skills to reach and recruit younger job-seekers.
This adds up to a complex picture. The West Midlands’ skills needs for care will be unique to the region, as will its potential for a greater community-scale response, and the demographic profile of areas that are in acute need of support for training and employment. The mapping exercises suggested earlier are a key part of understanding this terrain to allow the targeted delivery of a headline objective of an increased number of small-scale providers. The Adult Skills Budget will be an important part of delivering on this objective, but must be used flexibly – to serve the needs of the sector and community.

The WMCA should:

- Map and understand the skills needs for a diverse care sector in the West Midlands
- Devote a proportion of the Adult Skills Budget to be flexibly deployed for helping to deliver the market shaping duty under the Care Act, helping to build a diversity of social care providers
- Ensure this flexibility is a core part of a comprehensive ‘offer’ to new or existing community-scale social care providers, as well as helping to support the skills that the sector needs
- Support integrated health and social care apprenticeships, such as those promoted by Skills for Care\(^5\) to ensure future workers start their careers with an understanding of the needs of both sectors.

**CONCLUSION**

This report has focused on the West Midlands’ role in leading a change in the perception and delivery of the care sector. None of it excuses the requirement for the proper funding of care, and specific support for community-scale innovation within it, from central Government. Care, along with the rest of the ‘foundational economy,’ should be a central priority for the Government’s approach to industrial strategy – one built around a richer and more useful set of metrics for national progress than GDP alone.

Nor, of course, is innovation and leadership in care provision the sole preserve of regional combined authorities. It is after all local authorities that commission and procure care services, and which are the closest to the needs of the communities they serve.

Yet the West Midlands’ new deal with Government, its coordination and strategic role, and the election of its first Mayor – who has committed to not-for-profit models of public service provision – places it in a unique position of leadership. It can be at the vanguard of the transformation of the perception of the care sector in the region: a growing economic sector with the potential to meet a diversity of skills, employment and economic needs at the very heart of communities that risk being left behind by GVA-driven economic strategies.

The entrenched problems of the system means that determination will be needed to change the ‘business as usual’ mindset that has dominated both care and city-centre focused economic development to date. The prize, however, is considerable: a care system that is not just better
meeting the needs of the residents of the West Midlands, but one that is genuinely ‘doing more with less;’ keeping value generated within communities within those communities, and using the provision of care as a way to deliver multiple social and economic imperatives together.

We hope that this report can be the start of a conversation. It is one that is unavoidable and overdue; new ideas are desperately needed for social care, as they are for economic regeneration.
ENDNOTES

15 Collinson, Social care: why are we ‘beyond the crisis point’?
16 Davison & Polzin, The adult social care sector and workforce in West Midlands
20 Milne, The adult social care spending gap
31 Davison & Polzin, The adult social care sector and workforce in West Midlands
33 Community Catalysts, ‘Investing in community micro-enterprise’ – not available online.
35 Davison & Polzin, The adult social care sector and workforce in West Midlands
40 Email from Sian Lockwood, Community Catalysts.
26 Social care as a local economic solution for the West Midlands


58 West Midlands Combined Authority. Public service reform


61 Needham, C. et al., Micro-Enterprises: Small enough to care?


64 Davison & Polzin, The adult social care sector and workforce in West Midlands
65 Skills for Care. (n.d.). Integrated Apprenticeships [presentation]. Retrieved from:
innovation/Workforce-integration/Pioneer-sites/Events/Post-event-documents/London-South-East-
event-10-Novermber-2015/Integrated%20Apprenticeships%20presentation.pdf