Summary

Social Care Summary 1
September 1994

The voluntary sector and community care: is there a case for a Care Corporation?

In the developing care market, the voluntary sector must compete with public trusts and private profit-seeking enterprises for contracts with local authorities. This study, by Anne Davies of the Institute for Public Policy Research, asks if voluntary organisations providing care should be funded and/or regulated by a government agency like the Housing Corporation.

- **The problems facing the voluntary sector in providing community care are produced by insufficient resources for development of services, the limitations of using contracts to buy core services, and disputes about boundaries between statutory funders and their responsibilities.**
- **In relation to special needs housing, funding by the Housing Corporation follows a different pattern from the funding of care services by local authorities. Although it gives security to the voluntary body to make a substantial investment, it is contrary to the principle of purchasing care on an individual basis on behalf of each user.**
- **A central funding agency for voluntary bodies would reduce the purchasing power of local authority Social Services Departments and place voluntary organisations in a privileged position. With less competition, the choice between providers which is exercised by care managers on behalf of users would be diminished.**
- **Instead of creating a new central body to fund the provision of care by the voluntary sector, there is a case for widening the responsibilities of local government to include the funding of special needs housing presently undertaken by the Housing Corporation.**
- **At present, there may be duplication or overregulation of some care services. The different regulatory regimes might benefit from rationalisation.**
- **If responsibility for special needs housing funding were to be withdrawn from the Housing Corporation, the justification for its role in regulating housing-with-care schemes would be reduced. A new regulatory regime could operate across all sectors of provider, either confined to housing-with-care schemes, or extended to all contracted care services.**
- **The voluntary sector would benefit from access to a supportive, advisory facility, doing similar work to the temporary Task Force used by the Department of Health, to promote development. This responsibility could merge with the regulatory function, and extend to all care-providing sectors.**

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Background

Community Care is the first major policy initiative since the 1974 Housing Act to involve a substantial development of the voluntary sector in meeting public policy objectives. The expansion of the housing association movement by the injection of large sums of public money, has been supervised by the Housing Corporation which controls both funding and regulation. Housing Associations have now overtaken local authorities as the major providers of low cost social housing. Is a Care Corporation needed to fund and regulate voluntary organisations providing care services?

The Griffiths Report which informed community care policy recognised the many roles which the voluntary sector plays, in addition to the direct provision of services; those of public educator, advocate, information source, befriending agency, constructive critic, and pilot of new approaches to services. The Report referred to the need for public financial support for these functions, which can be vital in helping to make the best use of public funds.

Community Care legislation does not distinguish between voluntary and profit-seeking organisations which are referred to jointly as the independent sector. Community Care policy makes provision for supporting the voluntary sector only for planning purposes. In delivering services, voluntary organisations must succeed in winning care contracts in a competitive market. Failure will inevitably mean the loss of the many intangible contributions which Griffiths recognised.

Funding voluntary sector care services

The main characteristics which distinguish the development of community care in the 1990s, from the development of voluntary housing over the past thirty years, are:

- the introduction of contract funding,
- the operation of the care market in which providers compete,
- the role of local authorities as purchasers.

The problems facing the voluntary sector as a provider of community care are caused mainly by:

- confusion about responsibilities between Health Authorities, Social Services Departments, and Housing Authorities
- limitations of funding by means of contracts
- lack of co-ordination between DoE (and the Housing Corporation) and DoH in funding housing with care schemes

A Care Corporation could address some of these problems but only by ringfencing the voluntary sector or placing it in a guaranteed market. This would be disadvantageous to other providers. Even more significantly, it would remove the purchasing function from local authorities.

Housing is capital intensive, unlike care in the community which relies mainly on revenue funds allocated on an individual basis. A central agency is well placed to provide large amounts of capital, for investment in fixed assets within a closely defined and regulated programme, but less suited to co-operate with local authorities who are the ‘gate-keepers’ of community care and have responsibility for making assessments of individual need.

Community Care is a pluralistic service, relying on integrated planning and delivery of care, health, and housing services. The imposition of a further vertical structure with another chain of command and a separate budget could be effective in achieving limited goals ie protecting voluntary organisations, but might hinder the freedom of local authority purchasers to act in the interests of the individual and to deliver a seamless service.

Although the creation of a Care Corporation to fund the voluntary sector would have its disadvantages, other functions may be performed best by a central or national agency. The regulatory function is one example. Innovation and development of new care services is another.

Regulation of care services

Voluntary organisations are regulated by a variety of regulatory regimes, operating nationally and locally. If registered as a charity they are subject to the scrutiny of the Charity Commissioners. As Community Care contracting develops they will increasingly come under the remit of the NHS and Local Government Ombudsmen, and the Audit Commission.

Local Social Services Departments are required to set up Inspection Units whose work is monitored by the Social Services Inspectorate. Many residential care services are registered under the Registered Homes Act, presently under review. There are anomalies: the sanction of deregistration does not extend to local authority run homes; the level of individual DSS payments is linked to registration, being higher for residents of deregistered homes. This produces a financial incentive to deregister.

In addition, housing, which is an important component of care in the community, funded by the Housing Corporation under its special needs housing revenue grant, is subject to regulation by the Corporation. The situation is thus confused and complicated. Housing with care schemes are likely to be over-regulated.

There are clearly advantages in placing responsibility for purchasing all care-related services with the same tier of government, and there are both practical and theoretical arguments for placing countervailing powers of regulation and scrutiny at a different level. Central regulation can work to bring local authorities into line and ensure equity for users of community care.

Without a separate funding system, a separate regulatory system for the voluntary sector is unnecessary. All sectors of provider must be expected to reach the same standards of service for the user.

Integrating housing with care

Because of difficulties in reconciling care contract funding with Housing Corporation revenue funding, changes are being considered in the role of the Corporation, which is also seeking to remove the previously automatic payment of special needs revenue grants to schemes which have received capital funding. The Corporation wishes to introduce competition between associations who will have to make renewed bids for grants.

A more integrated approach would be to hand over revenue funding responsibilities for housing with care schemes to local authorities, already responsible for purchasing community care. This would remove the need to establish a fixed boundary between housing and care as the determinant of budget responsibility. Housing and social services departments now work more closely together and this should be encouraged to allow local housing plans to mesh more closely with community care plans.

There are difficulties in seeking to separate the development, or capital, costs of housing with care schemes from the necessary revenue costs. For some housing schemes, involving highly specialised buildings which meet the needs of relatively small numbers, it may not be possible. This responsibility could either remain with the Housing Corporation or be passed eventually to local authorities.

Developing services

There is concern in the voluntary sector, that its capacity for innovation and pioneering new services will be reduced as it moves into mainstream provision. This concern has been voiced for some time by housing associations. At the same time, the success of community care hinges on the effectiveness of care markets and providers will need to be responsive and adaptable to win contracts, particularly where there is an excess of supply over demand for some services and unmet demand for others. The care market may need to be stimulated.

There is a case for a national resource to assist in developing new and innovative care services. This was demonstrated by the Task Force employed by the Department of Health in preparation for community care implementation in April 1993. It was able to offer specialist advice and disseminate good practice. Many voluntary organisations would welcome access to such a service, which could extend to other sectors of provider (perhaps on an fee-paying basis). It could operate through local authorities who, having identified a need through the care planning process are interested in purchasing a different kind of service as yet unavailable. The agency could operate as a consultancy, dispensing advice, or could have a grant-making function, perhaps using tapering grants, allowing local authorities to take over as appropriate.

Responsibility for the development function might be merged in a regulatory authority, allowing for common purpose in supporting the aims of care in the community and upgrading services in all sectors.

About the study

The report is the result of a literature review, a series of interviews with key figures in the voluntary sector, social services departments, health commissioning authorities, housing associations and national bodies, followed by a seminar 'Funding The Voluntary Sector - The Boundary of Housing and Care' held in York in November 1993.

Further information

The report The Voluntary Sector and Community Care - Is There A Case For A Care Corporation? by Anne Davies is available from IPPR, 30-32 Southampton Street, London WC2E 7RA. Price: £5.

JOSEPH ROWNTREE FOUNDATION

Published by the
Joseph Rowntree Foundation
The Homestead, 40 Water End
York YO3 6LP
Tel: 0904 629241 Fax: 0904 620072
ISSN 0958-3815