ADASS BUDGET SURVEY

2019

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The Association of Directors of Adults Social Services is a charity. Our objectives include:

- Furthering comprehensive, equitable, social policies and plans which reflect and shape the economic and social environment of the time
- Furthering the interests of those who need social care services regardless of their backgrounds and status and
- Promoting high standards of social care services

Our members are current and former directors of adult care or social services and their senior staff.

FOREWORD

This is the 16th annual ADASS Budget Survey: well recognised and much quoted over the years. The report provides data and evidence on the breadth of social care. These are the numbers for those who need numerical evidence of the impact of a lack of any long term funding solution. Our evidence adds to work of CQC, the Health Foundation, the Local Government Association, the NHS Confederation, the King's Fund, the National Audit Office, the Competition and Markets Authority and many others identifying the crisis in care and support for all of us when we need it. I would like to thank the 150 Directors of Adults Social Services who completed it, the ADASS staff team who managed the process and the analysis and Jane Harris, from Cordis Bright, who drew up this report as part of their partnership agreement with ADASS.

But behind these numbers are the stories of thousands and thousands of older and disabled people and their families. Many get great care and support to live good lives and die good deaths. Too many struggle without help though. Too many struggle without enough help. Behind these numbers are heroic care staff making an essential difference every minute of every day.

And behind these numbers too are the invidious decisions that social workers, managers and councillors have to make to eke out too little to too many people whose needs are increasing. What of the 98 year old settled in a care home whose savings have run out which is £200 a week more than the council usually pays? What of the council whose stretched budget means there isn't enough money to enable some people to see anyone for days on end? We applaud the courage of the people of Somerset who shared their stories and the sensitive and skilful work of Alison Holt and the Panorama team in portraying those stories.

This survey reads in part about pessimism about any long term settlement for social care. It reads in part about paralysis in terms of short term funding and not knowing how much might be available this year let alone next. But look closer. The 150 directors who have completed it also show ingenuity in making savings, concern for those of us affected and belief in the potential of work with people in communities and the need to invest in prevention and asset based approaches.

Government must act soon. As we approach the UK's planned exit from the EU, we call upon ministers and parliamentarians to rise to the challenge of dealing with the most pressing domestic issue of our time. We have had numerous consultations and reports and the options for future funding of social care are well-known. Parliament must agree a cross-party solution and come up with a New Deal for all of us when we need social care.

Julie Ogley
President

Contents

KEY MESSAGES

Last year's Budget Survey concluded on an optimistic note. Despite reporting on the impact on councils and the people they serve of a 5% real terms reduction in spending on adult social care since 2010/11, directors were hopeful that a long-term, sustainable funding strategy for adult social care would soon be agreed, alongside a new settlement for the NHS, through the Green Paper and to replace Part 2 of the Care Act which was abandoned. This has not happened and instead the problems councils and providers face have got progressively worse. The system is not only failing financially, it is failing people.

Directors of Adult Social Services in England report starkly on the escalating crisis in social care. Older and disabled people and their families are not getting the support they need and deserve. Care agencies, who are responsible for home care and residential services, are finding it hard to recruit and keep good staff and services running.

Directors and their teams have had to exercise astonishing levels of ingenuity and fortitude to carry on meeting people's needs in circumstances of almost unparalleled difficulty. Government action is needed urgently to ensure that people who need care and their families receive the care and support they need. Our survey highlights the financial and human consequences of under-resourcing and a failure on the part of successive governments to reform the funding system.

Key messages from this year's Budget Survey are:

The failure of any government to address social care is having severe impacts on people needing care, their families and the people who work in arranging and delivery of care.

In the last few years there has been a failure in central government to fulfil a commitment to produce proposals and solutions despite promises to do so. What funding there has been from central government has been too little too late. The former Secretary of State, Jeremy Hunt, acknowledged in the Conservative Party leadership debate that the cuts have gone too far and without action there is more to come. Local government is struggling to balance the books and Directors know that adults of all ages with disabilities are not getting all the care they need. Directors are increasingly saying they can't meet their legal responsibilities to the public. The NHS is under pressure; after prolonged reductions social care is struggling to cope with increased need.

Social care and the NHS are interdependent. Without a settlement for social care the NHS will not be able to deliver on the commitments of the Long Term Plan.

The focus of injections of cash has been on shoring up the acute health sector as the public care deeply about hospitals. But because this again has been short term (and there have been significant reductions in primary, community services and Continuing Health Care alongside reductions in social care) this has arguably made the situation worse not better. Insufficient social care, together with reductions in primary and community health services, mean that many people end up in hospital as a last resort.

Alongside the £7bn reduction in adult social care funding since 2010, resulting in less spending on those with all levels of care needs and on services that prevent further care need, there has been a reduction in the levels of primary and community health care and the prevention of ill health, with fewer GPs, a 45% reduction in district nurses since 2010[1] and a 10% reduction in the Government grant for public health since 2015/16. This has resulted in a vicious spiral for social care. Significant increases in hospital attendances and admissions, leading to increased need for social care on discharge, have been experienced by 87% of councils as a pressure. 71% of directors report that these pressures have been further exacerbated by insufficient capacity in primary care, community health care or mental health services.

Directors are of the opinion that reductions to Continuing Health Care (CHC), shared care or health contributions to S117 are one of the most significant NHS related pressures on adult social care. 79% of directors said that their local authority has been subject to additional costs as a result of the NHS reviewing the application of CHC, with only 14% stating that their local authority had not experienced additional pressure.

According to the NHS Confederation, health leaders are not confident of their ability to deliver on the commitments of the NHS Long Term Plan unless funding for adult social care is resolved:

> *Nine in ten health leaders (90%) responding to our survey were not confident that the NHS would be able to deliver the package of health reforms set out in the long-term plan without a long-term financial settlement for adult social care. Social care is in crisis and the day to day impact on the health service is of serious concern. The impact on some of the most vulnerable people in our society is hard to overstate and it will continue to have significant knock-on effects on primary, community and hospital services until better funding and a more sustainable social care system is developed.*[2]

There needs to be a long-term, sustainable solution for funding adult social care.

Only 10% of the 150 directors who responded felt optimistic about the financial state of the wider health and social care economy in their area over the next 12 months. 74% directors said they felt fairly or very pessimistic. This is a higher proportion than last year and reflects directors' disappointment at the failure to publish a Green Paper. The Care Act is perceived as a good piece of legislation across the sector and by people needing support but many aspects of it cannot be fully implemented. Overall, directors are not optimistic about their ability to manage within expected resources in the near future, let alone the longer term, with just a third of respondents fully confident that planned savings for 2019/20 will be met. It is imperative, therefore, that a long-term funding solution is found urgently for adult social care. The Health Foundation and others have recently made a strong and evidenced case for significant investment in adult social care alongside the funding increase already announced for the NHS[3].

Short-term funding needs to continue until whatever is in the promised Green Paper can be implemented.

The survey reflects the impact of additional time-limited funding for adult social care, to counter-balance savings of £699m in 2019/20, the adult social care element of overall council savings. The additional funding has undoubtedly avoided a far worse situation, although the short-term funding provided has not given confidence in the ability to meet future legislative requirements

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[1] The UK nursing labour market review 2017 (Royal College of Nursing). https://www.rcn.org.uk/professional-development/publications/pub-006625

[2] https://www.nhsconfed.org/resources/2019/06/unfinished-business-the-need-to-invest-in-the-whole-health-and-care-system [accessed 19th June 2019]

[3] The Health Foundation (2019), Investing in the NHS Long Term Plan: Job done?

– particularly with estimates of 1.2m people aged 65 and over with unmet needs.[4] Without a short term injection of funding via the time-limited social care grant, many councils would have been forced to reduce services or over spend on their adult social care budgets. The social care grant is just one source of funding that is due to end in March 2020. The uncertainty over the future of the social care grant, the Improved Better Care Fund and other funding streams after 2019/20 makes it difficult for councils to commit funding to longer-term solutions needed to prevent people from needing care in the future. This situation, at worst, places the sustainability of adult social care at severe and immediate risk.

Adequate funding is required to meet an increasing number of people's needs in effective ways.

Councils are spending an increasing proportion of their total budgets on social care: 34% in 2010/11, rising to 38% in 2019/20. This also means that councils have less money to spend on universal services that can help people to remain independent and add quality to their lives. Key drivers of rising pressures are demography and increased and more complex needs of more older and disabled people, together with the National Living Wage and the need to provide fee uplifts to try to sustain the care market. The area of greatest concern to councils is the increasing cost of care packages for growing numbers of people, both older and younger adults with complex needs, and their families. Whilst more directors expect fewer people to be in receipt of state-funded care in the next two years, demographic changes are expected to cost an additional £484m (3.3% of budget) in 2019/20.

Councils, individuals employing personal assistants and providers must be able to recruit and retain a caring, skilled and valued workforce.

86% of directors believe the National Living Wage will be the biggest driver of increases in unit costs for residential, nursing and home care. It will cost councils in the region of a further £448m. Overwhelmingly, respondents to the survey believe that increasing salaries is the change most needed to ensure the sufficiency of care workers in their local area. For example, social care is competing against the retail and hospitality sectors to recruit staff, and there needs to be a clear pay differential to attract people to work in social care.

There is a strong argument for greater parity of pay between health and social care, making it easier and more attractive for people to transfer between the two. Evidence from this survey about the fragility of the care market suggests that low pay in the social care sector is a false economy.

We need to be able to fund a vibrant care market that gives people choice and control over their lives.

ADASS is fully committed to the ambition of personalised care that we all want. There is a great deal of excellent care and support from a whole range of people: care staff, personal assistants, family members, communities, social workers. That is tribute to the immense commitment and going over the odds by those involved. But the market is fragile and failing in some parts of the country. 72 directors say they have seen home care providers closing or ceasing to trade in the last six months (impacting on 7,019 people – more than double the number affected last year) and 38 directors had contracts handed back by home care providers (impacting on 3,464 people) in the same period. In this year the company that was Allied ceased trading and care for over

[4] Briefing: Health and Care of Older People in England 2017, Age UK, February 2017 https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/care--support/the_health_and_care_of_older_people_in_england_2017.pdf

9,000 people was transitioned to new providers, a proportion of which were run by a new company called Allied; other care went to alternative providers and some was transitioned to Local Authority Trading Companies. Despite raising fees to providers, fees do not match what providers say they need to be sustainable. Directors' biggest concern about the impact of savings made or planned is the prospect of providers facing financial difficulty and quality challenges. 79% of directors are concerned about their ability to meet the statutory duty to ensure market sustainability within existing budgets.

Aspirations to invest in asset-based approaches and prevention must be able to be realised.
As in the previous three years, moving towards prevention and early intervention and engaging people with their communities is one of the most important savings areas identified in 2019/20, enabling a reduction in demand for long-term health and social care. Asset-based approaches, which build on people's strengths and the resources in their families and communities, are also now deemed to be important in delivering savings. As budgets reduce, however, it becomes harder for councils to manage the tension between prioritising statutory duties towards those with the greatest needs and investing in services that will prevent and reduce future needs. It is also harder for family carers to hold down employment and provide care and support for their older and disabled relatives[5]. This impacts on carers' health, financial, social and psychological wellbeing. The outcomes from time-limited funding initiatives prove that if adult social care has the funding it needs it delivers. For example, delayed transfers of care attributable to adult social care are now their lowest level since September 2014. The inability to invest in prevention and early intervention only stores up more problems for the future.

Older and disabled people need dignified, high quality care and support. When properly resourced it works. As a nation we must make this an immediate priority. A thriving economy and a caring nation requires it.

[5] Carers UK, *The state of caring 2018*

1. CONTEXT

The Budget Survey of 2018 set out the context and councils' plans for the financial year 2018/19. Cost pressures relating to the increased numbers of older and disabled people needing care and support equated to £448m of additional pressure in 2018/19, of which 94% had funding identified by councils (£420m). In addition, the National Living Wage, affecting both direct council costs and increased provider fees, added an estimated cost of £466m.

In 2018/19 councils planned to deliver savings of £700m as a result of overall council funding reductions. The 2018 report highlighted that cumulative savings since 2010 amount to £7bn, with this increasing to £7.7bn in 2019.

There were welcome announcements in the year of new funding for adult social care. The injection of short-term funding for adult social care has continued, with the announcement of winter pressures funding of £240m for both 2018/19 and 2019/20. In addition to this Government also announced a £410m social care support grant, with decisions of how this would be divided between children's and adult social care taken at a local authority level. As stated in the 2018 Budget Survey report, this additional funding has temporarily relieved, rather than resolved, the long-term funding requirement for Adult Social Care.

Challenges relating to care market sustainability continued in 2018/19, with a significant number of councils seeing providers exit the markets, or handing back contracts, in a large part as contracts are not economically viable. This trend has continued in 2019. The past year has also seen significant challenges for large scale providers, including the failure of Allied Healthcare and the well documented financial challenges facing Four Seasons Healthcare. The sector is also operating nationally with concerns about the workforce, with the influence of Brexit, and without an updated and funded Adult Social Care workforce strategy.

At the time of writing, the Better Care Fund planning guidance has yet to be published for the forthcoming financial year. As a result local authorities have supplied estimates of expenditure for 2019/20. The current financial year will in essence see a continuation of the previous year's reporting requirements, with an ongoing focus on reducing delayed transfers of care (DToC), Non-elective admissions (General and Acute); admissions to residential and care homes; and effectiveness of reablement.

Local authorities have succeeded in achieving positive improvements, with the level of DToC days attributable to adult social care now at their lowest level since September 2014. However, the continued focus on DToC targets at the expense of preventing admissions has proved quite difficult in some areas of the country. This was borne out in the results of the 2018 ADASS Autumn Survey which found that the ongoing focus on DToC has had unintended consequences. Of most concern, 82% of respondents indicated that there has been a moderate, significant, or very significant increase in rapid discharges to short-term care home placements that then became long-term and 73% indicated that there has been an increase in the number of admissions to hospital that would have been avoidable had there been sufficient social, primary, and community services. Newton Europe's recent report 'People first, manage what matters' highlighted the challenges health and social care systems are facing to sustainably reduce delayed discharges, and the impact this is having on people's lives. Its study of the journeys taken by people occupying 10,400 acute medical and surgical adult hospital beds found that between 32 per cent and 54 per cent of those who were delayed were found to be discharged to a setting where the levels of care were not well-matched to their needs and in 92 per cent of these cases, the setting was providing a more intense level of care than would have maximised the individual's independence.

It is also important to note that in early 2019 the NHS Long Term Plan (NHS LTP) was launched, accompanied by the announcement of £20.5bn of additional funding for the NHS in England by 2023/24. The NHS LTP outlines objectives for joined-up care across the system with commitments to increased investment in primary medical and community health services to support new service models including an urgent response standard for urgent community support; integrated multi-disciplinary teams; NHS support to people living in care homes; the NHS Personalised Care model; an integration index; reducing Delayed Transfers of Care; and supporting local approaches to blend health and social care budgets, amongst other initiatives.[6] The NHS LTP presents an important opportunity for health and social care to reframe the delivery of primary and community services.

Adult social care is at a significant cross-roads. The future policy direction for adult social care remains unclear, with the Adult Social Care Green Paper having now been delayed six times. This along with the impending Spending Review, whether one year or three, should have provided the basis for a national conversation about size and shape of adult social care. Many of the results in this report, particularly those looking forward to 2020 and beyond, reflect this ongoing ambiguity.

The public profile of adult social care has increased over the past year. In particular the broadcast of a two-part BBC Panorama documentary, set in Somerset, shone a light on the difficult day to day challenges and decisions that face adult social care professionals, carers, families and individuals on a day to day basis. However, there is still more work to be done to ensure that the value of adult social care is fully understood outside of those people that have lived experience, or that work within the sector.

[6] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/795314/Better_Care_Fund_2019-20_Policy_Framework.pdf

2. METHODOLOGY

The ADASS Budget Survey is an annual survey conducted by the Association of Directors of Adult Social Services (ADASS), and is sent to every Director of Adult Social Services (directors) in 151 English local authorities. These directors are full members of ADASS.

There are 154 local authorities in England with adult social care responsibility, although due to their particular circumstances of jurisdiction, the following local authorities were excluded from the survey: Guernsey, Jersey and Isle of Man. The number of authorities asked to respond is therefore 151, which is consistent with the approach taken in previous years.

For this survey, there were 150 completed returns, almost a 100% response rate. Not all questions have been completed by all respondents, but the report makes clear where samples have been used to make national projections.

The survey is issued around the same period each year and for 2019, the survey was conducted in April and May. Directors completed their responses via an online link.

Where possible, the survey questions have remained consistent over the last eight years to provide a longitudinal narrative, specifically tracking budgets, levels of savings, demographic pressures and where savings have been made. Additional questions have been included over this period to strengthen the understanding of the financial position of adult social care and a number of specific topical questions are asked in each survey to reflect particular issues at that time. This year two questions were included on behalf of Skills for Care, the responses to which will be shared on an individual basis. Directors could choose not complete these questions.

The analysis is reviewed internally by the ADASS Resources Leads.

The survey report is anonymised and aggregated to a national level. No individual council data is shared with third parties, unless this was agreed prior to the survey and received consent from each individual local authority, and the details of the report remain the property of ADASS.

3. FINDINGS

3.1 WHOLE COUNCIL BUDGETS AND SAVINGS

Directors were asked to report on the overall council budget and planned savings for 2019/20. 151 respondents were able to give budget and savings figures for 2019/20, with fewer being able to specify savings for future years. Total council budgets and planned savings are:

- Expected council total net budget 2019/20 (excluding schools): **£39.9bn** (2018/19 £39.2bn).

- Council savings (total for 151 councils):
  - 2018/19: £2.4bn
  - 2019/20: £2.1bn

Since 2016/17 councils have been able to offset some of the reduction in core funding from national government (estimated by the Local Government Association at £16bn between 2010 and 2020[7]) by applying an Adult Social Care Precept. Only three councils took a political decision not to raise the precept in 2019/20. In line with the requirement that the Adult Social Care precept should not exceed 6% over three years, almost half of councils are unable to increase this again in 2019/20.

Figure 1 gives details of respondents' intentions.

Figure 1: Councils raising the Adult Social Care Precept for 2017/18, 2018/19 and 2019/20

Response		2017/18 (148 respondents)	2018/19 (146 respondents)	2019/20 (149 Respondents)
No	Political decision not to raise the precept	3%	4%	2%
No	Maximum precept increase of 6% taken in 2 previous years	N/A	N/A	42%
Yes	At the full 3% value	68%	50%	0%
	At 2% value	27%	39%	28%
	At 1% value	1%	3%	24%
	By other amount	1% at 2.94%	4% by other amount	4% (6 councils) by a value of 1.5%

The estimated national total for the expected level of receipt for each 1% of precept that councils will or could raise in 2019/20 according to our survey is £229m.

Our survey results reveal that 2% councils elected to freeze base Council Tax for 2019/20 (aside from the precept), while the remaining 98% chose to raise it by an amount up to the level of the referendum cap.

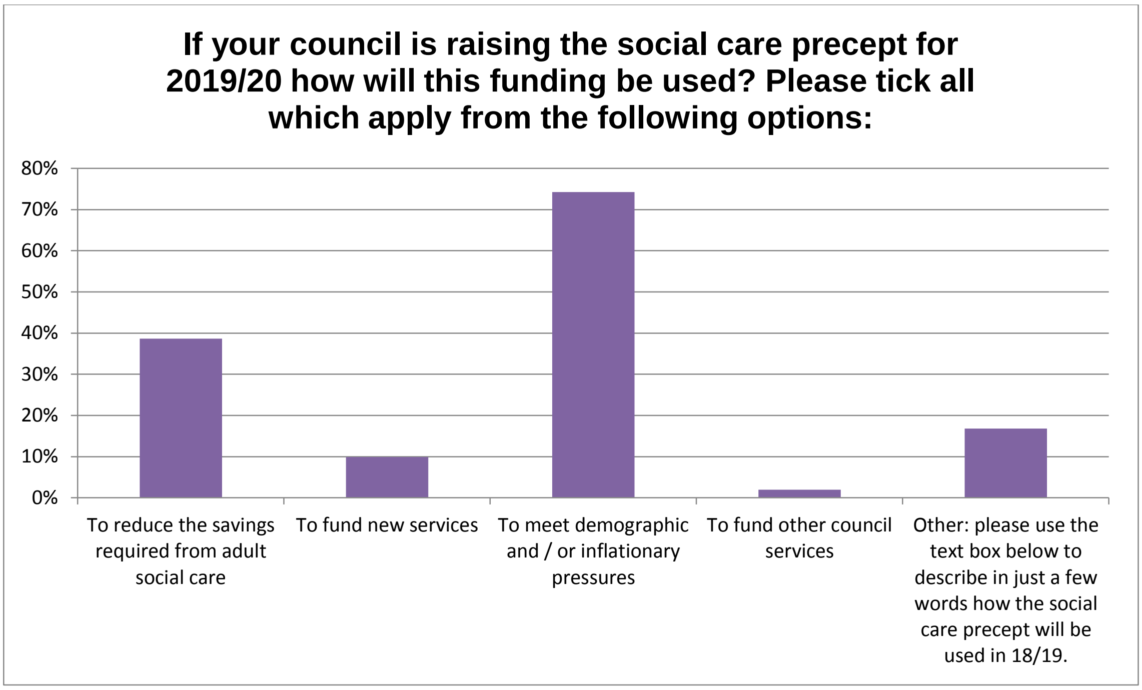
[7] Local Government Association (October 2017), *Adult Social Care Funding: State of the Nation 2017*

Figure 2: Councils raising base council tax in 2019/20 (aside from the social care precept) (147 responses)

Response		Percentage
No		2%
Yes	By other amount (average 2.4%)	75%
	By the referendum cap of 2.99%	23%

74% of councils plan to use the additional precept funding at least in part to meet demographic and/or inflationary pressures, with just under 40% planning to spend the extra money raised on reducing the savings required from adult social care (see Figure 3).

Figure 3: Use of adult social care precept by those councils that have raised it (101 responses)



3.2 ADULT SOCIAL CARE BUDGETS

Overview

Directors were asked to specify their council's budget for adult social care (see Figure 4 below). The proportion of councils' total budgets to be spent on adult social care has remained consistent: in 2019/20 planned spend on adult social care equates to almost around 38p in every pound spent by councils. In 2019/20 gross budgets have increased by £0.4bn and net budgets by £0.1bn. In 2010/11 the proportion of council spending allocated to adult social care was 34%.

In 2019/20 the percentage of council funds spent on adult social care is set to fall slightly for the first time since 2010. This may be a result of the impact of children's services overspends and other pressures on council services, and could be an indicator that councils are no longer able to protects adult social care to the same extent.

Figure 4: Adult Social Care (ASC) Gross and Net Budgets 2017/18 to 2019/20

	2017/18	2018/19	2019/20
ASC gross budget	£20.8bn	£22.1bn	£22.5bn
ASC net budget	£14.5bn	£14.8bn	£14.9bn
ASC outturn	£14.5bn	£14.6bn	
Out-turn	***Aggregate break-even***	-£98m	
ASC net budget as % of whole council net budget	36.9%	***37.8%***	***37.4%***

Explanatory note: *Gross budget includes any BCF money to be spent on social care, any product of the council tax precept, any specific grants and any Supporting People spend. Net budget is defined as gross budget less specific grants, less charges and less any other income.*

As Figure 4 also shows, in 2018/19 aggregate actual spend on adult social care was £14.6bn, against a budget of £14.9bn (a net underspend of £98m, following an aggregate break-even position last year and overspends against budget in the previous three years).

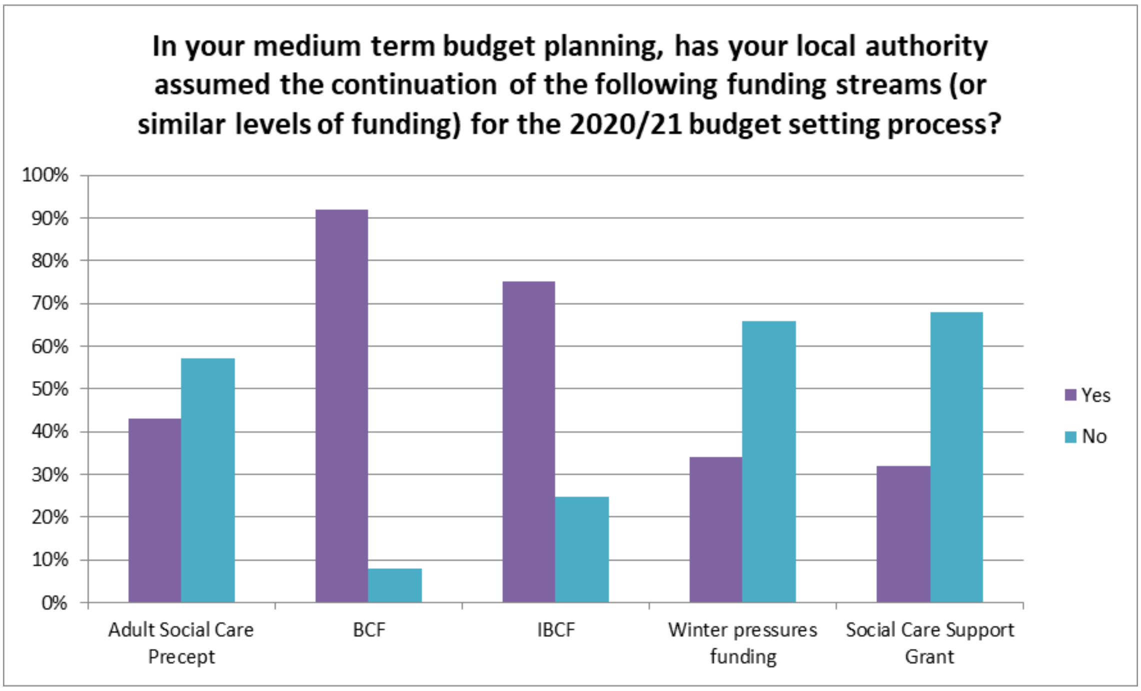
However, the aggregate outturn figure masks the fact that 57 councils overspent against their budgets in 2018/19. Of those, 51% of councils plan to fund overspends on adult social care by making savings in other council departments. The introduction of time-limited or one-off funding sources such as the Improved Better Care Fund and winter pressures funding, as well as the social care precept, has helped to keep down the number of councils financing overspends on adult social by drawing on reserves. However, in 2018/19 the number of councils taking this approach has increased from 1% in 2017/28 to 4% in 2018/19. The number of councils financing overspends from underspending in other department has increased from 41% in 2017/18 to 51% in 2018/19.

Figure 5: Planned sources of funding to cover overspends on adult social care

Response (respondents were able to select more than one)	2016/17	2017/18	2018/19
From council reserves (which do not have to be paid back)	1%	1%	4%
By requiring adult social care to pay back by making additional savings in the following financial year	67%	50%	43%
From under spending in 2018/19 by other council departments (which does not have to be paid back)	66%	41%	51%
Using a proportion of your iBCF allocation	-	27%	27%
Other one-off source of funding (please specify in the box below)	9%	8%	25%

In response to concerns raised by ADASS, the Local Government Association and others about the social care funding gap, the Government has made available a range of time-limited funding streams, without which social care would undoubtedly be facing a serious crisis. In this year's budget survey directors were asked for the first time about the assumptions made in their council's budget planning about the continuation of the these funding streams post 2020. As Figure 6 shows, the Better Care Fund is seen as an integral element of social care funding, and there are expectations that the Improved Better Care Fund will also continue beyond the original three year fundng period ending in March 2020. Just over 40% of councils expect to use funding from the adult social care precept in 2020/21, while only around a third are anticipating repeat funding from the winter pressures and social care support grant funding streams – both 'emergency' pots of funding allocated to shore up social care pending a longer term funding solution.

Figure 6: Assumptions about continuation funding in 2020/21 budget planning



Councils were also asked about the extent to which they plan to use non-recurrent funding (apart from Government grants), for example council reserves or underspends from other departments, to make up any shortfall in adult social care budgets. Almost one third of councils are planning to rely on non-recurrent funding. Of those that were able to specify an amount to be drawn from other non-recurrent funds, 24 councils reported that they expected to spend a combined £74 million.

In response to funding pressures on social care services, the Government has committed additional short-term funding of £410m in 2019/20 for adult and children's social care. Councils were asked what proportion of their share of this funding had been allocated to adult social care. Based on a sample of 137 councils, the proportion allocated to social care services for adults in 53.6%.

Pressures associated with ASC budgets

Directors were asked which groups they were most concerned about in terms of financial pressures on adult social care budgets related to increasing need, complexity and demand. The responses confirm a trend identified in recent years' surveys, which is that the biggest area of concern is not pressure from an ageing population, but providing services for younger adults, many of whom have increasingly complex needs resulting from learning disabilities and mental health issues (see Figure 7).

Figure 7: Proportion of councils identifying older people, working age adults or both as the greatest areas of concern in terms of budgetary pressure

Response *(respondents gave a breakdown)*	2017/18 (143 responses)	2018/19 (150 responses)	2019/20 (150 responses)
Older people	19%	12%	11%
Working age adults	17%	32%	39%
Both, equally	64%	56%	51%

When asked what the issue of biggest concern was about future financial pressures, respondents ranked "unit price for care packages to support people with increasing complexity of care needs" as their top concern, followed by demographic pressures. It is likely that the two top-ranked concerns are linked – as people age their needs become more complex or their informal care arrangements often break down. This mirrors national activity data that shows a slower increase in the numbers of care packages (through use of alternatives) with an increasing average cost in those care packages. The concerns in ranking order were:

1. Unit price for care packages to support people with increasing complexity of care needs
2. Demographic pressures
3. Unit price of care relating to staffing costs (NLW)
4. Reducing capacity in the market driving up costs
5. Unit price of care increasing for other reasons
6. Unit price of care relating to prospective staffing costs (sleep ins)
7. Potential impact of retrospective staffing costs relating to sleep ins

3.3 ADULT SOCIAL CARE SAVINGS

Planned savings and confidence to deliver

Adult social care planned savings are £699m, equating to 4.7% of net adult social care budgets. In 2018/19 this reported requirement was £700m (4.7% of budget). As noted in previous years' budget survey reports, this confirms that councils are making efforts to protect adult social care as far as possible and are doing this at the expense of other council services, with the exception of children's services.

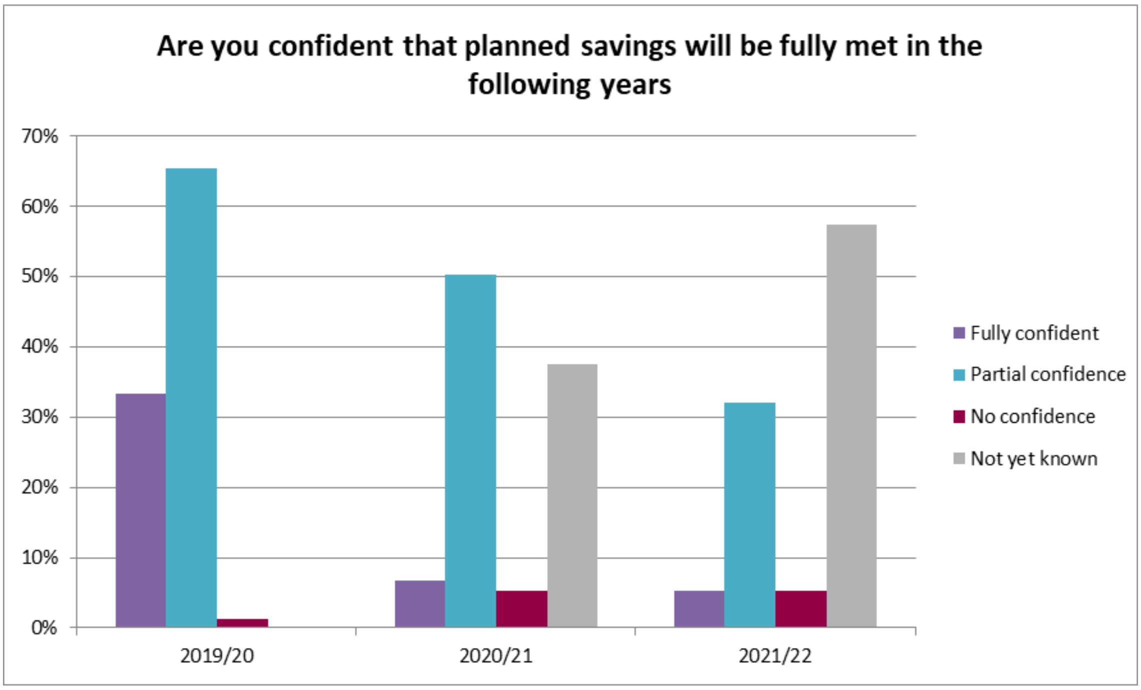
The proportion of respondents who plan to make savings through efficiencies has risen from last year, as has the amount identified as a saving, while the proportion planning to make savings from service reductions has fallen. The most notable and consistent intention is the aim to reduce the numbers of people requiring long-term care by developing asset-based and self-help approaches, in line with the principles of the Care Act (see Figure 8).

Figure 8: Breakdown of planned savings for 2019/20 (figures for 2018/29 in brackets)

Response ***(number of respondents who provided a figure over 0)***	**Total**	**Proportion of total savings**
Developing asset-based and self-help approaches so as to reduce the numbers of people receiving long-term care *(94 responses)*	£220m (£228m)	32% (33%)
Efficiency - doing more for less *(119 responses)*	£248m (£188m)	36% (27%)
Reducing services/personal budgets *(49 responses)*	£47m (£83m)	7% (12%)
Income from charges increased above inflation *(42 responses)*	£19m (£27m)	3% (4%)
Provider fees increased by less than inflation *(17 responses)*	£11m (£7m)	2% (1%)
Pay increased by less than inflation *(1 response)*	£0.2m (£0.2m)	0% (0%)
Other *(82 responses)*	£144m (£166m)	21% (23%)

In the light of overspends in previous years before 2018/19, directors were again asked if they thought they would be able to make the savings asked of them. In 2019/20, only 33% directors are fully confident that planned savings will be fully met in the year, with 65% directors being partially confident. Levels of confidence diminish in relation to years beyond 2019/20, reflecting the uncertainty directors are currently experiencing. In 2020/21 only 7% directors are fully confident of meeting planned savings, with 50% being partially confident. In 2021/22 only 4% are fully confident, with 31% partially confident.

Figure 9: Confidence in ability to make savings



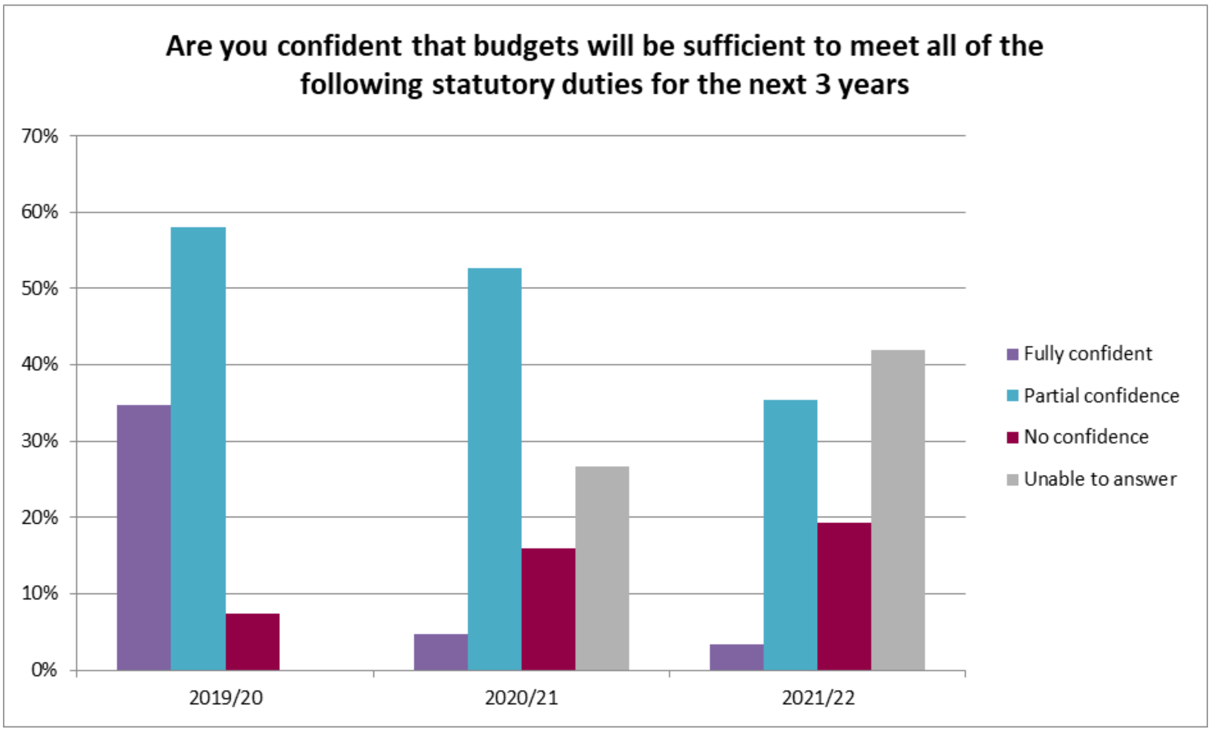
Confidence in ability to meet statutory duties

Respondents were asked about levels of confidence in being able to meet specific statutory duties over the next four years. These duties are:

- Information and advice
- Prevention and wellbeing
- Assessment (carers and people using services)
- Personal budgets/services sufficient to meet eligible needs
- Safeguarding (DoLS/LPS)
- Market Sustainability (including National Living Wage)

150 directors answered this question. In 2019/20 35% are fully confident that budgets will be sufficient to meet all of these statutory duties in the year, with 59% being partially confident. For later years very few directors (under 5%) are fully confident of their ability to meet all statutory duties (see Figure 10).

Figure 10: Levels of confidence that budgets will be sufficient to meet statutory duties



Councils were also asked which statutory duties they felt least confident about being able to meet. 150 directors answered this question. As was the case last year and the previous year, ensuring market sustainability was the area of most concern, followed by DoLs/LPS and prevention and wellbeing (see Figure 11).

Figure 11: Number of respondents who feel less than confident that budgets will meet specific statutory duties (Respondents could choose more than one response)

Specific statutory duties	Number of councils 2017/18 (137 responses)	Number of councils 2018/19 (141 responses)	Number of councils 2019/20 (150 responses)	Number of councils 2020/21 (150 responses)
Market Sustainability (including National Living Wage)	105	110	93	119
Prevention and wellbeing	59	82	52	73
DoLS/LPS	75	77	65	76
Personal Budgets/services sufficient to meet eligible needs	33	40	23	36
Information and advice	27	31	25	33
Assessment (carers and people using services)	26	22	25	32
Safeguarding	9	13	13	18
Other	11	7	11	N/A

Areas where savings are planned

Directors were asked how they would make savings in 2019/20 and in the following two years. Responses are shown in Figure 12. Overall, the priorities highlighted in Figure 12 suggest that councils are trying to manage the financial challenges by making a fundamental shift towards an asset-based approach and attempting to avoid an adverse impact on service users and carers. The increasing importance of investment in assistive technology is a notable trend over the past three years.

On the whole results were highly consistent with last year's findings. Developing asset-based and self-help approaches to reduce the numbers of people needing to receive long-term care is very important for 82% of directors, as it was in 2018/19. Assistive and communications technology and working with housing to develop more effective housing solutions were also seen by around half of directors as very important in the drive to make savings. 72% of directors said that reducing the number of people in receipt of formal care is important or very important for them, while 41% reported that they planned to reduce the level of personal budgets. This approach risks falling the wrong side of a fine line: if a reduction in numbers of people in receipt of care is an outcome of a strategy of developing asset-based and preventive approaches then this is a positive aspiration, while if it is about gatekeeping resources then there is a risk that people in need will be left without services which would be unlawful and financially risky.

It is notable that the approaches which are most important to councils are those which are longer term in nature and which will change fundamentally the ways in which people experience care and support. This data is perhaps also an indication that reducing costs or finding cheaper ways to do the same things are no longer a viable option for making savings, partly because the scope to do this has now been exhausted and partly because external constraints, such as the National Living Wage and the fragility of the care market, limit councils' ability to do so.

Figure 12: Importance of areas of savings 2019/20 (150 responses)

Responses	Not applicable	Not important	Quite important	Very important
Better procurement	3%	5%	49%	43%
Controlling wage increases	28%	22%	40%	9%
Expanding independent sector provision	11%	18%	47%	24%
Reverting to in-house provision	30%	41%	24%	6%
Shifting activity to cheaper settings	10%	16%	44%	30%
Reducing level of personal budgets	24%	35%	30%	11%
Developing asset-based and self-help approaches so as to reduce the numbers of people receiving long-term care	1%	2%	16%	82% (82%)
Reducing the number of people in receipt of care	11%	17%	36%	36%
Increased prevention / early intervention	1%	2%	22%	74% (69%)
Increased user charges	18%	28%	47%	7%
Integration of health and social care	5%	12%	45%	39%
Assistive and communications technology	1%	3%	45%	51% (49%)
Working with housing to develop more effective housing solutions	3%	3%	40%	54% (54%)

Impact of financial savings

Councils were asked to specify the extent to which they agreed with a range of statements about the impact savings made or to be made, for each the three periods: experience to date, anticipated for 2019/20 and anticipated for 2020/21. The statements were as follows:

- there are no or minimal impacts
- fewer people can access adult social care services
- people are getting smaller personal budgets
- quality of life for people using care is worse
- quality of life for carers is worse
- the NHS is under increased pressure
- quality of care is lower
- planned savings will be met
- providers are facing financial difficulty
- there are more legal challenges
- more providers face quality challenges

Results are shown as charts in Figure 13 to Figure 15. 72% of respondents disagree that there have been no or minimal impacts so far, compared to 65% last year. There is uncertainty over future impact than there was last year, with 23% saying that they do not know whether or not there will be an impact by 2020/21. Directors continue to be confident that they have been and will continue in the immediate future to be able to maintain the quality of services. The vast majority of respondents (86%) have not seen a reduction in the quality of care, and

79% expect this to be the case in 2019/20. However, by 2020/21 the proportion disagreeing that the quality of care will be lower reduces to 54%, with 32% saying they don't know.

Areas of most concern are the impact of savings on partner organisations, with 66% agreeing that providers have already faced quality challenges, 81% saying that providers have experienced financial difficulty and 70% also saying that the NHS has been under increased pressure. 36% of directors say that fewer people can access social care. Experience to date has been that people are getting smaller personal budgets in 31% of councils, with 37% expecting this to be the case in the next year.

In summary, the key messages from these results are that providers face financial pressures (which will impact on quality) and the NHS is under financial pressure, despite the additional funding identified for the NHS and the publication of the NHS Long Term Plan. These findings are not new, but remain important challenges for adult social care.

Figure 13: Impact of savings to date

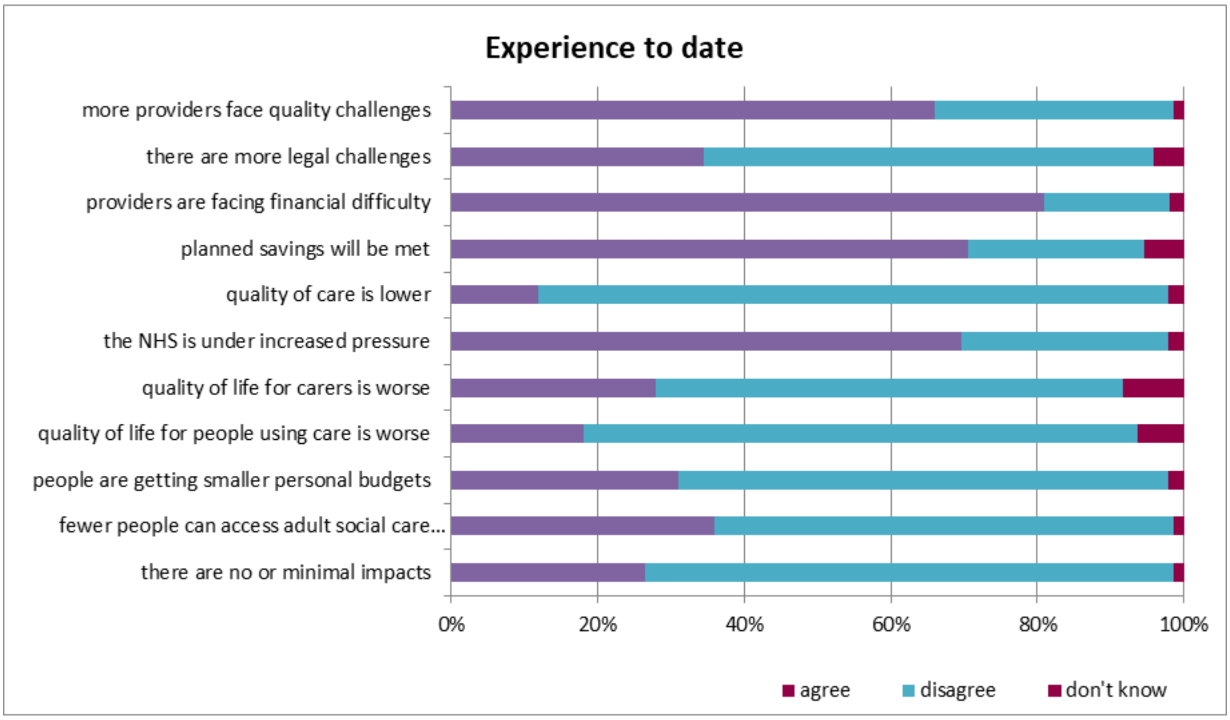


Figure 14 Anticipated impact of proposed savings in 2019/20

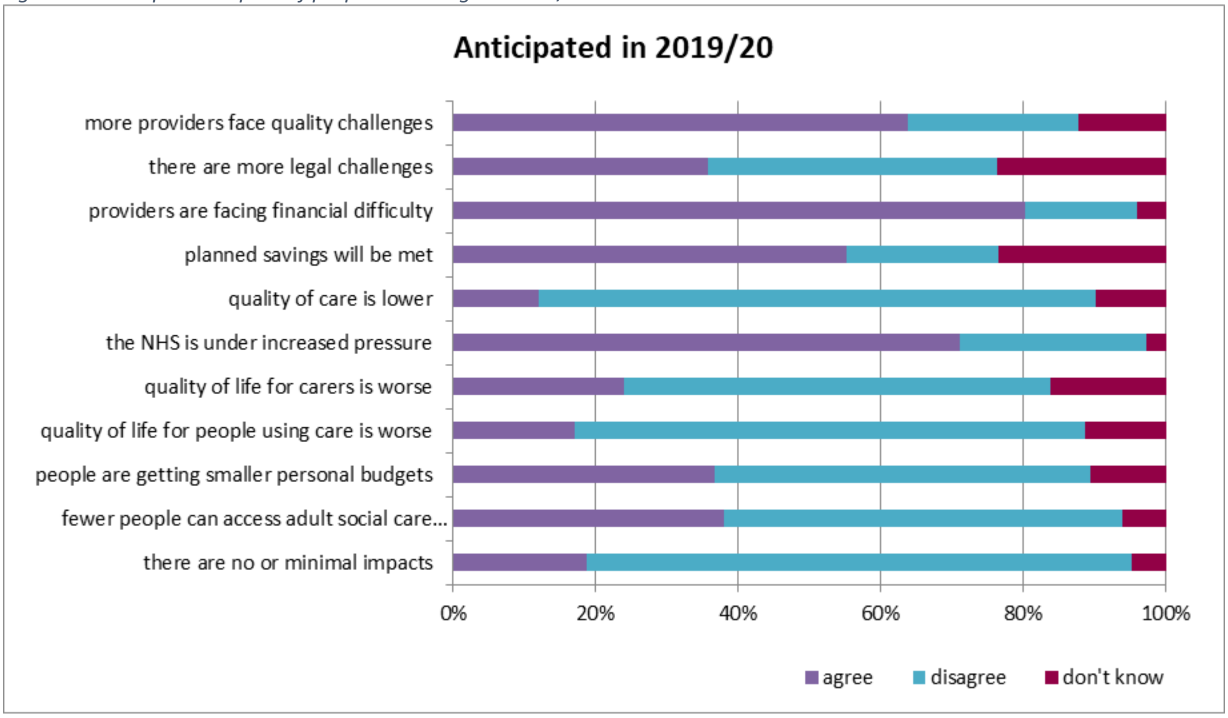
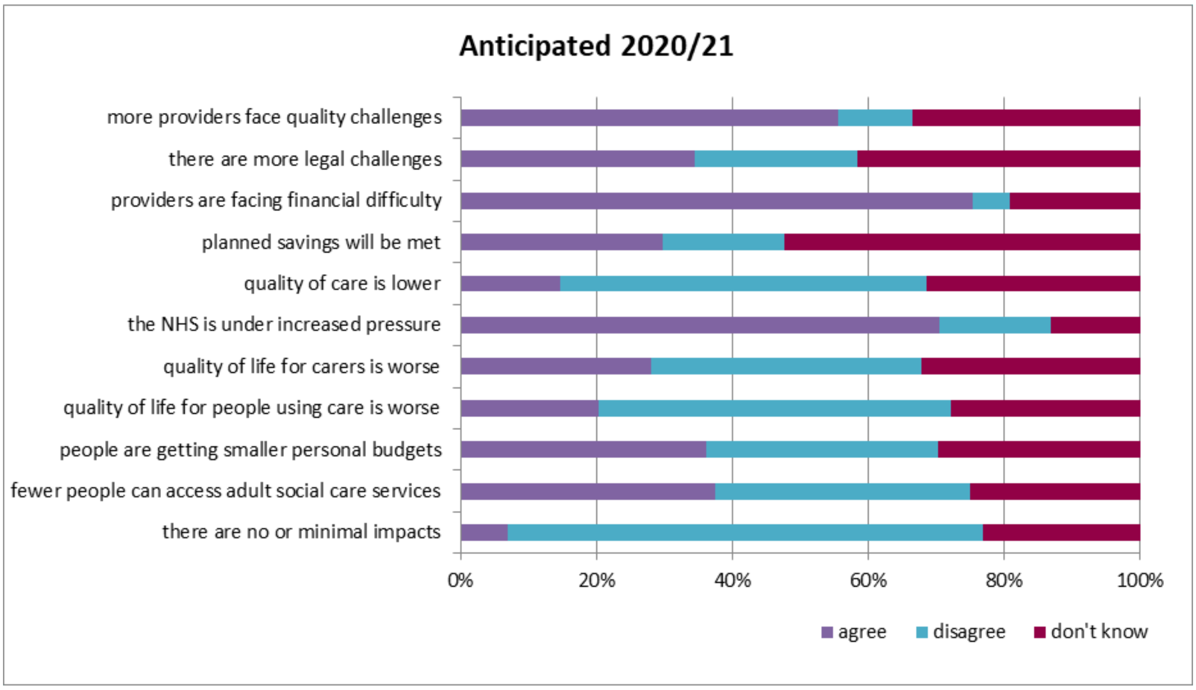


Figure 15: Anticipated impact of proposed savings 2020/21



3.4 COST PRESSURES

Demographic pressures

Cost pressures relating to the increased numbers of older and disabled people needing care equate to 3.3% of the adult social care net budget in 2019/20, as it was in 2018/19. In cash terms this is £484m additional pressure in 2019/20. A key difference from last year is that only 83% of this is funded (£401m, compared to £420m, or 94%, last year). This indicates that, despite short-term funding injections, financial planning to meet projected need is challenging. As many commentators have already warned, without a long-term funding solution the sustainability of the adult social care system is in serious jeopardy.

Figure 16 summarises the situation for all councils, based on 131 responses to the survey. The data shows that:

- Total financial pressure from demographic growth on the 2019/20 net adult social care budget is £484m.
- Demographic pressure as % of adult social care net Budget 2019/20: 3.3%
- Extent to which identified demographic pressure will be funded in 2019/20: £401m
- Demographic pressures funded: 83%

As was the case last year, services for working age adults account for 58% of the demographic pressures on adult social care budgets (including 39% relating to services for people with a learning disability), whereas those for older people's only account for 42%.

Figure 16: Financial pressure from demographic growth in the 2019/20 net ASC budget (131 responses) – last year's responses in brackets

Response	% of ASC net budget under pressure from client group	Additional cash required	% funded
Older people	1.2%	£202m (£190m)	82% (92%)
People with learning disabilities	1.1%	£180m (£176m)	86% (97%)
People with mental health needs	0.3%	£54m (£41m)	93% (99%)
People with physical disabilities	0.2%	£48m (£41m)	70% (100%)

NHS-related pressures

Since last year there has been little change in directors' perceptions of NHS-related pressures (see Figure 17). A high proportion of councils (87%) have continued to experience pressure from increased admissions to hospitals, and 60% of directors again cite demand for social care as a result of premature or inappropriate discharge as a cause for concern. Insufficient primary care, community health care (including incontinence support) or mental health services (71%) and reductions to Continuing Health Care, shared care or health contributions to aftercare services under Section 117 of the Mental Health Act (73%) are also widespread pressures for councils. Following the publication of the NHS Long Term Plan, there is now some grounds for optimism that reductions in funding for primary, community and mental health services since 2010 will begin to be reversed. But investment in community and mental health services alone will not succeed in alleviating demand for acute services. The absence of a long term plan and funding settlement for social care will mean that people with unmet care needs will resort to using NHS services, and this will undermine efforts to invest in preventative health services.

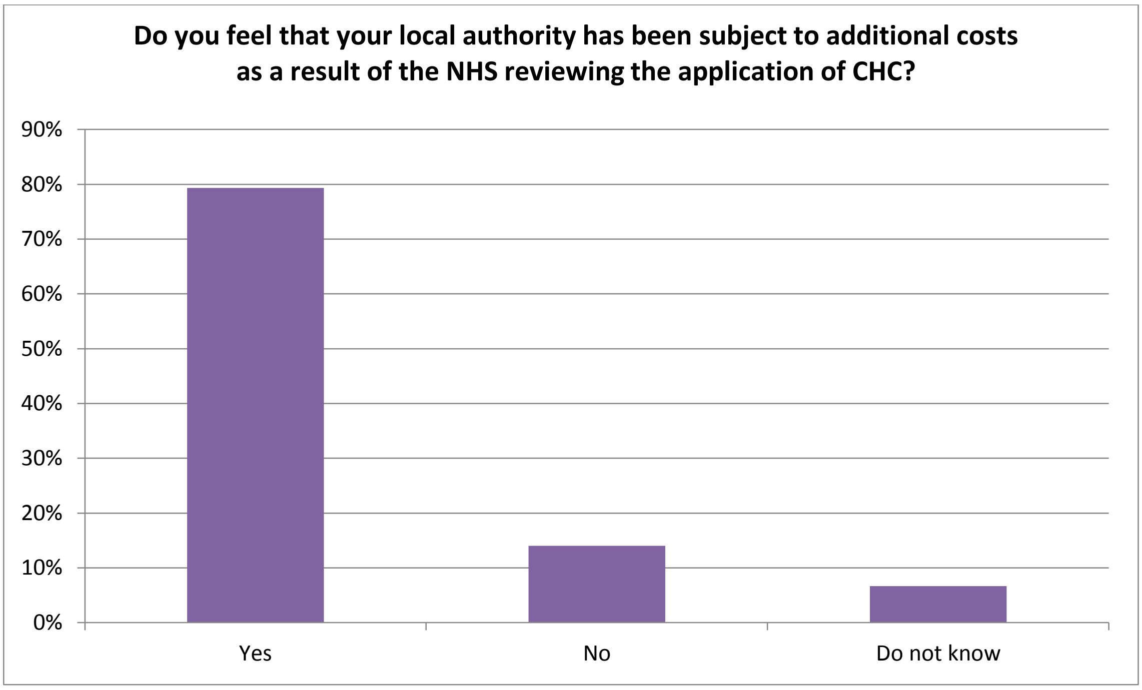
Figure 17: Responses to the question 'Are you experiencing any of the following NHS-related pressures?'

Options	2018/19 Percentage (Number of Councils)	2019/20 Percentage (Number of Councils)
Increased demand for social care due to increased acute / community hospital activity	95% (138)	87% (130)
Increased demand for healthcare activity to be undertaken by social care staff	54% (79)	47% (71)
Increased demand for social care from people inappropriately not being admitted to hospital (e.g. elective surgery cancellations)	16% (24)	25% (37)
Increased demand for social care as a result of inappropriate / premature hospital discharge	62% (91)	60% (90)
The NHS seeking to reduce the contribution locally to adult social care from the Better Care Fund	20% (29)	19% (28)
Reductions to Continuing Health Care, shared care or health contributions to s117	65% (95)	73% (109)
Insufficient primary, community (including incontinence support) or Mental Health services	68% (99)	71% (107)
Other (please specify)	18% (27)	17% (26)

As shown above, Directors are of the opinion that reductions to Continuing Health Care (CHC), shared care or health contributions to S117 are one of the most significant NHS related pressures on adult social care. In part, the perceived increase in pressure could be attributed to the revision the National Framework for NHS Continuing Healthcare (CHC) and NHS-funded Nursing Care that were published in March 2018 and that had to be adopted by Clinical Commissioning Groups (CCGs) by October 2018.

This is borne out in the results in Figure 18, where 79% of Directors stated that they felt that their local authority has been subject to additional costs as a result of the NHS reviewing the application of CHC, with only 14% stating that their local authority had not experienced additional pressure.

Figure 18: Responses to the question 'Do you feel that your local authority has been subject to additional costs as a result of the NHS reviewing the application of CHC?'



Additional pressures

The financial pressure on the 2018/19 net adult social care budget from new DoLS and any clearing of the backlog (following the Cheshire West judgement) in preparation for a proposed new system was £77m (total for all councils based on 110 responses); in 2019/20 this is expected to be £107m (total for all councils based on 98 responses). This is a significant increase and an enduring concern for councils.

3.5 PREVENTION

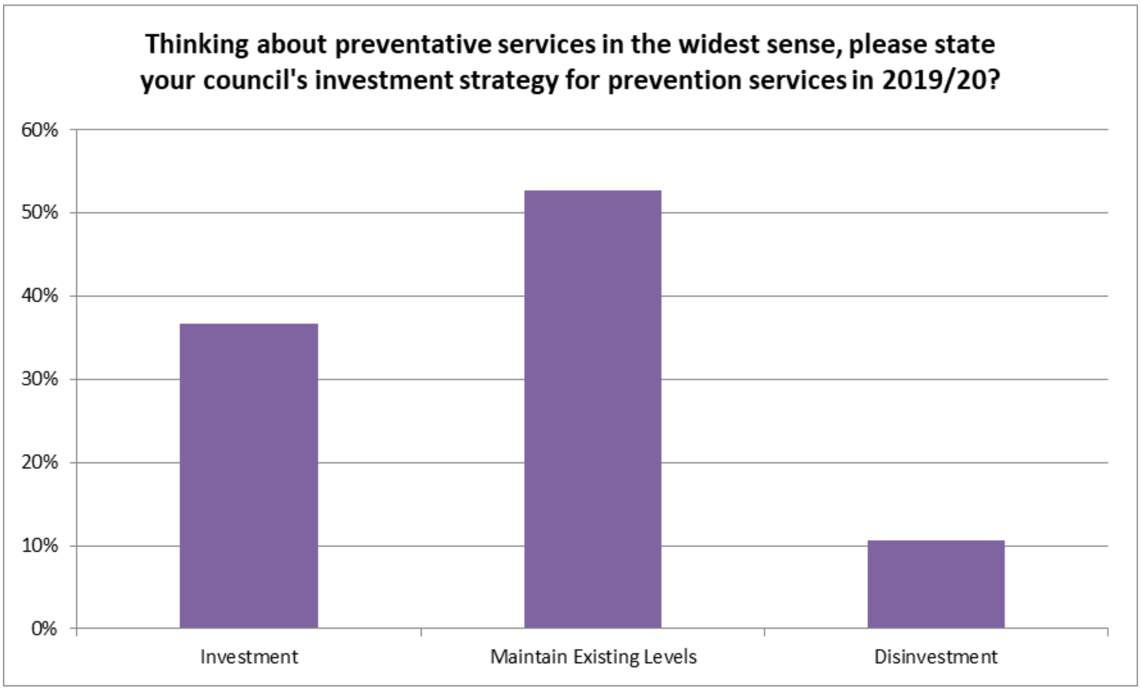
As has been highlighted in the previous two years, increasing prevention is seen by directors as one of the most important ways of realising savings. Furthermore, prevention activity to increase independence and limit the need for more expensive ongoing care and support is core to national policy and is intrinsic to the Care Act 2014. Spend on prevention is set to increase by 5.4% in 2019/20 (see Figure 19), although as a percentage of the net adult social care budget this is only an increase from 8% to 8.4%. Councils are still trapped in a vicious circle of having insufficient funds to be confident they can meet all their statutory obligations, whilst being unable to release funding to invest in approaches that might reduce the number of people with higher needs in the future.

Figure 19: Spend on prevention services that can be accessed by people whose needs did not cross the National Eligibility threshold from 2017/18, 2018/19 and 2019/20 (based on 131 responses)

	2017/18	2018/19	2019/20
Spend on prevention	£1,201m	£1,187m	£1,251m
% spend on prevention as % of budget	8.3%	8.0%	8.4%
Difference in spend from previous year	**N/A**	**-1.2%**	**+5.4%**

This year for the first time directors were asked about their investment strategy for prevention. Whilst some councils are investing in preventative services, the focus on meeting the care and support needs of those that meet the highest eligibility criteria remains the priority within limited resources. As reported in section 3.3 above, 52 directors said they were less than confident in meeting their statutory duties relating to prevention and wellbeing in 2019/20. As shown in Figure 20, 53% stated that they are maintain existing levels of expenditure on these services, whilst 11% are disinvesting. It is possible that some of the 53% already feel that they do not put sufficient funding into meeting this duty and that as a result as each year goes by their confidence in meeting the duty will diminish.

Figure 20: Councils' investment strategy for prevention services in 2019/20



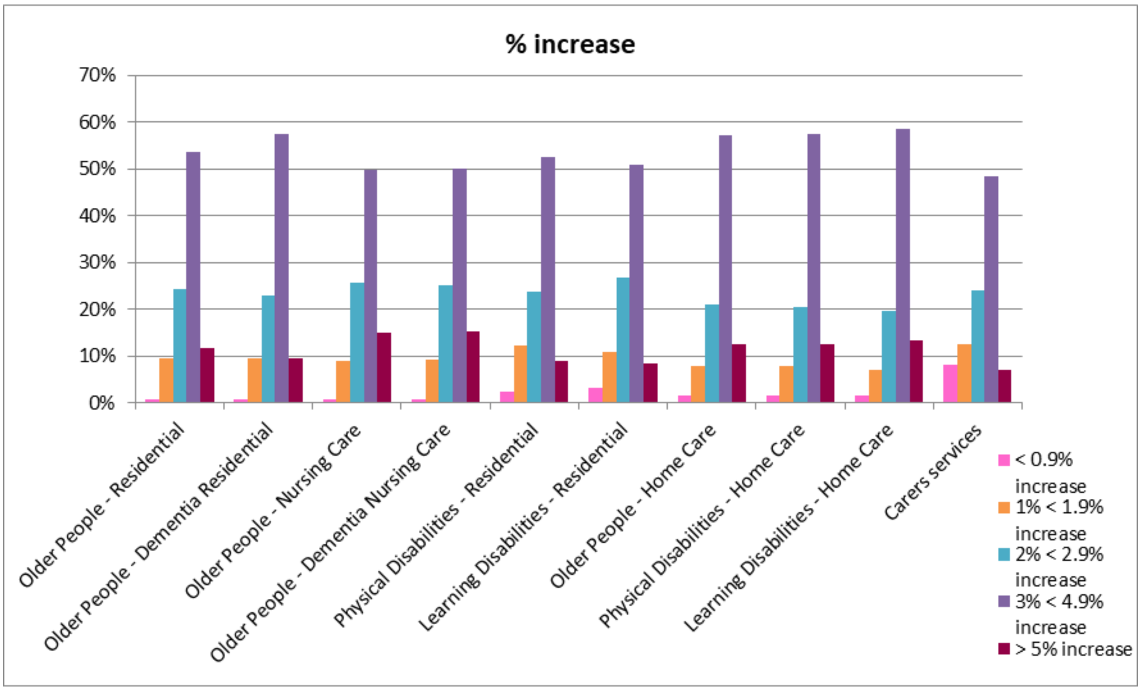
We know that directors appreciate the importance of prevention want to invest in this area; however they face limitations as a result of demand and financial pressures and the need focus on meeting statutory duties to those with the most complex needs. Moreover, we would expect investment in this area to reduce in 2020/21 if funding streams such and the BCF and IBCF do not continue, since many of these services discretionary and as such, directors will have no choice but to reduce investment in these areas to meet statutory duties.

3.6 PROVIDER FEES

The introduction of the National Living Wage and other pressures have driven an increase in fees paid to providers. The majority of councils are increasing fees by between 3% and 4.9% for the third year in succession, with a significant number increasing fees by more than 5% (see Figure 21). The areas where councils have increased fees by the highest percentages are home care for people with learning disabilities and physical disabilities and for older people, with over 20% increasing fees by more than 5% in all cases. There are regional variations which reflect local costs and, in particular, the availability of a social care workforce.

The increase in the National Living Wage is the principle reason why provider fees are the biggest single financial pressure on adult social care. It is also worth noting that this almost certainly does not improve the financial sustainability of providers – it simply gives them an increase in line with this year's cost pressures.

Figure 21: Changes in fees paid to independent sector providers (including inflation) between 2018/19 and 2019/20



Average hourly rates for home care were requested for each local authority area. The national average hourly rate for home care is £16.77 (based upon 143 responses). It is important to understand that it is impossible for such a national average to reflect the complexities of the economic circumstances of each council's area, or its rural and urban make-up. Whilst this figure represents an increase of 5.3% when compared to last year's average rate (£15.93), it is recognised that it falls short of what providers tell us they need to be sustainable. Councils have to aim for the best balance of price, volume and quality with the resources available.

58% of councils have reflected the possibility of having to make back payments to providers for sleep-ins in their risk registers, pending the final outcome of legal and policy deliberations on this. However, 42% have not done so.

Directors were asked to identify the key drivers for unit costs for residential and nursing care in their area. Not surprisingly, the primary driver is the national living wage, although for many councils the importance of increasing fees in line with the national living wage is matched by the need to pay higher fees to aid recruitment and retention of a social care workforce (Figure 22). The drivers are very similar for home care (Figure 23). In the present context of high employment and rising inflation, it is more difficult for providers to recruit staff, and options that do not involve increasing pay are seen as less effective in addressing these challenges. These issues are considered in more detail in section 3.7 below.

Figure 22: Key drivers for increases in unit costs for residential/nursing care in 2019/20 (150 responses)

Driver	Importance 2019/20 (cost drivers rated as high %)
National living wage	86%
Other pay pressures (uplifts, difficulties recruiting staff, etc.)	68%
Workforce - recruitment and retention	65%
Local market issues (lack of capacity, competition etc.)	46%
Overheads (food costs, rent, borrowing costs etc.)	16%
Premia to cover winter pressures, quality issues	12%
Reduction in cross subsidisation	9%
Travel time	7%

Figure 23: Responses to the question 'What do you think will be the key drivers of any increase in unit costs for home care in 2019/20?'

Driver	Importance 2019/20 (cost drivers rated as high %)
National living wage	89%
Other pay pressures (uplifts, difficulties recruiting staff, etc.)	76%
Workforce - recruitment and retention	75%
Local market issues (lack of capacity, competition etc.)	49%
Travel time	36%
Premia to cover winter pressures, quality issues	13%
Overheads (food costs, rent, borrowing costs etc.)	10%
Reduction in cross subsidisation	7%

3.7 WORKFORCE ISSUES

National Living Wage pressures

The National Living Wage will cost councils in the region of £151m plus at least £297m in further costs in 2019/20. These have not been fully funded in line with the requirements set out in the Government's New Burdens Doctrine. This additional financial pressure totals £448m. These costs comprise both costs of council-run services and costs of independent sector provision purchased by councils or by individuals with direct payments. We suspect that the real impact of the National Living Wage is to increase fees by about 4% which is consistent with the increase in the National Living Wage and the average provider fee increase agreed by councils.

Figure 24: Estimated cost to councils in 2017/18, 2018/19 and 2019/20 of the National Living Wage relating to adult social care

	Total 2017/18		Total 2018/19		Total 2019/20	
Direct wage costs	£151m	*(119 responses)*	£173m	*(98 responses)*	£151m	*(100 responses)*
Indirect costs (fees, etc.)	£182m	*(119 responses)*	£293m	*(82 responses)*	£297m	*(93 responses)*

Ensuring sufficient numbers of care workers

Councils were asked to rank in order of importance (from one to eight, with one as the greatest importance) what they believe is needed to ensure the sufficiency of care workers in their local area. Results from 151 responses are shown in Figure 25. The clear and unequivocal message is that care workers need to be paid more and treated better. An increase in salary is ranked, as last year, as the most important factor in recruitment and retention; as councils are aware, there is only so much that can be achieved by other initiatives when the social care workforce is amongst the lowest paid in the economy and unemployment rates are low. As noted in last year's report, with the NHS offering the lowest paid NHS staff across England pay rises of up to 29% over three years from March 2018, there are understandable concerns about both recruitment and retention of care staff in the social care sector, if similar wages are not available. An initial estimate of the cost of a 29% increase to social care staff is £3 billion a year.

Figure 25: Relative importance of factors in the recruitment and retention of care workers

Options	Overall Ranking score 2018/19	Overall Ranking score 2019/20
Increase in salary	7.06	7.13
Improved working terms and conditions	6.00	6.21
Improved career structures and progression opportunities	4.97	4.91
A focus upon improving the quality of care provided (job satisfaction)	4.41	4.54
Improvement in management and leadership	4.10	4.03
Affordable housing	3.31	3.22
Celebrate the care sector (raise the public profile of social care roles)	3.30	3.49
Improved / better use of technology to maximise efficient use of staff time	2.87	2.47

Around 104,000 of the 1.47 million workers in the adult social care sector come from other EU countries. The sector has become increasingly reliant on workers from the EU, with the proportion rising by 3% nationally between 2012 and 2018. The picture varies by region, from around 1,300 EU workers in the North East to 23,000 in London, where the figure has risen from 9% of the London social care workforce in 2012 to 13% in 2018[8].

Social care providers across the country are already struggling to recruit and retain staff. The care sector as a whole has a vacancy rate of eight per cent (compared with a vacancy rate of 2.6 per cent across the economy)[9]. For qualified nurses the vacancy rate is nine per cent. Skills for Care estimates that just over a third of nurses have left their role within the past 12 months. Looking to the future, one study suggests that the social care sector could face a shortfall of more than one million care workers by 2037[10].

At the time of writing it is looking more likely that the UK will leave the EU without a deal, leaving the status of EU workers uncertain. In the event of a devaluation in sterling post-Brexit – whether or not a deal is agreed – it will be harder to recruit EU nationals to work in social care in the UK.

3.8 PROVIDER MARKETS

Following on from the picture that has been emerging over the previous two years, there is continued evidence from our survey of failure within the provider market in the last six months (see Figure 26). **75%** of councils (up from 66% last year) reported that providers in their area had closed, ceased trading or handed back contracts in the last six months, with thousands of individuals affected as a consequence. This continued disruption not only significantly impacts on wellbeing but threatens the continued ability of the provider market as a whole to deliver the care people need.

Figure 26: Councils with providers that have closed, ceased trading or "handed back" contracts within the last 6 months, and the number of people this had an impact on

	Closed or ceased trading within the last 6 months			
	Number of councils 2017/18	Predicted number of people affected 2017/18	Number of councils 2018/19	Predicted number of people affected 2018/19
Home care	48	3,290	72	7,019
Residential/Nursing care	58	2,095	52	1,173

[8] Skills for Care (2018) *The state of the adult social care sector and workforce in England 2018*. https://www.skillsforcare.org.uk/NMDS-SC-intelligence/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-state-of-the-adult-social-care-sector-and-workforce-2018.pdf

[9] Skills for Care (2018) *The state of the adult social care sector and workforce in England 2018*.

[10] https://www.independentage.org/policy-research/research-reports/moved-to-care-impact-of-migration-on-adult-social-care-workforce

	"Handed back" contracts within the last 6 months			
	Number of councils 2017/18	Predicted number of people affected 2017/18	Number of councils 2018/19	Predicted number of people affected 2018/19
Home care	43	2,664	38	3,464
Residential/Nursing care	17	292	12	310

Provider closure

Almost half of councils (72) have seen home care providers closing or ceasing to trade in the last six months. 49 have seen one home care provider close, 14 councils have seen two providers close, four have seen three close, three have seen four close, two have seen five close and one has seen six close. A total of 115 home care providers were reported to have closed or ceased to trade in those council areas.

52 councils reported closures of residential or nursing care providers in the last six months. 25 have seen a single provider close, seven have seen two, eight have seen three, four have seen four, five have seen five, and the remaining three had seen more, with one council seeing as many as eight care home provider closures. This totalled 124 care home providers closing or ceasing to trade in those council areas.

26 councils have seen closures of both care home and home care providers. The reasons for the closures are not known, but are likely to include the inability to make enough money from council funded services, poor business practices and, in some cases, the desire to realise the value of buildings, or quality issues.

The home care closures had an impact on 7,019 people. In 20 council areas the number of people affected was more than 100, in 13 of these the closures affected more than 200 people, in one council more than 700 people were impacted by home care closures. This represents an increase from the same period in 2018 on the number of people affected by home care closures, with 3,290 people impacted by home care closures.

The reported care home closures had an impact on 1,173 people. In four council areas care home closures had an impact on over 100 people). This represents a decrease in the number of people affected by care home closures in 2018, with 2,492 reported.

38 councils had contracts handed back by home care providers and 12 councils have seen contracts handed back from care home providers. The home care hand-backs are estimated to have an impact on a total of 3,464 people, an increase of 800 people affected since last year. The care home hand-backs had an impact on a total of 310 people in these areas.

3.9 HEALTH AND SOCIAL CARE INTEGRATION AND THE BETTER CARE FUND (BCF)

The Better Care Fund

There are three elements to the original Better Care Fund which are directly relevant to local authorities (excluding the capital resources for Disabled Facilities Grants) aside from funding for NHS commissioned out of hospital care. These are:

- The original transfer of resources from the NHS which were decided by government in 2010. In 2014/15 these amounted to £1.1bn and should have increased by inflation each year since then.
- The resources for implementing the Care Act 2014 that the Government determined must be funded by the NHS. This was £135m initially and was increased last year.
- Any extra resources for the protection of adult social care, which are agreed locally will form part of the Better Care Fund.

The Improved Better Care Fund, announced in the 2017 Budget, is intended to support three priorities:

- To meet adult social care needs, including counteracting previously planned savings
- To support the local social care provider market
- To reduce pressures on the NHS, including supporting more people to be discharged from hospital when they are ready

Evidence from previous budget surveys and discussions with directors suggests that the majority of original BCF resources have been spent on avoiding cuts to social care rather than implementing new services under the Care Act.

Directors were again asked about actual spending from the BCF and IBCF in the previous year and plans for the current year.

- In 2018/19, councils and their NHS partners agreed a Better Care Fund to support adult social care of £2.63bn.
- In 2019/20, councils and NHS partners plan to allocate £2.58bn to adult social care.

Figure 27 shows the breakdown in use of the Better Care Fund relating to Disabled Facilities Grant, the Care Act and Adult Social Care Protection.

Figure 27: Better Care Fund for 2018/19 and 2019/20 estimated planned spending on protection of social care

	Estimated national total 2018/19	Estimated national total 2019/20
Capital spending i.e. Disabled Facilities Grant (Not Care Act)	£454m	£456m
Care Act duties (including carers spending)	£279m	£274m
Subtotal	**£734m**	**£730m**
Protection of social care		
For new or additional adult social care services	£216m	£190m
To avoid cuts in existing adult social services	£1,215m	£1,107m

	Estimated national total 2018/19	Estimated national total 2019/20
To cover adult social care demographic pressure	£461m	£555m
Subtotal	**£1.89bn**	**£1.85bn**
TOTAL	**£2.63bn**	**£2.58bn**

83 directors (55%) believed that adult social care received an adequate level of protection in 2018/19. 54 directors (36%) believed that adult social care did not receive an adequate level of protection overall, although they believed that it was a reasonable proportion of the BCF. Only 13 directors (9%) believed that adult social care did not receive an adequate level of protection overall, and that it was not a reasonable proportion of the BCF.

In 2019/20 69 (49%) directors believe that adult social care will receive an adequate level of protection. 60 directors (42%) believed that adult social care did not receive an adequate level of protection overall, although they believed that it was a reasonable proportion of the BCF. Only 13 directors (9%) believed that adult social care did not receive an adequate level of protection overall, and that it was not a reasonable proportion of the BCF.

It is important to reiterate that the original Better Care Fund (unlike the Improved Better Care Fund) has not provided much more benefit in budgetary terms to local authorities to protect adult social care than that afforded by the original Government decision in 2010 to transfer resources from the NHS.

Councils are able to spend the Improved Better Care fund on any combination of the three nationally determined priorities. Directors were asked to tell us what percentage of their Improved BCF allocation – including the new money - they had spent or planned to spend on each priority. Responses are shown in Figure 28.

Figure 28: Breakdown of proportion of Improved Better Care Fund money spent on each priority in 2018/19 and 2019/20

Priority	Proportion of total 2018/19	Proportion of total 2019/20
To meet adult social care needs (including counteracting previously planned savings)	46.1%	43.6%
To ensure that the local social care provider market is supported	40.0%	43.0%
To reduce pressures on the NHS, including supporting more people to be discharged from hospital when they are ready	26.0%	22.7%
Category of spend still to be defined	23.4%	12.4%

4. OVERALL PROSPECTS FOR HEALTH AND SOCIAL CARE

In response to summary questions similar to those asked of NHS leaders in the King's Fund Quality Monitoring report, directors report some confidence that the care experience of most local people who receive council-funded care and support has been effectively protected over the last year, with 22% saying it had got better (down from 27% last year), although they are much less optimistic about future prospects.

Figure 29: Thinking about the care and support available for people in your area, in the past 12 months (15 responses)

Response	Percentage 2017/18	Percentage 2018/19	Percentage 2019/20
Got better	11%	27%	22%
Stayed the same	72%	58%	67%
Got worse	17%	15%	11%

Only fifteen of the 150 directors who responded feel at all optimistic about the future financial state of the local health and care economy in their own areas. This figure is slightly higher than last year. However, there is also an increase in the proportion who report feeling fairly or very pessimistic, perhaps reflecting disappointment over the Government's failure to publish the long-promised Green Paper on social care and the near absence of any proposals for social care in the long-term plan for the NHS.

Figure 30: Overall, how do you feel about the financial state of the wider health and social care economy in your area over the next 12 months? (150 responses)

Response	Percentage 2017/18	Percentage 2018/19	Percentage 2019/20
Very optimistic	0.0%	1 council	0%
Fairly optimistic	7%	6%	10%
Neutral	19%	23%	16%
Fairly pessimistic	56%	58%	62%
Very pessimistic	19%	13%	12%

5. CONCLUSIONS

As in previous years, the 2019 Budget Survey has revealed a comprehensive view of the challenges the Adult Social Care Sector faces and the ways in which councils continue to strive to provide high quality services and support for their citizens.

An increasing number of councils are being forced into recurrent revenue funding of care through non-recurrent budgets. Funding solutions which were intended to be short-term are now an integral part of councils' budget planning. Setting aside the pressing need for a long-term, sustainable funding solution, unless the sector has some certainty soon about future budget assumptions with regard to continuation of the Better Care Fund and Improved Better Care Fund, winter pressures funding and the adult social care grant, there is a serious risk that some councils will start decommissioning services in the Autumn, as they have insufficient reserves to manage a cliff edge. This is in the context of wider uncertainty about the overall local government budget settlement and, in particular, the distribution of business rates.

The issues highlighted in last year's report have not been addressed, and there is now widespread agreement that the current situation is not sustainable. This year directors have continued to grapple with the same challenges of rising costs, increasingly complex needs, a fragile provider market and constraints on their ability to invest in prevention. These issues are exacerbated by uncertainty over the nature of the UK's exit from the EU and the implications for recruitment and retention of a social care workforce.

The time for nuanced messages and tactfully worded calls for action is over. While policy paralysis persists, adult social care finds itself in a state of Brownian motion – suspended in a sea of inertia and constantly reacting in ever more ingenious ways to prevent the worst effects of cuts. This situation has a very real and damaging effect on the day to day lives of people who need and provide care.