

Autumn Budget 2018 – Representation by The Association Of Directors Of Adult Social Services

28 September 2018

Introduction & Summary

1. The Association of Directors of Adults Social Services (ADASS) welcomes the opportunity to make this representation for the 2018 Autumn Budget preparations.
2. Social care provides care, support, and safeguards for those people in our communities who have the highest level of need and for their carers. Social care has value in its own right in transforming lives as well as being critical for the sustainability of the NHS.
3. Nearly two million people rely on these essential services and around 6.5 million carers support people alongside and beyond the formal social care sector. However, it should be noted that the number of people in receipt of state funded care has fallen significantly since the beginning of the decade as a result of reductions in government funding, demographic pressures, increasing complexity of need and a requirement to increase wages in line with the National Minimum and Living Wages. This has left approximately 1.4m people with unmet care needs and many more with under met care needs.¹ This causes both distress, and in many instances, precipitation into crisis. Hospital attendances and admissions were significantly increased last year.
4. The value of adult social care to the economy should not be underestimated. The total direct, indirect and induced value of the adult social care sector in the UK is estimated to be a £46.2 billion contribution to the national economy and 2.6m jobs.² It is detrimental to both the economy and for the health and wellbeing of individuals to have to give up employment to provide care because it cannot be provided otherwise.
5. For these reasons we feel that adult social care must be treated as a national priority.
6. This representation predominantly focuses on identifying short-term pressures facing adult social care and offering constructive and evidenced based solutions to Government to counter these. We will provide an in-depth response on the medium to long-term issues facing the sector through the consultation that will accompany the government's forthcoming Green Paper for Care and Support for Older People.

Context and recent developments

7. It is now well understood that adult social care, and local government as a whole, is in an extremely challenging financial position. Some local authorities have reported that they are in a perilous position whereby they are faced with having to strip back services to a core offer.³

¹ [New analysis shows number of older people with unmet care needs soars to record high, Age UK, July 2018](#)

² [The economic value of the adult social care sector – UK, ICF, June 2018](#)

³ [East Sussex council set to cut services to bare legal minimum, Guardian, 3 August 2018](#)

8. As predicted in our 2017 Budget Survey, this situation could have been significantly worse without the introduction of the Adult Social Care Precept and the additional resources through the Improved Better Care Fund. Without access to this additional funding, significantly more councils' finances would have come close to collapse and the impact on older and disabled people, on the care market and on the NHS, would have been even more significant.
9. The announcement in June 2018 of a significant funding uplift for the NHS of £20.5bn in real terms per year by the end of the 5 years compared to today, alongside the commitment from the NHS to develop and deliver a long-term plan are both welcome in the context of the health and social care system as a whole. It is well rehearsed that health and social care are interdependent, as such failure to address the challenges facing social care will have a direct impact on the success, or not, of the NHS Plan delivering upon its objectives.
10. However, we are of the opinion that the publication of the NHS Plan and Adult Social Green Paper must take place in tandem to highlight government's commitment to health and social care sustainability, along with positioning the NHS and local authorities as equal partners in leading and delivering on this agenda.

Ongoing and Intensifying System Pressures

11. The access to additional funding afforded to local authorities by Government as outlined above, whilst welcome, has only served to temporarily relieve, rather than resolve, the long-term funding requirement for Adult Social Care.
12. Looking back at 2017/18, analysis of submissions to the 2018 ADASS Budget Survey found that just over half of all councils overspent against their adult social care budgets. Around half of these councils financed this overspend from council reserves, with 31 councils funding overspends by making savings in other council departments. This approach is unsustainable, in particular as reserves can only be used for one-off expenditure.
13. Our 2018 Budget Survey results clearly show that despite the increased access to funding in 2018/19, Directors of Adult Social Services (DASSs) are still faced with having to find significant levels of savings in order to support their local authority to meet their legal requirement to deliver a balanced budget.
14. In the current financial year adult social care is planning to deliver £700m from local authority budgets. However, it should be noted that the delivery of these savings is far from certain, with only 28% of directors fully confident that planned savings will be fully met in the year, with 65% partially confident. Cumulatively since 2010 savings to adult social care budgets have amounted to approximately £7bn a year.
15. In spite of this, councils and their staff have worked tirelessly to protect adult social care in relative terms since the start of the decade. This is demonstrated by the fact that the proportion of local authority expenditure on adult social care, excluding education, has risen significantly since 2010/11 from 30 per cent to 37.8 per cent in 2018/19.
16. However, there is significant concern from those within the sector, and increasingly those outside of the sector, that the funding settlement for adult social care in 2019/20 will not be adequate to sustain current levels of service provision, stabilise local care markets and maintain quality. This is reflected by the fact that despite the provision of

the additional three-year IBCF grant funding, in 2019/20 only 6% of DASSs who responded to the 2018 ADASS Budget Survey are fully confident of meeting planned savings, with 62% being partially confident.

17. ADASS' position is that adult social care needs a minimum of £2.358 billion in 2019/20 to support local authority revenue budgets. This is primarily made up of the Local Government Association's £1.5bn calculation to stabilise the care market. The remainder of this includes £108m in recognition of the overspends against adult social care budgets in 2017/18 and £250m of the overall council reserves used to support local authority budgets in the same year, neither of which are sustainable. We also estimate that directors, as a result of ongoing pressures on local authority budgets, will be required to offer up financial savings of approximately £500m from adult social care budgets in 2019/20. For future years the costs from demographic pressures and inflationary increases must also be fully funded by government.
18. In addition to this adult social care will also require an additional £1bn in 2019/20 to match the pay increases already awarded to the lowest paid NHS workers of up to 29 per cent. Another £1bn per annum will also be required in the subsequent two years to match to ensure parity between low-paid social care and NHS staff.
19. Adult social care has, and continues to demonstrate, that it not only delivers value for money to the public purse, it also delivers results. This is clearly borne out by the fact that Delayed Transfers of Care attributable to adult social care have reduced by 37.1% from July 2017-July 2018, at the same time those attributable to the NHS reduced by 15.3%.

Workforce and Quality Challenges Continue to Mount

20. Adult social care markets are acknowledged to be fragile, with continued provider closures and contract hand-backs, along with associated risks to quality. The sector is operating nationally with concerns about the workforce, with the influence of Brexit, and without an updated and funded Adult Social Care workforce strategy.
21. The fragility of local care markets has resulted in providers ceasing trading across home and residential care in more than 100 council areas in the past six months, impacting more than 5,300 people. It has also resulted in providers handing back contracts to more than 60 councils, impacting just under 3,000 people in 2018/19. The fragility of care markets has been further highlighted by the well-publicised financial challenges faced by two of the largest homecare providers nationally, Allied and Four Seasons.
22. The existing financial resources available to local authorities for adult social care present significant challenges for both commissioners and providers. Commissioners are left in a position where finding care at a price that is both acceptable to them and meeting the expectations of the individual/family is hugely problematic. As such this can lead to quality challenges, where due to a lack of alternative provision, some systems were forced to commission poor quality care.⁴
23. There are significant concerns that without additional financial support from government in 2019/20 that these pressures may only be further exacerbated. These risks are borne out in the analysis of the 2018 ADASS Budget Survey, where 69 per cent of DASSs highlighted that one of the main impacts of savings planned for 2019/20 is the prospect of providers facing financial difficulty.

⁴ [Beyond barriers- How older people move between health and social care in England, Care Quality Commission, July 2018](#)

24. It is essential that social care staff are recognised and rewarded for the work they do to support and care for some of the most vulnerable people in our society. However, the introduction of the National Minimum and Living Wages, whilst welcome, have only exacerbated the fragility of the market as these were not fully funded by government. As such the underfunding of this policy by government is counter to the commitments made in the new burden's doctrine.⁵ We agree that social work requires an uplift in the wages paid to frontline staff in order to counter the recruitment and retention issues facing the sector, we respondents to the Budget Survey highlighting that increasing salaries is the change most needed to ensure the sufficiency of care workers in their local area.
25. The introduction National Minimum and Living Wages is viewed by DASSs as the biggest driver of increases in unit costs for residential, nursing and home care, with 83% identifying this in as a key pressure in response to the 2018 ADASS Budget Survey. Analysis of submissions found that the additional pressure is estimated to cost councils in the region of a total of £585m.
26. However, it should be noted that with the NHS, in March 2018, offering the lowest paid NHS staff across England pay rises of up to 29% over the next three years. The unintended consequences of such a policy could lead to further recruitment and retention challenges 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.
27. The recruitment and retention challenges facing the sector are further highlighted by Skills for Care who have estimated that 8.0% of roles in adult social care are vacant, totalling an average of approximately 110,000 vacancies at any given time. It should also be noted that registered nurses had the highest vacancy in 2017/18 of 12.3%.⁶

Removing Barriers to Health and Social Care Transformation and Sustainability

28. The transfer of resources from the NHS to adult social care through the Better Care Fund has been a value resource in protecting existing social care services. Evidence from ADASS budget surveys in the first half of this decade suggests that about half of the BCF funding attributed to social care was spent on avoiding cuts and the other half on investing in either new services or more capacity for existing services in response to increasing demands.
29. However, there has been a shift in how this funding has been prioritised as the decade has progressed as a result of demand and financial pressures previously outlined in this submission. Evidence from the 2018 ADASS Budget Survey suggests that nearer to 80 per cent of the BCF funding designated for the protection of social care will be invested in maintaining existing service provision, with the remainder assigned to commissioning new or additional services.
30. As the time of writing government has yet to provide assurance over the continuation of all of this funding beyond the end of the 2018/19 financial year. It is vital for the sustainability of adult social care that government urgently provides assurance over the continuation over this funding. Without this there is an inherent risk that services provided using this funding will not be recommissioned at the detriment to residents.

⁵ [New burden's doctrine- guidance for government departments, DCLG, June 2011](#)

⁶ [The State of the Adult Social Care Sector and Workforce in England, Skills for Care, September 2018](#)

31. This is a view supported by the Health and Social Care Committee who recommended that at a minimum '*There should be a continuation for the foreseeable future of the existing local government revenue streams*'.⁷
32. Without sustainable funding for health and social care, it is likely that organisations facing financial stress will become more insular in an attempt to counter the challenges they face. This is a view supported by the National Audit Office who found that financial pressure could make 'closer working between them more difficult'.⁸
33. The impact of the above on systems is reflected by the fact that some local authorities are experiencing difficulties in working in partnership in strained systems. For example, some local authorities working with Clinical Commissioning Groups (CCGs) in special measures have felt that they are blocking BCF plans in order to claw back money.
34. The development and publication of BCF policy documents at a national level has been fraught with delays in the past few years and the sign-off process for local plans has been resource intensive. In light of this, we would wish to see the uncoupling of the adult social care protection elements of the BCF whilst continuing the value of pooled funding to develop person centred, co-ordinated care and sustainable systems.
35. The previous Secretary of State of Health and Social Care, on behalf of this government, provided a strong steer on personalisation and integration. In line with this, there is a need to reconsider the influence of national bodies over locally developed BCF plans for health and social care, including the removal of NHSE's veto.⁹ In developing local BCF plans, local authorities and the NHS utilise evidence on local need and demand to set priorities. However, national dictates such as those on reducing delayed transfers of care can lead to short-termism, place strain on local relationships and have unintended consequences on local systems.
36. The Institute for Fiscal Studies and Health Foundation found that it is likely that we will need to double acute hospital provision over the next 15 years to meet growing demand if there is not more care in the community and closer to people's homes.¹⁰ To counter this we are of the opinion that the NHS Long-Term Year Plan focus on shifting care and resources away from acute settings to investing in community-based care, mental health and preventative services.
37. Adult social care has a key role to play in delivering on this agenda. Government must ensure that NHSE develop the NHS Plan in partnership with local government, recognising that health and social care are interdependent. The drive for health and social care integration should mean that any realignment of service provision should be done in partnership between health and social care. Consideration should be given to providing local government with greater influence over the commissioning of these services in partnership with the NHS in order to minimise duplication and delivering efficiency savings to local systems.

⁷ [Long-term funding of adult social care, House of Commons Health and Social Care and Housing, Communities and Local Government Committees, June 2018](#)

⁸ [The health and social care interface, National Audit Office, July 2018](#)

⁹ [We need to do better on social care, Jeremy Hunt, 20 March 2018](#)

¹⁰ [Securing the future: funding health and social care to the 2030s, Institute for Fiscal Studies and Health Foundation, May 2018](#)

Conclusion

38. The overall picture is of a sector struggling to meet need and maintain quality in the context of rising costs, increasingly complex care needs, a fragile provider market and pressures from the NHS.
39. So far, the solution to these problems has been short-term injections of funding, which, although welcome, do not enable councils to put in place the long-term strategies and preventive approaches that are necessary to enable people to maintain their health and wellbeing for longer, delaying the need for formal care.
40. As demonstrated in this submission, although far from ideal, adult social care services require access to additional funding of at least £2.385bn for 2019/20 to safeguard existing services, stabilise local care markets, maintain quality and reduce pressure on the NHS.
41. Such funding would provide a short-term solution prior to the Adult Social Care Green Paper and Spending Review hopefully delivering a clear vision for reform and solutions to deliver a sustainable funding settlement.
42. The interdependencies between health and social care are clear to see, underfund one, pressure mounts on the other at the detriment to individuals and their families. In light of this, if the NHS Long-Term Plan is to succeed, then government must ensure that adult social care is placed upon a sustainable footing in the short, medium and long-term. Investing in the health service without investing in social care is like pouring water down a sink without leaving the plug in.

Therefore we ask that the Government:

- i. ***Prior to the conclusion of the Spending Review and Green Paper consultations, deliver at least £2.385bn of new funding to local government in order to place adult social care on a stable footing for 2019/20. This will allow local authorities to help maintain statutory services, stabilise care markets and to ease pressure on the NHS. However, this will only provide some mitigation and is not the solution to the need for sustainable funding.***
- ii. ***Provide local authorities with urgent assurance that the resources currently attributed to the delivery of adult social care through the Better Care Fund will continue in 2019/20, along with uplifts for inflation and National Living and Minimum Wage increases.***
- iii. ***In order to ensure that local BCF plans target resources in the most effective manner to meet need, reduce demand on services and drive local integration priorities, legislation should be amended to remove NHSE's veto of plans and schemes from 2019/20 and beyond.***
- iv. ***In the short-term, the BCF assurance process should be minimised to free-up resources, both financial and staff, at both national and local levels to focus on frontline health and social care issues.***
- v. ***In acknowledgement that adult social care and the NHS are interlinked and inter-dependent, it is imperative that the NHS Plan is developed in partnership with local government to ensure that it delivers the best outcomes for***

residents and value for public money. The NHS Plan must have a strong focus on shifting care away from acute settings to investing in community-based care, mental health and preventative services. We cannot repeat what has happened over the last 10 years where all extra resources have gone into the acute sector at the expense of resources for community care, primary care and mental health services.

- vi. ***The NHS Plan, and associated uplift in funding, should provide local government with greater influence over the commissioning of community, mental health and primary care services. This would ensure greater alignment and integration of NHS and social care services, minimising duplication and delivering efficiency savings.***

- vii. ***The NHS Plan should seek to realign expenditure on community services to 2010 levels to counter the 40 per cent reduction in District Nurses and to increase investment in services including crisis resolution, reablement and therapies that will help to support residents to live as healthily and independently for as long as possible.***

About Us

The Association of Directors of Adult 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.

If you have any questions regarding this submission please do not hesitate to contact Michael Chard, Senior Staff Officer- Policy on 07887491004, or michael.chard1@adass.org.uk