**Consultation: provisional local government finance settlement 2025 to 26**

**Representation by the Association of Directors of Adult Social Services (ADASS)**

**January 2025**

**Introduction**

1. Adult social care is a cornerstone of a decent society. 80% of us will have some kind of care need at some point in our lives.[[1]](#footnote-2) Whether we require support because of our mental health, because of physical or learning disabilities, because we are older with additional needs, or because we have taken on a caring role for others, social care will be important in ensuring that we can continue to live in places we call home, with people and things that matter to us, in communities that look out for each other. Adult social care provides essential safeguards against abuse or neglect and protects the rights of those of us who are at risk of being deprived of our liberty due to acute mental distress or mental incapacity.
2. Adult social care’s importance has not been reflected in the level of sustained political attention it has received, or in the resourcing it has secured. Adult social care is often brilliant. People who work in or draw on care and support are ambitious, innovative and keen to participate in change. For example, the ADASS-commissioned [*Time to Act: A Roadmap for Reforming Care and Support in England*](https://www.adass.org.uk/media/9687/adass-time-to-act-april-2023.pdf) sets out practical steps to achieve the transformation we need. Yet the reality of social care today is one of inadequate budgets, thinly stretched services and delayed reform.
3. The costs of delay are profound. They fall on people whose rights to a decent life are compromised and who may face severe financial hardship. They fall on our acute health services when people unable to access preventative support fall into crisis. They fall on communities that are deprived of human and economic capital. And they also fall on a dedicated social care workforce that strives tirelessly to deliver outstanding support with diminishing resources and with little recognition.
4. ADASS does not expect that a single year’s finance settlement will reverse years of neglect. We recognise that the forthcoming Spending Review will be key to rebalancing resources over the course of this Parliament, and we appreciate that government has chosen to shape longer term reform through a new social care commission, chaired by Dame Louise Casey. Nevertheless, significant and immediate investment is required to enable adult social care to simply standstill.
5. Our response to this provisional finance settlement looks at how far it meets the sector’s immediate needs by stabilising adult social care and investing in the workforce. A settlement that fails to do so risks further deterioration of care and support, making future reform more difficult and more costly.

**Context**

1. Need for adult social care is rising. There were 2 million new requests for adult social care support in 2023-24, 68% from people aged 65 and over. This is the equivalent to 5,715 requests for local authority support per day – [up 230 requests per day](https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2023-24) on 2022-23.
2. The number of new requests for support from working age adults aged 18–64 grew [by 18% between 2014–15 and 2022–23](https://ifs.org.uk/publications/adult-social-care-england-what-next), which is more than three times faster than the population growth of that age group. In 2023-24, 858,720 people were receiving long-term support, and 241,010 were receiving short-term care in order to maximise their independence. Over 300,000 unpaid carers accessed carer-specific support from their local authority, including information and advice.
3. CQC’s [The State of Health and Adult Social Care in 2024](https://www.cqc.org.uk/publications/major-report/state-care/2023-2024/access/asc), notes that the number of new requests that did not result in a service being provided has increased by 27% since 2017/18. While more appropriate signposting to universal services or community support will account for some of the change, analysis of access to long-term support by the King’s Fund shows that ‘[In 2015/16, 6.0% of people aged 65 and over were receiving long-term care but by 2022/23 this had fallen to 5.2%](https://www.kingsfund.org.uk/insight-and-analysis/long-reads/social-care-360-access#2.-service-delivery)’ [[2]](#footnote-3) In her initial reaction to the Provisional Local Government Settlement on 18th December, the [ADASS President Melanie Williams stated](https://www.adass.org.uk/local-government-provisional-finance-settlement-response/): ‘Limiting the number of people who can access adult social care creates a vicious cycle; too many people reach crisis point and end up in hospital unnecessarily’.
4. Individuals’ care needs are becoming more complex. This is due in part to demographic changes, but also to changes in health service practices – for example, earlier discharge from hospital may entail greater community support needs. In the [2024 ADASS Spring Survey](https://www.adass.org.uk/wp-content/uploads/2024/07/ADASS-Spring-Survey-2024-FINAL-1.pdf) 76% of Directors of Adult Social Services reported that the average size of care packages for people being discharged from hospital had increased in the last twelve months.
5. The costs of care are rising. Workforce costs are a key driver. (The National Living Wage increased by nearly 70% between 2016 and 2025.[[3]](#footnote-4)) In [2023-24](https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2023-24) the cost of a long-term care package for working age adults rose by 10.8% from the previous year. The cost of a long-term care package for older people rose by 14.1% over the same period.
6. Rising costs and need for social care have to be managed by local authorities that are in many cases struggling to remain financially viable. The Government has conceded that local government finance is broken, and has ‘committed to ‘[fixing the foundations’](https://www.gov.uk/government/consultations/local-authority-funding-reform-objectives-and-principles/local-authority-funding-reform-objectives-and-principles#reviewing-demands-on-local-government). For now, adult social care budgets are inevitably affected by chronic pressures on other local authority budgets. Research by the [LGA in October 2024](https://www.local.gov.uk/about/news/1-4-councils-likely-need-emergency-government-support-lga-survey) found that 44 per cent of local authorities with social care responsibilities are likely to apply for exceptional financial support in 2025/26 and/or 2026/27 without additional government funding. Local government net revenue expenditure on adult social care as a percentage of their total spending in 2023-24 ranged between 43.48% for London boroughs, to 53.34% for county local authorities.
7. In a sign that financial distress is affecting a widening group of local authorities, the [2024 ADASS Autumn Survey](https://www.adass.org.uk/wp-content/uploads/2024/10/ADASS-Autumn-Survey-2024-EMBARGO-0001-6-NOV.pdf) found that Directors in 35% of local authorities were being asked to make in-year savings. 29% had been asked for savings at this point in the year in 2023-24, and 19% in 2022-23. 81% of local authorities were on course to overspend their adult social care budgets in 2024-25, up from 72% in 2023-24.
8. In a sign that local authority financial distress is deepening, the 2024 Spring Survey had found that Directors had been required to plan savings totalling £903bn; the highest since 2016-17. Planned savings for the 2025-26 financial year are estimated to be even higher, increasing by 55% to £1.4bn.
9. Despite efforts to limit spending, the 2024 Autumn Survey revealed that adult social care budgets were on course to be overspent by £564mn, or an average of 3% of local authorities’ adult social care budget. Although this would be a small decrease on the previous year’s overspend, it would be a substantial increase on 2022/23, when it was £73.7mn.
10. By any set of measures, the financial context for the 2025-26 finance settlement period is acutely difficult and poses real risks to the sector’s ability to support people’s needs. The 2024 ADASS Spring Survey found that nine in ten Directors (90%) were either only partially confident, or not at all confident that their budgets would be sufficient to fully meet their statutory duties in 2024-25, which consequently will increase the likelihood that people with care and support needs will have unmet, under met or wrongly met needs.

**Question 2**

**Do you agree with the government’s proposals to consolidate grants into the local government finance settlement in 2025-26?**

1. ADASS has consistently argued that central government’s funding of local government’s social care functions is overly complex, adding costs without substantially improving transparency. We therefore support the consolidation of the Discharge Fund with the Improved Better Care Fund to create the Local Authority Better Care Grant. We note and regret, however, that neither element has benefited from an uplift in line with the Consumer Price Index – like that made to the Core Settlement, for example - meaning that the £2.6bn represents a reduction in real terms funding. We ask that Government applies inflationary uplifts to all adult social care grants, or risk a reduction in the level of activity that grant can deliver.
2. The new Local Authority Better Care Grant will provide for local authorities’ minimum contribution to the Better Care Fund. So, it is disappointing that, at the time of writing this response, the BCF Policy Framework for 2025 to 2026 has not been published. We hope that the heavy emphasis on the recovery of urgent and emergency care, and improved hospital discharge within the Provisional Local Government Finance Settlement’s summary of BCF’s aims is not repeated in the Policy Framework itself, allowing for greater investment in community and preventative services.

**Question 3: Do you agree with the proposed package of council tax referendum principles for 2025-26?**

1. The council tax referendum principles include provision for local authorities with social care responsibilities to set an additional adult social care precept of up to 2% per year without a referendum. This carries forward the policy of the previous government. Unsurprisingly, most local authorities have taken up this option. In stating that the measure will make around £650m available, government is assuming that virtually all will do so.
2. Funding from the precept has helped to prop-up adult social care budgets for a number of years. Long term change is needed. It is vital that Government commits to long-term changes in how adult social care is funded that ensure funding follows need. We urge Government to take this forward through the Ministry of Communities, Housing and Local Government’s welcome new work on [local authority funding reform](https://www.gov.uk/government/consultations/local-authority-funding-reform-objectives-and-principles/local-authority-funding-reform-objectives-and-principles), as well as also through the [Casey Commission on adult social care](https://www.gov.uk/government/news/new-reforms-and-independent-commission-to-transform-social-care).

**Question 5: Do you agree with the government’s proposals on funding for social care as part of the local government finance settlement in 2025-26?**

1. Like the Local Authority Better Care Grant, the Market Sustainability and Improvement Fund (£1.05bn) will not be uprated in line with the Consumer Price Index. This real-terms cut is extremely disappointing.
2. ADASS welcomes the additional £200mn that will be allocated to local authorities through the Social Care Grant, bringing the grant’s total value to £5.9bn in 2025-26. It should be noted, however, that the extent to which it will benefit adult social care will vary from place to place. The Social Care Grant is split between adults and children’s services. The proportion of the additional Social Care Grant allocated to adult social care varies greatly from local authority to local authority, from 100% of the grant to 0%. The 2024 ADASS Spring Survey found that the average split was 60:40 (adults: children).
3. We remain deeply concerned that the additional Social Care Grant funding, along with other measures, still fails to offset the additional costs to local authorities that they will face in the new financial year, including as a direct result of the Autumn Budget. It will not enable social care to move forward. It will not even allow it to stand still.
4. ADASS has calculated that [Directors of Adult Social Services will face a £2.501bn increase in their costs next year](https://www.adass.org.uk/local-government-provisional-finance-settlement-response/), made up of a £517mn (net) increase because of increased employer NICs; £1.235bn as a result of inflation and the National Living Wage increase; and £0.746bn because of demography.
5. The directly available funding for adult social care from government for 2025/26 as set out in the provisional finance settlement consists of up to £648mn raised by ASC precept and £582mn from Social Care Grant (assuming 60/40 distribution in favour of adult social care), bringing in a total of £1,176mn. The remaining shortfall is £1.325bn.
6. It is inevitable that unless the shortfall is closed, essential services and supports will have to be reduced. Less people will be able to access support, the support available will become less holistic and more people will experience distress, hardship and unnecessary deterioration in their conditions as a result.
7. For example, less support for unpaid carers is likely to mean that more carers will be forced to leave employment and more unpaid carer relationships will break down, with damaging and costly consequences. Longer-term investments in preventative support will be de-prioritised in order to meet acute need. Communities will lose long-valued sources of support and relationships of trust with the voluntary, faith and community sector will be soured. We already know that many providers are questioning their viability as a result of the NICs changes, in particular. We would therefore expect the provider market to become even more fragile, making some services simply undeliverable. ([Care Provider Alliance](https://www.homecareassociation.org.uk/resource/care-provider-alliance-call-to-address-the-devastating-impact-of-the-budget.html) research in November indicated that 73% of members would have to refuse new care packages, and 57% would have to hand back contracts.) Health services, including emergency care and mental health, will likely experience the knock-on effects of this deterioration, more than cancelling out any savings to the public purse and undermining governments’ attempts to drive meaningful NHS reform.
8. We note that the Government will follow previous practice in holding back a small proportion of grant funding as a contingency, clarifying its allocation at final settlement. ADASS believes that the Government should use it to address some or all of the £1.325bn shortfall in adult social care, or risk further exacerbating the financial pressures facing adult social care commissioners and providers at the detriment to people who draw on care and support, their carer and families.

**Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic?**

1. The negative impact of a failure to at least maintain social care funding on a stand-still basis will be felt most directly by people with disabilities who have support needs, and by older people. We also know that some ethnic communities (for example, Asian communities) are already [less likely to be accessing care and support](https://www.local.gov.uk/our-support/partners-care-and-health/place-based-tools-and-information-care-and-health/client-level/ethnicity). The long-term efforts of social care leaders to work with communities to understand disparities and correct them where necessary are likely to be hindered by another year of real-terms cuts to services.
2. Government’s continued failure to fund an inflationary uplift in the upper and lower capital thresholds, which have been frozen for well over a decade, constitutes a barrier to care for more people every year. Currently anyone who has £23,250 of savings has to pay the full cost of their care at home. While we have little information on the characteristics of those hitting those thresholds, their effect is to make support less inclusive. While correcting this anomaly, government should also fund inflationary uplifts to the Minimum Income Guarantee (MIG) and Personal Expenses Allowance (PEA).
3. The social care workforce is notably ethnically diverse, so the rewards and opportunities social care can offer are especially important to many people from disadvantaged communities in areas where employment options are limited. Directors of Adult Social Services and care providers are keen to improve prospects and stabilise the workforce. But this is likely to be impossible in the context of real terms funding reductions and increased employer NICs costs.

**Conclusion**

1. ADASS recognises the challenging outlook for government finances set out by the Office for Budget Responsibility. It also notes the Government’s commitment to growing our national prosperity through a healthier population. Funding for health and social care is an investment that ultimately rewards the public purse.
2. It is encouraging that the Budget indicates a [3% budget increase for NHS England in 2025-26](https://www.health.org.uk/reports-and-analysis/analysis/health-care-funding#:~:text=The%20Autumn%20Budget%20confirmed%20planned,bn%20compared%20with%202023%2F24.). However, the real terms cut in social care funding outlined in this provisional local government settlement suggest an unbalanced, and self-defeating approach. Government has strong ambitions for changes to our NHS, with a greater emphasis on prevention and care in communities closer to home. These depend crucially on social care being funded to play its role. Without sufficient funding, experience tells us that people’s health and quality of life deteriorate un-necessarily, and needs quickly become more acute and costly.
3. Louise Casey’s work is an opportunity to move social care forward. It would be a cause of great regret if that potential for progress is undermined at the outset by a settlement that erodes the foundations of reform.

**About Us**

The Association of Directors of Adults Social Services (ADASS) welcomes the opportunity to contribute representations to the provisional Local Government Finance Settlement

ADASS 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 Paul Buddery, Senior Officer, Policy, Association of Directors of Adult Social Services paul.buddery@adass.org.uk

1. [Commission on Funding Care and Support, Fairer Funding for All, 2011](https://webarchive.nationalarchives.gov.uk/ukgwa/20130221121534/http%3A/www.dilnotcommission.dh.gov.uk/our-report/) [↑](#footnote-ref-2)
2. The King’s Fund research shows the percentage of the working age population receiving support is largely unchanged over the period. For further analysis of requests for support, see [Nuffield Trust: Adult Social Care Services, Quality Watch](https://www.nuffieldtrust.org.uk/resource/adult-social-care-services). [↑](#footnote-ref-3)
3. For an overview see [Skills for Care, Pay in the Adult Social Care Sector, as of December 2023, March 2024](https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/Pay-in-ASC-sector-2024-Final.pdf) [↑](#footnote-ref-4)