

Provisional Local Government Finance Settlement 2019/20- Consultation Response by The Association Of Directors Of Adult Social Services

10 January 2019

Introduction

1. The Association of Directors of Adults Social Services (ADASS) welcomes the opportunity to respond to the consultation on the Provisional Local Government Finance Settlement 2019/20.
2. This response does not seek to answer every question posed in the consultation. Firstly it sets out the context of the financial and demand pressures facing adult social care and then provides answers to those questions posed as part of the consultation which are most pertinent to adult social care.

Context

3. 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.¹
4. 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.
5. The Government's commitment to publish an Adult Social Care Green Paper is acknowledgement that the current model of funding and delivery for adult social care is unsustainable. However, ongoing delays in publishing this consultation means that the sector lacks clarity on how the Government intends to work with the sector to counter the existing and intensifying finance and demand pressures facing the sector.
6. 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 2018/19.²

¹ [East Sussex council set to cut services to bare legal minimum, Guardian, 3 August 2018](#)

² 2018 Budget Survey, Association of Directors of Adult Social Services, June 2018

7. However, the financial pressures facing the sector should not be underestimated. In 2018/19 adult social care is planning to deliver £700m of savings from local authority budgets, with a further £500m expected to be delivered in 2019/20. Cumulatively since 2010 savings to adult social care budgets have amounted to approximately £7bn.
8. The delivery of these savings means that there is very little room for local authorities to reduce expenditure through further efficiencies. The 2018 ADASS Budget Survey found that the proportion of respondents who plan to make savings through efficiencies (27%) has fallen considerably from 2017 (55%), as has the proportion planning to make savings from service reductions and the level of personal budgets. The ongoing squeeze on public finances, outside the ring-fenced budgets at a national level, means that some of the most vulnerable people in our society are faced with a reduction in services across a number of public sector organisations, as well as significant changes to the welfare system. This has the potential to push more people into requiring high-cost crisis services, when investment in less-costly preventative services could improve the potential health and wellbeing outcomes for such individuals.
9. The impact of these funding reductions is shown by the fact that since 2010 there has been a 72% increase in the number of older people with unmet needs.³ This is largely as a result of reductions in government funding, the need to try to stabilise a very fragile care market and a requirement to increase wages in line with the National Minimum and Living Wages.
10. ADASS's recent autumn survey showed that on average adult social care departments are predicting overspends of approximately £900k each by the end of 2018/19. The result of these pressures is that 89% of Directors have either no confidence or partial confidence that their social care budget will be sufficient to meet statutory duties relating to Market Sustainability by the end of 2019/20.
11. The impact of the financial and demand pressures facing councils can already be seen across the country, with many local care markets teetering on the edge of failure. This means that rather than local authorities delivering on their existing duties relating to shaping care markets extending choice, creativity and quality, they are having to concentrate on preventing collapse, closures and contract handbacks. This is evidenced by successive CQC annual reports, as well as the well-publicised financial challenges faced by two of the largest care providers nationally, Allied and Four Seasons.⁴
12. In the case of Allied, the potential risks to clients of provider failure have thankfully not come to fruition due to extensive hard work by ADASS members supported nationally by DHSC and CQC, though we are not quite yet finished by way of transition from Allied to new care providers for around 9,400 people.

³ Based upon Age UK figures 2010- 816,000 older people had unmet need which rose to 1.4m in 2018.

⁴ [The state of health care and adult social care in England 2017-18, Care Quality Commission, October 2018](#)

13. However, it should be noted that the resource implications of such events, including implementing contingency plans, identifying alternative providers, the potential for provider fees to increase and the transfer of staff from one organisation to another, have yet to be fully calculated. ADASS will be working with local authorities to identify these, but it is likely the additional costs of such an event will be significant and as a result place further financial strain on already stretched adult social care budgets. It also inevitably causes great anxiety for older people and their families and for care staff and we are aware of staff leaving – partly to other care providers and partly to other sectors where the pay and conditions are better. More generally it is no longer sustainable to have a home care workforce on a minimum wage, which many councils are only able to do. Last year there was a 31% turnover rate.
14. To counter these pressures and in order to place adult social care on a sustainable footing in the short-term, ADASS has calculated that £2.358bn will be required in 2019/20 alone.⁵
15. 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 26% from October 2017-October 2018, at the same time those attributable to the NHS reduced by 7%.

Consultation Questions

Question 2: Do you agree with the Government's proposed approach to allocating £410 million un-ringfenced funding for adult and children's social care according to the existing Adult Social Care Relative Needs Formula?

The provision of additional funding is, in part at least, recognition of the significant financial and demand pressures facing adult and children's social care. Whilst the provision of this funding is positive, the allocation of this funding at a local authority level between adults and children's services will mean unenviable and difficult decisions will have to be made by senior politicians and officers about how to best prioritise this short-term grant. Additionally, the recently reported overspends for children's services reduce the likelihood that this funding will be used to address adult social care pressures.⁶

However, as set out earlier in this response it falls significantly short of the £2.358bn that ADASS calculates is required to place adult social care on a sustainable footing in 2019/20. Analysis for the 2018 ADASS Budget Survey found that in 2019/20 adult social care departments in England have had to put forward savings of £667m to contribute to overarching local authority savings requirements, meaning that even if

⁵ [Autumn Budget 2018 – Representation by The Association Of Directors Of Adult Social Services, ADASS, September 2018](#)

⁶ [Nine in 10 councils overspent on children's social care, Room 151, 9 January 2019](#)

they received all of the £410m and £240m for winter pressures they would still be subject to a budget shortfall.

It is also important to note that the £240m funding for winter pressures announced in the Autumn Budget for 2019/20 is ringfenced and in practice must be used to relieve pressure on the NHS. However, ADASS's Autumn Short Survey found that the focus on DToC with stringent national conditions, such as those currently applied to DToC, are having unintended consequences.⁷ For example, 82% of Directors felt that the national focus on reducing DToC has led to a moderate, significant, or very significant increase in rapid discharges to short-term care home placements that became long-term.

This is further support by data from the Adult Social Care Activity and Finance Report 2017/18, which shows that the number of new clients aged 65 and over in receipt of long-term care and support in institutionalised care settings has increased since 2016/17, by 4.5% in residential and 5.3% in nursing care. By comparison, those people receiving long-term care and support in the community fell marginally by 0.7%. There have also been concerning reports relating to the numbers of new requests for social care services where there was no service provided because the person had died, which ADASS will be exploring further as a matter of urgency.

Also, the temporary nature of these funding streams does not provide the confidence and certainty required for local authorities or providers to invest in the delivery of services over a sustained period of time.

ADASS support the proposal by Government to allocate the £410m via the Adult Social Care Relative Needs Formula (ASC RNF). This formula ensures that every upper-tier local authority receives some funding to counter the funding challenges set out earlier in this submission. However, the ASC RNF uses outdated population data and this means that the distribution of funding is not fully aligned to need. ADASS acknowledge that the Government's *Review of Local Authorities' Relative Needs and Resources* is recognition that the existing system of allocating funding is no longer fit for purpose.

The decision by Government not to impose strict reporting mechanisms or performance targets on the £410m will ensure that this funding is fully focused on meeting local need.

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

⁷ [2018 Autumn Short Survey, Association of Directors of Adult Social Services, October 2018](#)

- 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