

## Provisional Local Government Finance Settlement 2022-2023: ADASS Consultation Response

January 2022

### Context

1. We are amid a '*national emergency for adult social care*'.<sup>1</sup> We have significant concerns about the ability of local authorities and adult social care providers to ensure that high quality, safe and life enhancing support is available to those people who access care and support.
2. The Covid-19 pandemic has exposed the longstanding failures of successive governments to ensure that the adult social care sector is properly funded, staffed and stable. The impact of under-investment and the absence of a long-term plan for adult social care meant that pre-March 2020 Directors of Adult Social Care (DASS) were grappling with significant challenges. These included, but were not limited to, the following:
  - Fragile care markets;
  - Increasing demographic pressures and more people living with complex needs;
  - Increasing levels of unmet and under-met need;
  - Insufficient resources to invest in wellbeing, early intervention and prevention in a meaningful way;
  - Recruitment and retention of the workforce;
  - Issues relating to the introduction of a points-based immigration system, including workforce supply issues; and
  - The use of short-term and time-limited funding settlements to support adult social care budgets, including the Improved Better Care Fund (iBCF);
3. The onset of Covid-19 has only served to magnify these challenges and bring them into view of society more broadly. It has impacted unequally and has precipitated more need for care, support and safeguards. The pandemic has led to higher levels of acuity and need, had a negative impact on the mental health and wellbeing of people who access care and support, increased the need for safeguarding during and after lockdown, heightened pressures on the workforce and unpaid carers and increased levels of wrongly met, unmet and under met need.
4. The winter of 2021/22 and Omicron on top of long-term funding reductions, successive short-term fixes that are too little and too late to address underlying fragility, failure to develop a workforce strategy that addresses, and funds workforce pay and increases in costs has precipitated the sector into a state of emergency (link to contingencies survey).
5. The long-standing recruitment and retention issues facing the sector have been exacerbated to the detriment of those people who both can and cannot access care and support, as well as the physical and mental wellbeing of those who work in the

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<sup>1</sup> [A national emergency for social care, Association of Directors of Adult Social Services, 22<sup>nd</sup> December 2021](#)

sector. ADASS agrees with the Migration Advisory Committee's (MAC) conclusion that the *'the root cause of the problems (recruitment in adult social care) is the failure to offer competitive terms and conditions'*.<sup>2</sup> There are over 105,000 vacancies advertised in adult social care on a given day and competition from other sectors for staff has only intensified during the pandemic.<sup>3</sup>

6. Adult social care does not have the resources to offer competitive terms and conditions that can compete with parts of the retail and hospitality sectors, for example, Aldi Store Assistants can earn up to £10.57 per hour and Amazon Warehouse Workers £13.54 per hour.<sup>4</sup> By comparison, the median hourly rate for a care worker in the independent sector of £9.00 in 2020/21. Over this winter retail, logistics and hospitality have been offering bonuses and incentives publicised in the region of £2,000 - £3,000. The workforce recruitment and retention funds given for social care do not amount to a fraction of that per care worker.
7. This can be evidenced by the fact that almost 400,000 people were waiting for a care assessment, waiting for care and support to begin/direct payment to be made or for a review of their care plan.<sup>5</sup> These figures represent significant levels of unmet and under met need for people with care needs, in short this means they may not be able to access the support they want and require to live the lives they want to lead and in extremis are at risk of crisis or loss of life. Ultimately this is poor value for money as well as damaging for the population of older and disabled people and carers as well as for all of us who might need to use the NHS as people are precipitated into crisis. We know that from discussions with Directors since this survey was undertaken in November 2021 that this situation has deteriorated significantly.
8. The provisional LGFS does not provide a significant uplift in funding to enable local authorities to address the workforce crisis in a meaningful and sustainable way or address the backlog of assessments and reviews. If the current backlog is not addressed, then this will present a significant risk to Government reform plans to implement the Care Cap of £86,000 from October 2023. The reforms in their current guise require local authorities to undertake assessments for those people wishing to start the clock ticking towards the care cap. How can Government expect local authorities to deliver on this requirement without addressing the existing issues facing the sector first?
9. It is imperative that adult social care is placed on a sustainable footing at the beginning of the next Spending Review period. Therefore, for 2022/23 we recommend that Government provide an additional £1.5 billion to stabilise care supply and build up and strengthen care at home, enhance community support, meet unmet needs and mitigate ongoing and intensifying recruitment and retention challenges.
10. The additional funding provided by Government through several short-term grants, such as the Workforce Recruitment and Retention Fund, are welcome. However, the provision of these grants has been characterised by announcements that have been very last minute, have provided very limited time periods to be spent and that have

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<sup>2</sup> [A Points-Based System and Salary Thresholds for Immigration, Migration Advisory Committee, January 2020](#)

<sup>3</sup> The State of the Adult Social Care Sector and Workforce in England, Skills for Care, October 2021

<sup>4</sup> [Warehouse Worker hourly salaries in the United Kingdom at Amazon.com, Indeed, Accessed on 14<sup>th</sup> January 2022.](#)

<sup>5</sup> [ADASS Home Care & Workforce Rapid Survey, Association of Directors of Adult Social Services, November 2021](#)

different reporting requirements and conditions. This has meant that the resources made available to local authorities cannot be utilised to deliver improve outcomes for people or deliver value for money. The lack of alignment in terms of timing, as well as relative parity of resources, with NHS funding announcements during the course of the pandemic has meant that the opportunities for local health and social care systems to maximise their impact has been hindered somewhat.

11. Fragile care markets are becoming increasingly unsustainable, not just as a result of funding pressures, but also due to the inability to recruit and retention sufficient levels of staff to deliver care and support is safe and dignified. For example, the fact that the sector managed to increase the number of hours of care and support were provided for people in their own homes by 15% from May-October 2021 is an amazing achievement. However, in the context of the pandemic and rising demand for care at home, over 1.5 million hours that had been commissioned by local authorities could not be provided because of lack of staff.<sup>6</sup>
12. The situation and pressures set out above could have been significantly worse had it not been for unpaid carers. An estimated 4.5 million people in the UK became unpaid carers because of the pandemic, on top of the 9.1 million unpaid carers who were already caring before the outbreak. The over-reliance upon unpaid carers is having detrimental impact on their wellbeing, evidenced by the fact that almost three-quarters (72%) have not had a break at all from caring since the start of the pandemic.<sup>7</sup> The provisional LGFS does not provide sufficient funding to enhance support for unpaid carers. In order to protect their physical and mental health and wellbeing, we recommend that Government invest £1.5 billion to provide a significant package of support for unpaid carers. This investment will far outweigh costs of carer' breakdown and admission to hospital.

### **Overarching Comments on the Provisional Local Government Finance Settlement 2022/23**

13. We are extremely disappointed in the level of additional resources attributed to adult social care in the proposed settlement and the lack of stability and certainty it provides to local authorities for planning beyond 2022/23. Whilst the increase in overall quantum for social care will increase for the forthcoming financial year is welcome, we feel that it falls well short of what's required to tackle the significant the immediate and long-standing challenges facing the sector.
14. The announcement of additional funding for adult social care through the Health and Social Care Levy was welcome. However, the fact that adult social care will be in receipt of less than 2% of the receipts raised in the first year means that the sustainable settlement that ADASS has been calling for over a number of years will be far from realised. It is also of concern that of such funds as will be available these are earmarked for helping financially those people with the most resources most in relation to fees and charges, those with modest resources somewhat and those without resources very little. There is nothing to address the fundamental underlying issue of

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<sup>6</sup> [ADASS Home Care & Workforce Rapid Survey, Association of Directors of Adult Social Services, November 2021](#)

<sup>7</sup> [Responding to the ADASS findings 'Snap Survey reveals a rapidly deteriorating picture of Social Care Services', Carers UK, 29 November 2021](#)

workforce pay and therefore recruitment and retention— though training and development are welcome – and funding for some pilots in other areas.

15. To stabilise adult social care and meaningfully start it on the road to reform, it is imperative that Government provides local government with a greater proportion of the Levy from 2022/23. Investing significant resources into the NHS will not deliver on the policy objective of tackling the growing elective backlog, without a relative parity of resources for adult social care. The interdependence between the NHS and social care has never been more evident than during the current winter crisis, with a number of people that are fit for discharge from hospital being unable to do so due to a lack of capacity on the social care sector.
16. The provisional LGFS 2022/23 will provide resources for a year in which three-quarters of Directors either have partial or no confidence that their budgets will be sufficient to meet statutory duties, including safeguarding and market sustainability.<sup>8</sup> Whilst the consultation states that adult social care will have access to over £1 billion to address social care pressures, in reality, the funding available for adult social care will be much less than this.
17. Firstly, the way in which Government calculates Core Spending Power assumes that every upper tier local authority maximises the full council tax flexibility, including the adult social care precept. However, raising Council Tax and the Adult Social Care (ASC) Precept are local political decisions and must balance the need for additional resources to deliver a legally required balanced budget against the economic circumstances facing local people.
18. Local politicians will be cognizant of the well documented cost of living increases that people across the country will face this year as a result of inflation running at 4.6%, household energy bills rising markedly and an increase of 1.25% in National insurance contributions owing to the introduction of the Health and Social Care Levy from 1 April 2022.<sup>9</sup> This delicate juggling act is highlighted by the results in the ADASS Spring Survey 2021 which reported that only 67% of local authorities chose to raise the ASC precept at the maximum 3% limit for 2021/22.
19. It is also important to highlight that the amount of funding raised by each local authority through this flexibility varies significantly between areas, with those that are more deprived able to raise significantly less than those areas that are less deprived. However, need for care and support is higher in more deprived areas. We note that intention to use £80m of the proposed Social Care Grant increase of £636m for 2022/23 to equalise the impact of the disparity set out above.
20. Secondly, we know from ADASS surveys that around half of the Social Care Grant goes to adult social care. In 2021/22 Directors had access to 52% of the grant. In 2021/22 Directors reported that the National Living Wage (NLW) increase and demographic pressures totalled £1.15bn for adult social care.<sup>10</sup> For 2022/23, it can be assumed that costs will increase significantly given that the NLW wage increase for 2022/23 is 6.6%, whereas this was 2.2% for 2021/22. Inflation is also running significantly higher than a year ago, CPI was 0.3% in November 2020, whereas the

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<sup>8</sup> ADASS Spring Survey, Association of Directors of Adult Social Services, June 2021

<sup>9</sup> [Consumer price inflation, UK: November 2021, Office for National Statistics, 15 December 2021](#)

<sup>10</sup> ADASS Spring Survey, Association of Directors of Adult Social Services, June 2021

last update from ONS showed that this is running at 5.1% for November 2021.<sup>11</sup> We estimate that these pressures could total £1.5 billion for 2022/23. For the forthcoming year, adult social care will have access to an additional £63m of the inflationary increase to the iBCF, if the 1% precept flexibility is maximised by every upper-tier local authority (approximately £300m) and the split of the additional Social Care Grant mirrors that of 2021/22, then adult social care will have access to approximately £700m from these funding streams, far short of meeting demographic and NLW pressures.

21. The provision of the one-off £822m Services Grant for 2022/23 for local government ‘in recognition of vital services’ is welcome as it includes funding for local government costs for the increase in employer National Insurance Contributions because of the introduction of the Health and Social Care Levy. However, this grant does not include funding to enable local authorities to address the additional burden on adult social care providers who will also have to pay increased employer National Insurance Contributions. Care providers have also been subject to a range of other cost pressures, either directly or indirectly due to Covid-19. These include:
  - Infection control measures
  - An increase in insurance premia
  - Increased fuel costs (petrol and utility bills); and
  - Some providers are struggling to secure loans from banks or access new financial services.
22. Given these ongoing and increasing cost pressures, care providers will be seeking significant uplifts in fee rates. Directors have indicated that uplift requests are coming in at around 6-7% compared to 2021/22, which we estimate will cost local authorities between £1.05-1.225 billion.<sup>12</sup> We are not confident that the provisional LGFS will provide sufficient resources for local authorities to address these pressures in full.
23. It is vital that Government keeps the resources available to local government under constant review and commits to fully funding the ongoing, legacy costs and loss of income relating to Covid-19 for adult social care. In particular for 2022/23, Government must ensure that there is a continuation of funding for Infection Prevention Control measures, the Workforce Recruitment and Retention Fund and also funding to support local authorities to meet the increased needs of people as a consequence of outbreak management (including mental health and safeguarding/ domestic abuse needs).

## Consultation Questions

### **Question 1: Do you agree with the government’s proposed methodology for the distribution of Revenue Support Grant in 2022/23, including the rolling in of two New Burdens grants?**

We welcome the continuation of the Revenue Support Grant (RSG) in its current guise, the stability that retaining the distribution methodology brings and the increase in RSG in line with the Consumer Price Index for the forthcoming financial year.

<sup>11</sup> [CPI ANNUAL RATE 00: ALL ITEMS 2015=100, Office for National Statistics, Accessed 14<sup>th</sup> January 2022.](#)

<sup>12</sup> Calculation based on adult social care Gross Spending of £17.5 billion

We note the Government's stated intention to work closely with local government over the coming months to develop and update the data that informs the needs assessments that underpin the distribution formulae, prior to consulting on any potential changes.

**Question 2: Do you agree with the proposed package of council tax referendum principles for 2022/23?**

ADASS has consistently stated that funding must follow need. The ability to raise funds through council tax and the adult social care (ASC) precept increases do not align with the level of need for state-funded care and support services in local authority areas. Those local authorities with higher levels of deprivation and smaller council taxes bases cannot raise as much income via this route, as those local authorities considered to be in more prosperous areas and that have larger council tax bases. We note that for 2022/23 Government has committed to use £80m of the proposed Social Care Grant increase of £636m to equalise the impact of the disparity set out above.

Those local authorities that can raise significant levels of funding through council tax and the ASC precept have certainty that this funding will remain in their base budgets going forward. However, those councils with higher levels of deprivation and smaller council taxes bases have no guarantee that grant funding, such as the Social Care Grant, will continue beyond the end of March 2023. This means that these councils could face a cliff edge should this funding be withdrawn at the detriment to those with care and support needs.

The absence of a significant and sustainable uplift in funding for adult social care, through the Levy or via another route, to meet the ongoing and intensifying challenges set out above is a major concern. Although an imperfect way of providing funds for adult social care, we are left with little choice but to ask that Government considers providing local authorities with additional flexibility to increase resources through the adult social care precept over the period of the Spending Review (2022/23-2024/25). Such an approach would enable local authorities to undertake a more planned approach to such increases, whilst providing maximum transparency for local people. The distribution issues set out previously should of course be equalised through other grants provided to the sector to ensure that funding follows need.

**Question 3: Do you agree with the government's proposals for the Social Care Grant in 2022/23?**

In the absence of a significant increase in core funding for adult social care, the continued provision of the Social Care Grant and increase of £636m from 2021/22 is welcome. However, the allocation of this funding at a local authority level between adults and children's services will also mean unenviable and difficult decisions will have to be made by senior politicians and officers about how to best prioritise this short-term grant to meet what are intensifying need and cost pressures for both areas.

ADASS supports the distribution of resources based on need. The ongoing use of the Adult Social Care Relative Needs Formula (ASC RNF) is currently the best available means of achieving this.

**Question 4: Do you agree with the government's proposals for iBCF in 2022/23?**

Given the ongoing financial context facing the nation because of Covid-19, the proposal to

roll-forward the distribution of the Improved Better Care Fund is welcome. The proposed inflationary uplift on 2021/22 allocations in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI), worth £63m, is a welcome development given that such an increase wasn't applied as part of the 2021/22 iBCF.

**Question 5: Do you agree with the government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022/23?**

The principle of a 'fair cost of care' is enviable, but the reality is that another one-year funding settlement does not provide the stability or certainty required for investment. The £162m of funding made available through the Market Sustainability and Fair Cost of Care Fund is woefully inadequate to make a substantial step towards the Government's stated policy ambition to provide '*fair rates for care, to help deliver sustainable services and prepare local care markets for implementing the other reforms*'.<sup>13</sup> At most it will fund a 1% increase in fees for providers. However, the uplift in fees will be lower than this as DHSC has modelled for up to 25% of this fund to be used by local authorities for implementation costs for undertaking cost of care exercises, developing a provisional market sustainability plan and a spend plan by September 2022 in line with the grant conditions. The lead-in time to deliver on the grant conditions is also inadequate, especially given that local authorities are amid a '*national emergency for adult social care*'.<sup>14</sup>

The policy paper issued by DHSC in December 2021 *Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023* states that '*a significant number of local authorities are paying residential and domiciliary care providers less than it costs to deliver the care received*'. What the paper fails to reference is the numerous factors, in particular the austerity policy adopted by previous Governments, have led to local government having to take difficult decisions and put downward pressure on fees paid to providers to deliver a legally required balanced budgets. The continued provision of one year funding settlements and one-off, or time-limited, grants from Government did also not provide the stability or certainty to make any significant investment decisions.

The proposals for charging reform and 'Fair Cost of Care' are arguably counter to the government's levelling up agenda, benefiting most those people with the highest level of assets in terms of fees and charges, less those of modest wealth and limiting severely the overall quantum of funds for people without assets.

**Question 6: Do you agree with the government's proposals for a one-off 2022/23 Services Grant distributed using 2013/14 shares of the Settlement Funding Assessment?**

N/A

**Question 7: Do you agree with the government's proposals for New Homes Bonus in 2022/23?**

N/A

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<sup>13</sup> [People at the Heart of Care: Adult Social Care Reform White Paper, Department of Health and Social Care, December 2021](#)

<sup>14</sup> [A national emergency for social care, Association of Directors of Adult Social Services, 22<sup>nd</sup> December 2021](#)

**Question 8: Do you agree with the government's proposals for Rural Services Delivery Grant in 2022/23?**

N/A

**Question 9: Do you agree with the government's proposal for the Lower Tier Services Grant, with a new minimum funding floor in 2022/23 so that no authority sees an annual reduction in Core Spending Power?**

N/A

**Question 10: Do you have any comments on the impact of the proposals for the 2022/23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments.**

It's important to highlight that given our assessment of the provisional settlement set out above, including that the funding that has been attributed specially to adult social care will be insufficient to meet increasing levels of need and the financial pressures facing the sector. As such, the impact on disabled and older people, carers, people with learning disabilities and autism, rough sleepers, people with mental ill health and substance misusers, poorer and BAME communities and the largely female social care workforce will be impacted in a detrimental way.

### **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, Assistant Chief Officer- [michael.chard1@adass.org.uk](mailto:michael.chard1@adass.org.uk)