

**ADASS
BUDGET
SURVEY
2016**

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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.

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FOREWORD

The annual ADASS Budget Survey is an authoritative analysis of the state of adult social care finances drawn from the experiences of current leaders in adult social care. It provides in-depth intelligence on how adult social care is responding to the multiple challenges of meeting increased expectations and need, whilst managing reducing resources in an environment where the provider and labour markets are fragile.

The survey explores Directors' views of how councils are reconciling the growing numbers of people, often with increasingly complex needs, requiring care and support with the significant and sustained reductions in the funding available. The survey data clearly sets out the concerns of councils in making increasingly difficult choices and their attempts to minimise impacts upon the front line services that are so valued and necessary for those needing them.

In that the Survey is widely used by others in the social care field, it also highlights how social care funding impacts on people needing care and support and their families and carers, providers and the NHS.

Further to last year's budget survey, which ADASS framed as 'a call to government to protect vital care and support services for the most vulnerable members of our community', 2015 saw a Spending Review and Local Government Finance Settlement in which the pressures on adult social care were recognised as never before.

However, whilst there is additional funding for care through the availability of a locally raised precept and in the future there will be a new Better Care Fund, we have argued strongly, with our partners across the sector, that the funding comes too little and too late. The results of this survey confirm this view.

The survey was completed prior to the European Referendum and I have no doubt that the serious concerns about the delivery of vital care and support for older and disabled people that the report highlights will now be compounded by further uncertainty. The survey has been completed by 100% of councils and I am extremely grateful to all of my colleague Directors of Adult Social Services in England for their support and contribution to this important work and to the ADASS Resources Leads and the ADASS Staff Team for coordinating and producing this report. I would also like to express my thanks to the King's Fund who have assisted with the analysis of the data.



Harold Bodmer
President Association of Directors of Adult Social Services

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 155 local authorities in England with adult social care responsibility, but due to their particular circumstances of jurisdiction, the following local authorities were excluded from the survey: Guernsey, Jersey, Isle of Man and Isle of Scilly.

For this survey, there were 151 completed returns. The Budget Survey traditionally achieves a very good response but this is an unprecedented 100% response. 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 2016, the survey was conducted in May. Directors completed their responses via an online link.

Where possible, the survey questions have remained consistent over the last 6 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.

The analysis is validated internally by the ADASS Resources Leads and has also, this year, been tested and an independent view taken, by the involvement of the King's Fund in analysis.

The survey report is anonymised and aggregated to a national level. No individual council data is shared with 3rd parties and the details of the report remain the property of ADASS.

A) WHOLE COUNCIL BUDGETS AND SAVINGS

Directors were asked to report on the overall council funding and savings position and results are summarised below;

Total Council Net Budget (excluding Schools) and Savings requirements 2016/17

Council Net Budget 2016/17	£38.8bn
Council Savings 2016/17	£3.4bn
% Council savings 2016/17 against 2016/17 Council Net Budget	8.8%

The Adult Social Care Precept

2016/17 saw the introduction of the Adult Social Care Precept flexibility. All but 8 councils elected to raise money through the Adult Social Care Precept. 2 councils set the level raised slightly below the 2% maximum.

Councils raising the Adult Social Care Precept in 2016/17

No	5.3%
Yes - at the full 2% value	93.4%
Yes - by other amount	1.3%

The estimated national total raised from the precept according to our survey is **£380m**.

Aside from the precept itself, government projections of the full value of the precept freedom were based on all councils also raising the council tax rate by 1.99% year on year.

In fact, our survey suggests that 40% of councils still elected to freeze base council tax (aside from the precept) or raised it by an amount lower than the 1.99% referendum trigger.

Councils raising council tax in 2016/17

No	16%
Yes - by other amount (average 1.75%)	24%
Yes - by the referendum cap of 1.99%	60%

The majority of Directors in councils which are raising the precept, are confident that the benefit will be fully felt by adult social care. However, 10% of directors are less confident, which could be due to a range of circumstances.

Confidence that precept money will go to adult social care

Yes	85%
Some but not all	6%
No	4%
Unclear / don't know	6%

B) ADULT SOCIAL CARE BUDGETS

Adult Social Care (ASC) Budgets 2015/16

ASC Gross Budget 2015/16	£19.6bn
ASC Net Budget 2015/16	£13.65bn
ASC Net Budget 2015/16 Outturn	£13.82bn
Variance	£168m overspend

Adult Social Care Budgets 2016/17

ASC Gross Budget 2016/17	£19.7bn
ASC Net Budget 2016/17	£13.82bn
% change in ASC Net Budget between 2015/16 and 2016/17	+1.2%
% ASC Net Budget 2016/17 of 2016/17 Council Net Budget	35.6%

Adult social care budgets have seen an increase in **cash terms** of 1.2% although there is very wide variation between individual councils (70 councils reported a fall in budget).

Individual positions varied from +20% to -13%. This reflects both the positive impact of the introduction of the Adult Social Care Precept and the unevenly distributed nature of this funding, which depends on the ability of each council to raise funds through council tax.

Those councils who could provide estimates saw lower but positive levels of growth in cash terms predicted over the following four years but again, the variations between councils were large.

Adult social care net budgets have again very slightly increased as a proportion of spend against council budgets, illustrating the extent by which councils continue to protect front line adult social care from cuts.

In attempts to match need and budgets, 94 councils' overspent to a total of £168m. This was financed mainly through the use of council reserves or from underspends on other council services. Reserves can only be spent once. This is further evidence that councils are protecting adult social care as far as possible.

How the overspends in 2015/16 were financed

(note that some councils will have used more than one method to finance underspend so are counted twice.)

By requiring adult social care to pay back by making extra savings in 2016/17	3
From council reserves (which do not have to be paid back).	62
From underspending by other council departments (which do not have to be paid back)	52

C) ADULT SOCIAL CARE SAVINGS

Adult social care planned savings for 2016/17 are **£941m** (7% of net adult social care budgets). In 2015/16 this reported requirement was £1.1bn.

Adult social care savings for 2016/17 now make up 28.5% of the total council savings for 2016/17. This is lower than last year's 30% ratio and is a smaller proportion than the 35.6% of the overall council budget spent on adult social care, suggesting that either councils are continuing to protect adult social care or that it is getting increasingly difficult to find savings at all (or perhaps both).

Adult Social Care Savings 2016/17

ASC Savings 2016/17	£941m
% ASC Savings 2016/17 against 2016/17 ASC Net Budget	7%
% ASC Savings 2016/17 against 2016/17 Council Savings	28%
% ASC Savings 2016/17 against 2016/17 Council Net Budget	2.5%

More people are living longer with more complex needs that require vital care, support and protection from adult social care in councils. Again this year (2016/17) councils are running out of 'efficiencies' and will have to make further reductions of services of **£371m** for people needing that care and support and their carers.

This follows on the heels of 5 years of funding reductions totalling £4.6bn and representing 31% of real terms net budgets, tracked by previous Budget Surveys.

This year, adult social care budgets will grow slightly in cash terms, due largely to the Adult Social Care Precept.

Failure to find the efficiencies required would lead to a further funding gap of over £1bn, entering 2016-2020. This brings into question claims that the Spending Review has completely closed the funding gap.

The proportion of savings planned to be secured through efficiencies has fallen from 75% of savings in 2015/16 to 55% in 2016/17 whilst savings from service reductions increased from 18% to 39% over the same period. Fewer savings are proportionately being made from efficiencies and more from reducing frontline services.

There are also now next to no further efficiencies to be made from squeezing provider fees paid, or raising income from fees and charges to customers.

In cash terms, where a breakdown was specified, Directors said that 51% of the identified cuts will directly affect services for older people and 31% will affect people with a learning disability. 18% of the cut will be to personal budgets, meaning reduced levels of care for those receiving it and care for fewer people overall.

Breakdown of targeted area for service reductions 2016/17

	All services	Direct Payments	Home care	Residential care
Learning Disability	31%	8%	11%	12%
Older People	51%	5%	21%	25%
Physical Disability	7%	5%	1%	1%
Mental Health	8%			
Services for Carers	1%			

Data on planned savings for future years (up to 2020) were less robust and the profiling of savings over the period varies between authorities but the indication is that savings requirements will remain around the £1bn mark throughout the period. This continued requirement suggests that the introduction of extra funding through the Better Care Fund (BCF) in later years is offset by increased demand and wage increases associated with the National Living Wage such that the gap in funding we have predicted will remain.

In the light of a significant overspend in 2015/16, Directors were again asked if they would be able to make the planned savings asked of them.

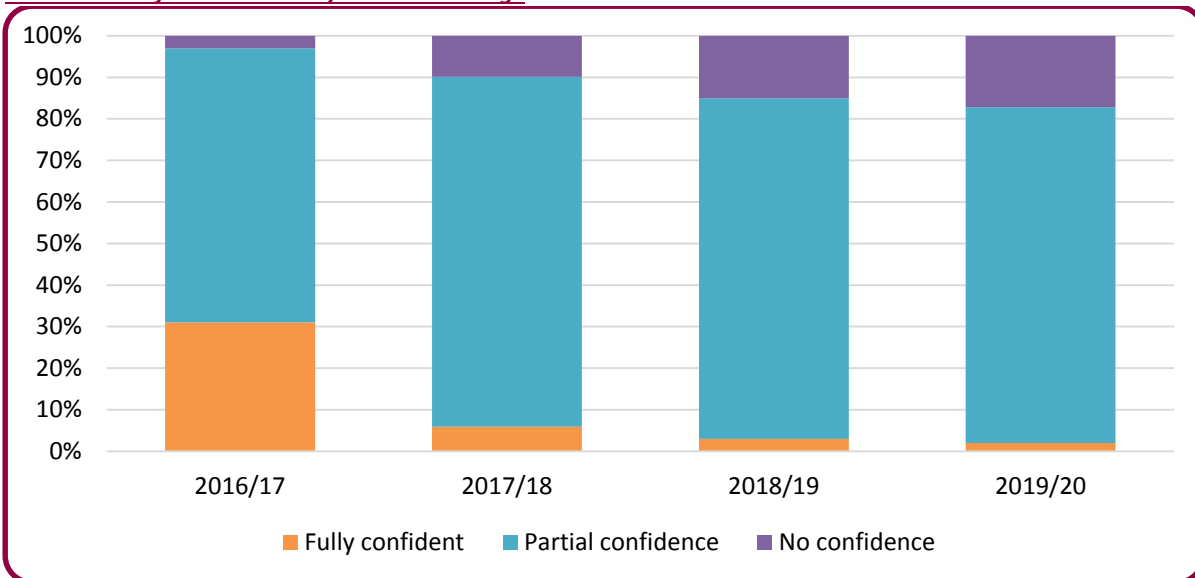
Only 31% of Directors were fully confident that planned savings for 2016/17 would be met and this already brittle confidence falls sharply away for future years, to a point where only 2% are fully confident that savings targets will be met in 2019/20. This is perhaps unsurprising given that most Directors actually experienced their spending exceeding the budget in 2015/16.

The 31% level also marks a further decline in confidence from last year's survey, when 45% of Directors had confidence in making in-year savings.

Directors' confidence in ability to make savings

Level of confidence	2016/17	2017/18	2018/19	2019/20
Fully confident	31%	6%	3%	2%
Partial confidence	66%	85%	82%	80%
No confidence	3%	10%	15%	17%

Directors' confidence in ability to make savings



As well as savings to make, adult social care also has additional duties to deliver. The number of applications for Deprivation of Liberty Safeguards has risen more than tenfold in the last two years and 2015/16 saw the first full year of the implementation of the Care Act 2014. Only 36% of Directors are fully confident of being able to deliver all of their statutory duties this year (including for Deprivation of Liberty Safeguards), falling rapidly to just 8% who think they can do so next year.

Directors' confidence in ability to meet 'statutory' duties

	2016/17	2017/18	2018/19	2019/20
Fully confident	36%	8%	3%	2%
No confidence	8%	16%	21%	19%
Partial confidence	55%	63%	54%	50%
Unable to answer	2%	13%	22%	28%

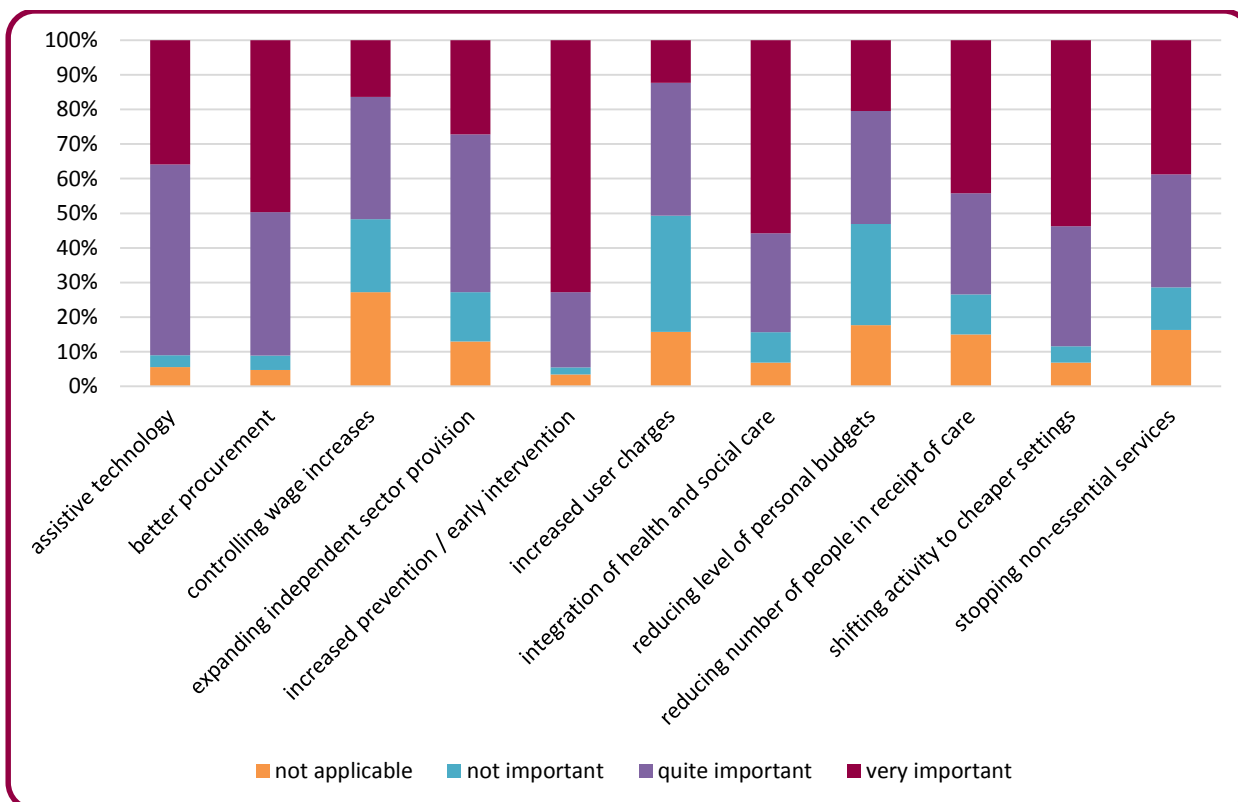
Directors were asked how they would make savings, for both 2016/17 and for the 3 years onwards.

There was a renewed emphasis on prevention and early intervention (with assistive technology quite important in this) and integration also remains a key driver for Directors. Directly controlling wages, increasing charges and reducing personal budgets are no longer seen as such fertile ground for savings, although the fact that reductions in numbers of people is seen as an important factor is perhaps further evidence of likely increasing unmet need down the line.

Priority areas of savings 2016/17

(actual numbers of responses)	not applicable	not important	quite important	very important
assistive technology	8	5	80	52
better procurement	7	6	61	73
controlling wage increases	40	31	52	24
expanding independent sector provision	19	21	67	40
increased prevention / early intervention	5	3	32	107
increased user charges	23	49	56	18
integration of health and social care	10	13	42	82
reducing level of personal budgets	26	43	48	30
reducing number of people in receipt of care	22	17	43	65
shifting activity to cheaper settings	10	7	51	79
stopping non-essential services	24	18	48	57

(table shows actual numbers of responses – percentages shown in graph below)



Directors feel that negative consequences due to budget cuts have already been felt and are in particularly strong agreement with these statements about their experiences to date (“don’t know” answers excluded):

- 85% agreed that the NHS is under increased pressure
- 85% agreed that more providers face quality challenges
- 84% agreed providers are facing financial difficulty

Asked to look further into the future, naturally more respondents were unsure, but when “don’t knows” are excluded and the results expressed as a proportion of those who took a view one way or another:

- 91% thought that the NHS will be under increased pressure
- 95% thought that more providers will face quality challenges
- 97% thought that providers will facing financial difficulty
- 72% thought that people will get smaller personal budgets
- 81% thought that there will be more legal challenges

Indeed only 4% of Directors are confident that the savings can be made in 2020 without impacting on these issues.

Impact of savings to date and impact of future anticipated savings

	experience to date			anticipated over next 2 years			anticipated 2018-2020		
	agree	disagree	don't know	agree	disagree	don't know	agree	disagree	don't know
fewer people can access adult social care services	35%	63%	3%	51%	37%	13%	50%	27%	23%
more providers face quality challenges	82%	14%	4%	75%	9%	16%	71%	4%	24%
people are getting smaller personal budgets	34%	59%	7%	56%	25%	19%	53%	21%	25%
planned savings will be met	75%	18%	7%	30%	21%	49%	18%	20%	62%
providers are facing financial difficulty	80%	15%	4%	80%	7%	14%	73%	2%	25%
quality of care is lower	14%	79%	7%	18%	60%	22%	19%	48%	33%
quality of life for carers is worse	15%	71%	14%	17%	48%	35%	22%	38%	41%
quality of life for people using care is worse	12%	76%	11%	21%	49%	31%	20%	40%	40%
the NHS is under increased pressure	83%	13%	4%	81%	9%	10%	79%	8%	13%
there are more legal challenges	42%	47%	11%	50%	16%	34%	47%	11%	42%
there are no or minimal impacts	30%	68%	1%	9%	85%	6%	3%	80%	17%

The ADASS/CIPFA risk tool¹, which is aimed at helping councils identify indicators of potential financial risk, has not become of widespread use yet although almost half of Directors intend to have used it by next year. However, it is notable that in 86% of cases where it was used, a significant level of risk has been identified.

Identifying financial risk with the ADASS/CIPFA risk tool

No	54.11%
No - planning to use in 2016/17	31.51%
Yes - financial risks identified	12.33%
Yes - low level of risk	2.05%

¹ <https://www.adass.org.uk/cipfa-adass-advisory-risk-tool-2015/>

D) PRESSURES

Cost pressures relating to the increased numbers of older and disabled people needing care and support continue to run at just below 3% per year. This equates to £413m additional pressure in 2016/17, of which only 81% has funding identified by councils (£335m).

Demographic Pressures 2016/17

Total Demographic Pressures	£413m
Demography pressure as % ASC Net Budget 2016/17	3%
Demography Pressures funded	81%

Older people's services account for 1.3% of the total 3% pressures on adult social care budgets, with those for people with a learning disability accounting for 1.1%.

Demographic pressures by service user group 2016/17

	% of average ASC Net Budget under pressure from client group	% funded by group
Older people	1.3%	85%
People with learning disabilities	1.1%	78%
People with mental health needs	0.3%	73%
People with physical disabilities	0.3%	84%

Another new question suggests that the impact of implied unmet need by the inability of councils to fully fund demographic growth is only fully understood by around a third of councils:

Arrangements to monitor unmet need in councils

In development	31%
No	35%
Yes	34%

Additional pressure from Deprivation of Liberty Safeguards

Councils have experienced a rapid growth in Deprivation of Liberty Safeguards applications as a result of the AJ v a Local Authority (Cheshire West Judgement) in 2014-15. The total financial pressure experienced by councils, estimated from those councils who were able to quantify it was **£87m**. The full national picture will exceed this.

E) PREVENTION

As already shown, an increased focus on prevention is seen by Directors as the most important way of realising savings now and in the future. Furthermore, prevention activity to increase independence and limit the need for more expensive ongoing care and support is core to national and local policy and is intrinsic within the Care Act 2014. However, spend on prevention has reduced greatly in recent years' Budget Surveys. As budgets reduce 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.

Spend on prevention forms 7.1% of budgets this year: this is a slight increase as a proportion of budget but decrease in cash terms of 4% from the previous year.

This raises questions of whether the investment in prevention is sufficient to realise the ambitions for its impact expressed by Directors.

Spend on prevention

Spend on prevention 2015/16	£990m
% spend on prevention as % of budget	7.20%
Spend on prevention 2016/17	£954m
% spend on prevention as % of budget	7.10%
Difference in spend from 2015/16 to 2016/17	-4%

F) NUMBERS OF PEOPLE RECEIVING CARE AND SUPPORT

The survey asked respondents to detail changes in numbers receiving particular services at 1st April 2015 and at 31st March 2016, to track changes on activity over the course of 2015/16. It is more difficult for us to report on the difference in the numbers of people receiving services in different age groups as councils have changed their systems to reflect national data collections.

Our results should therefore be treated with caution until the release of official activity statistics, but our data tentatively suggests that the numbers of older people have remained virtually flat (-0.1% change) despite 3% demographic growth whilst growth in the numbers of people aged 18-65 and carers using services was around 5%.

G) INCOME FROM FEES AND CHARGES

Unlike the NHS, Adult Social Care charges for services and this income is important to help ensure scarce resources can be prioritised to those in most need and eligible for a service.

We can see a considerable fall in estimated income from fees overall and particularly from residential care for older people. This is a result of an ongoing long-term trend in the reduction of the use of residential care for older people and therefore a reduction in income from it.

Income change 2015/16 to 2016/17

	2015/16 estimated total income	2016/17 estimated total income
Community	£673m	£701m
Residential	£1.78bn	£1.27bn
Total	£2.46bn	£1.97bn

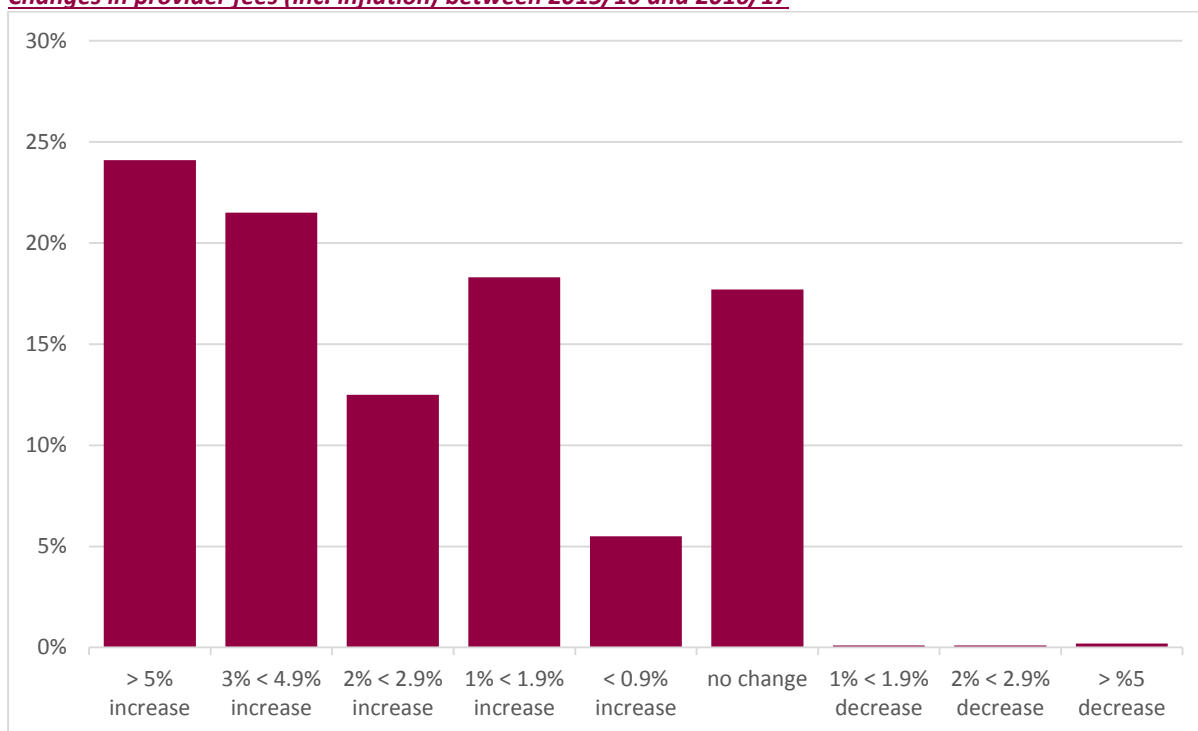
Income change 2015/16 to 2016/17 breakdown by group

	Residential care	Domiciliary care
Older People	-34%	5.5%
Physical Disability	-3.8%	2.9%
Learning Disability	-3.0%	1.6%
Mental Health	5.4%	-5.7%

H) PROVIDER FEES

After years of squeezing provider fees, the introduction of the National Living Wage and other pressures has driven a very rapid increase in fees paid to providers in 2016/17;

Changes in provider fees (inc. inflation) between 2015/16 and 2016/17



	Carers services	Learning Disability Home Care	Learning Disability Residential Care	Older People's Dementia Nursing	Older People's Dementia Residential Care	Older People's Home care	Older People's Nursing Care	Older People's Residential Care	Physical Disability Home Care	Physical Disability Residential Care
> 5% increase	14%	32%	17%	23%	20%	36%	25%	22%	36%	16%
3% < 4.9% increase	5%	18%	18%	27%	29%	21%	28%	29%	19%	17%
2% < 2.9% increase	7%	10%	11%	18%	16%	10%	15%	16%	9%	13%
1% < 1.9% increase	11%	10%	23%	21%	27%	11%	21%	24%	10%	24%
< 0.9% increase	7%	5%	8%	6%	4%	4%	7%	5%	4%	5%
no change	55%	24%	23%	5%	4%	18%	4%	4%	21%	23%
1% < 1.9% decrease	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
2% < 2.9% decrease	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
> %5 decrease	0%	1%	0%	0%	0%	1%	0%	0%	1%	0%

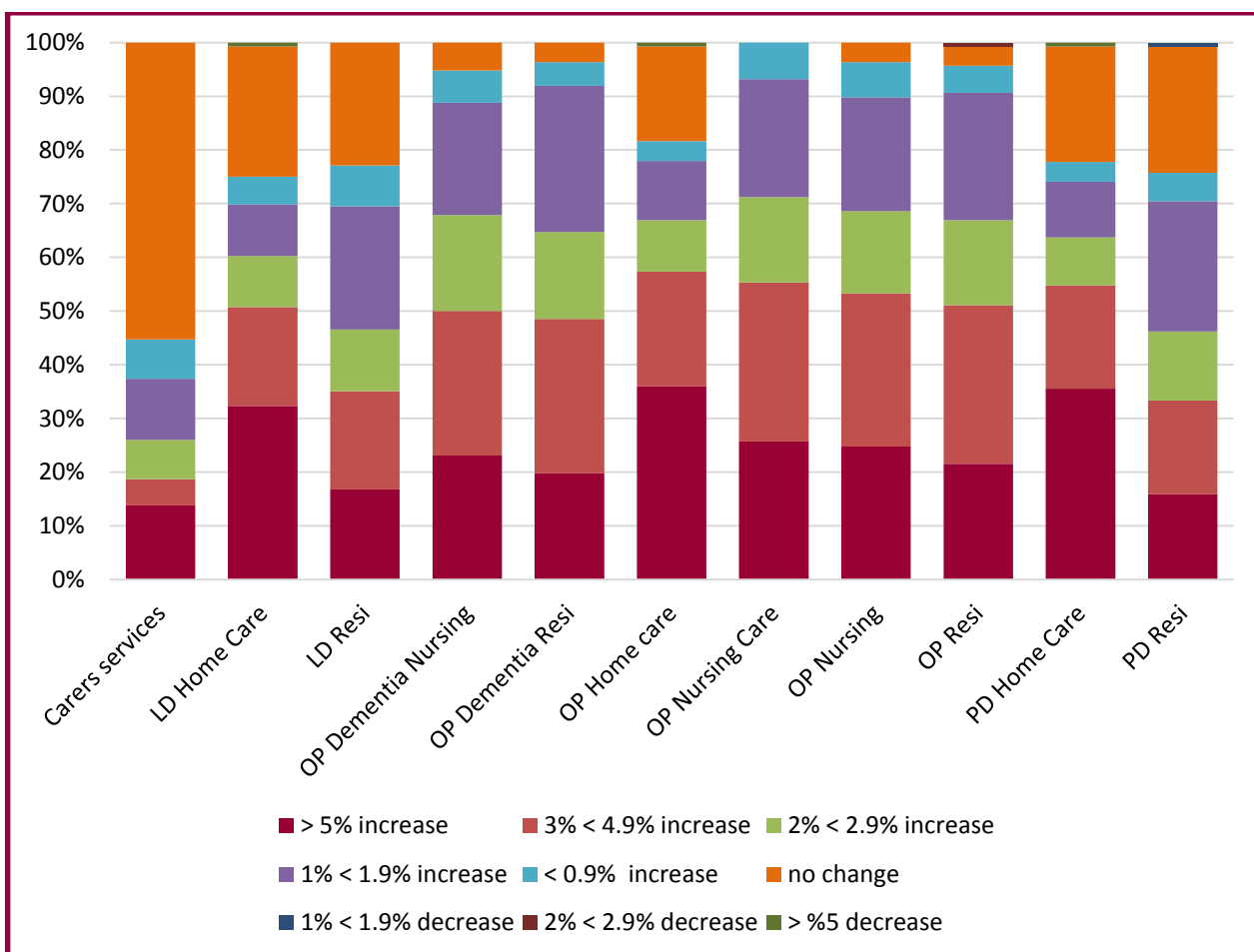
The introduction of the National Living Wage has seen a return to inflation-busting increases in some cases.

The survey asked Directors to detail any % increase or decrease to independent sector provider fees inclusive of inflation in 2016/17 compared to 2015/16.

In total 82% of councils increased provider fees. 18% of councils made no changes and 0.4% decreased provider fees between 2015/16 and 2016/17.

18% of councils increased fees between 1% and 1.9%, and 46% of councils increased fees by over 3% in 2016/17.

Fees in home care in particular have risen quickly with 5% increases in a third of councils.



Nearly all responding Directors believe pay pressures including the National Living Wage will primarily drive unit costs in 2016/17, compounded by travel time pressures (45% of Directors) and local market issues such as lack of capacity and competition. However only a few Directors believe that overheads will be key drivers for home care unit costs.

Drivers for increased home care costs

	high	medium	low
Local market issues (lack of capacity, competition, etc...)	71	20	51
National Living Wage	132	8	7
Other pay pressures (pay uplifts, difficulties recruiting staff, etc...)	101	11	34
Overheads (food costs, rents, etc...)	3	111	28
Premia to cover winter pressures, quality issues	20	75	47
Reduction in cross-subsidisation	6	98	37
Travel time	67	22	55

Pay pressures were also seen as key in the residential/nursing market with market issues slightly more prominent than with homecare.

Drivers for residential /nursing care unit costs

	high	medium	low
Local market issues (lack of capacity, competition, etc...)	73	54	18
Other pay pressures (pay uplifts, difficulties recruiting staff, etc...)	84	52	10
Overheads (food costs, rents etc...)	7	52	85
Premia to cover winter pressures, quality issues	18	60	65
Reduction in cross-subsidisation	12	56	73
Regulatory pay pressures (National Living Wage, travel time, sleep-ins, etc.)	138	6	3

I) NATIONAL LIVING WAGE PRESSURES

Pressures due to the introduction of the welcome policy of a National Living Wage, in both direct council costs and increased provider fees will cost around **£520m** (plus at least £92m in further costs associated to the National Minimum Wage) – this is clearly in excess of the precept receipts of £380m so cannot reasonably be claimed to have been fully funded by government.

National Living Wage 2016/17 cost to councils

		No of responses
Direct wage costs £,000s	£146m	120
Indirect costs (fees, etc.) £,000s	£217m	98

Extrapolating the average across all English councils (many did not know the exact local figure) would give an estimated cost of **£520m nationally**.

National Minimum Wage compliance

Live-in Personal Assistants	£19m	49
Sleep-ins in care homes	£12m	55

Extrapolating the average across 151 councils (many did not know exact figure) would give **£92m for England**.

J) PROVIDER FAILURE

Further to the fact that four out of five Directors say that providers are facing financial difficulty now, there is continued evidence from our survey of actual failure within the provider market in the last 6 months, affecting at least **65%** of councils and thousands of individuals as a consequence. This disruption significantly impacts on wellbeing and is thought to impact on mortality when it involves someone moving home in an unplanned way².

There is also evidence of home care providers in particular choosing to withdraw from council funded contracts.

Number of councils where at least one provider has ceased trading in the last 6 months

	Number of councils	Predicted number of people affected
Home care	48	3925
Residential/Nursing care	77	2464

Contracts handed back in the last 6 months

	Number of councils	Predicted number of people affected
Home care	59	3715
Residential/Nursing care	32	720

² Mortality rates following an emergency move range from zero per cent to 43 per cent and "Reports of post move mortality, physical or psychological health suggest and confirm that relocation without preparation carries higher risk of poor outcomes than moves that are orderly and include preparation": *Forced relocation between nursing homes: residents' health outcomes and moderators*. Holder, J and Jolley, D. *Reviews in Clinical Gerontology*. Volume 22 / Issue 04 / November 2012, pp 301-319

K) BETTER CARE FUND (BCF)

Figures for the 2016/17 Better Care Fund were still provisional at the time of survey data collection, subject to moderation and likely to change. 2015/16 figures are actuals.

Total agreed Better Care Fund

In 2015/16, councils agreed a Better Care Fund estimated total of £5.05bn
In 2016/17, Councils plan to agree a Better Care Fund estimated total of £5.36bn
This is an estimated increase of £310m (10%) on the 2015/16 fund

In 2015/16, £1.67bn (33% of the total) was spent on protection of adult social care. Almost £1.1bn of this was directly spent on avoiding cuts or demographic pressure so was not 'extra money' available to pass on to providers or people using services for additional services.

Better Care Fund for 2015/16 spent on the following in protection of social care

	Estimated national total
Capital spending i.e. Disabled Facilities Grant (Not Care Act)	£283m
Care Act duties (including Capital spending)	£153m
For new or additional adult social care services	£137m
To avoid cuts in existing adult social services	£949m
To cover adult social care demographic pressure	£145m
TOTAL PROTECTION OF SOCIAL CARE	£1.67bn

More than half of Directors felt that that the BCF was inadequate to protect social care in 2015/16 though 87% thought that the relative proportions of social care and health money were reasonable – the inadequate scale of the fund, together with the financial pressures on both social care and the NHS being a more acute problem than the arrangements.

Will social care receive an adequate level of protection 2016/17?

No - not adequate overall and was not a reasonable proportion of the BCF	13.70%
No - not adequate overall but was a reasonable proportion of the BCF	39.04%
Yes - level was adequate	47.26%

Councils are likely to receive slightly more total protection in 2016/17. However, this is a lower proportion of the total fund (31.7%) and indeed a lower level relative to overall social care budgets. Furthermore, the increase is wholly due to more spending on Disability Facilities Grants and the Care Act 2014. Spending on the other elements in protection of social care appeared to be standing still or falling. This has yet to be finalised.

Better Care Fund for 2016/17 early plans for spending on the following in protection of social care

	Estimated national total
Capital spending i.e. Disabled Facilities Grant	£370m
For new or additional adult social care services	£133m
New Care Act duties (inc. Capital spending)	£123m
To avoid cuts in existing adult social services	£927m
To cover adult social care demographic pressure	£144m
TOTAL PROTECTION OF SOCIAL CARE	£1.70bn

Despite the increase in the size of the fund around half of Directors fear that the BCF will be similarly inadequate to protect social care in the coming year;

Will social care receive an adequate level of protection 2016/17?

No	50.4%
Yes	49.6%

10% of Directors felt pressured into risk-sharing agreements with Clinical Commissioning Groups (CCGs) for the coming year.

Risk-sharing agreement in 2016/17?

No	37%	53
Yes - after CCG insistence	10%	14
Yes - voluntarily	53%	76

L) 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 do receive council funded care and support has been effectively protected over the last year, but are much more pessimistic about future prospects.

Thinking about the care and support available for people in your area, in the past 12 months

Got better	14%
Stayed the same	74%
Got worse	12%

Directors who feel optimistic on the future financial position in the local health and care economy can be counted on the fingers of one hand.

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?

very optimistic	0%
fairly optimistic	3%
neutral	16%
fairly pessimistic	59%
very pessimistic	21%

CONCLUSIONS

1. Funding doesn't match increased needs for, and costs of, care for older and disabled people

There are ever greater numbers of older and disabled people needing essential care and support and their needs are increasingly complex. To maintain care at the same level as last year would require more than an extra £1.1bn. This year, budgets for social care have increased slightly although there is very wide variation between individual councils (70 councils, in fact, reported a fall in budget). This is because:

- The new social care precept flexibility (used by 93% of councils) raised a total of £380m. This does, however, raise much more in some areas than others and raises least in areas with the greatest need for social care.
- Local Government continues to try to protect adult social care despite competing pressures on other services and cuts in central grants. This year adult social care accounts for 35% of total council spending, the same as the last two years. Many councils had to cover overspends on adult social care last year by drawing on reserves (62 councils) and by cutting other services (52).

But the social care precept this year raises less than two-thirds of the calculated costs of the National Living Wage. So this year Directors of Adult Social Services (Directors) have to find more savings of £941m (7% of the total net budget).

2. More people's lives are affected by reductions in social care funding

Directors report that:

- In spite of the population of older people increasing by 3%, *we saw no increase in the numbers of older people actually receiving services in 2015/16*
- At least 24% of this year's savings will come from *cutting services or reducing the personal budgets of people who receive care and support*
- The quality of care is compromised: 82% of Directors report that more providers already face quality challenges as a result of the savings being made. As of June 2016, CQC inspections under the new regime show that 27% of adult social care services "require improvement" and 2% are "inadequate".

3. Directors are increasingly unclear where the funding needed will come from

Financial risks are rapidly increasing for local authorities. In 2015/16 the majority of social care departments overspent on their budgets, and as a result, Directors' confidence in the ability to both make continued savings and at the same time meet increased duties is diminishing.

Last year 45% of Directors were fully confident planned savings would be met. This year it is just 31%. Confidence falls to only 6% when thinking about making savings in 2017/18. These savings are required at a time when the number of applications for Deprivation of Liberty Safeguards has risen more than tenfold in the last two years and 2015/16 saw the first full year of the implementation of the Care Act 2014. Faced with this pressure, only 36% of Directors could say that they are fully confident of being able to deliver all of their statutory duties this year, falling rapidly to just 8% who are sure they can do so next year.

4. The continuity of the care market is under threat

We expected to see significant increases in fees to providers due to the impact of the National Living Wage. The survey findings suggest that the total cost, including compliance with the existing National Minimum Wage, will total over £600m. 82% of councils increased fees to providers: nearly a quarter by more than 5%. Though the National Living Wage is welcome, in many areas providers will continue to struggle to recruit staff, especially in home care and where employment is high. Maintaining a caring, compassionate and trained workforce in a sustainable provider market is an urgent concern.

80% of Directors reported that providers in their area are facing financial difficulties now. Providers are increasingly selling up, closing homes or handing back the contract for the care they deliver to older or disabled people. This affected thousands of people across the country last year.

5. Investment in prevention is being further squeezed

Directors see increased prevention and the integration of health and social care as the two most important ways in which savings could be made over the next three years. But, as budgets reduce further in real terms, it is becoming harder and 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. As a result of this tension, this year councils will be spending 4% less on prevention than last year.

6. Reduction in funding for social care has wider impact

Directors feel that negative consequences due to budget cuts have already been felt right across health and social care and agreed particularly strongly with statements regarding issue faced by the wider sector:

- 85% thought that *the NHS is under increased pressure*
- 84% thought that *providers are facing financial difficulty*
- 85% thought that *providers are facing quality challenges*

Social care is essential but the investment isn't there

The whole sector, including senior leaders from the NHS, local government and the independent sector, are united in recognising the importance of an adequately funded social care system, promoting the country's wellbeing and ensuring the right care is available. We are at the tipping point where social care is in jeopardy and this impacts on the millions of people needing care and support. More people work in adult social care than in the NHS and they make a positive difference every minute of every day.

We welcomed the additional funding in future years that the Chancellor announced in last year's spending review and autumn statement but the results of this year's survey confirm our view, that these measures are too little and too late. **We urge the government to address this.**