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Local Government Association

Financial Issues facing Adult Social Care

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Scope of the presentation

1. Introductory comments
2. Use of resources in adult social care
3. Financial pressures facing adult social care
4. Possible opportunities

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Introductory comments

You have been taking evidence from many other people. I'm assuming that you are aware of the following:

Personal care is helping people get dressed, washed, going to the toilet, eating and providing psychological support.

Most older people will need support and care at some point. Most get this from family or friends or privately. Most people are cared for in their own homes and not care homes.

People must meet the eligibility criteria before they can receive services.

Adult social care is not free – nearly everyone pays something.

More is spent by councils on care for younger adults than older people. Much debate is just about older people.

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Your Use of resources in adult social care

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Some general points about the use of resources work

The use of resources tool was developed in 2018. We have results for the years 2017/18 onwards.

Our view is that this approach is superior to approaches suggested by some consultancies because it focuses on data which is more reliable.

Any comparison like this is about identifying areas for further investigation rather than coming to judgements about the authority.

Local authorities have been keen to use the information. Each region has had annual discussions. Almost 60 authorities (including you) have now had some feedback.

This analysis focuses on the position in 2019/20. This shows the position before Covid which has distorted things since then. It has also meant that the data for 2020/21 is unreliable.

Overall, you spent at the average for England. Overall spending reflects the numbers of older people (you have a lot) and deprivation (you are not deprived).

Age group comparisons are more useful because they automatically adjust for the number of older people and younger adults.

Overall spending in 2019/20 did increase by 10.5% - significantly higher than for England (4.2%)

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Spending on younger adults

Your spending per younger adult (£263) was significantly higher than the England average (£227).

Variation in spending on younger adults is probably due to variations in operational and commissioning practices.

Therefore, I am encouraging all councils to compare themselves with the 90th percentile (£173). You spent £90 more (52%). Do you know why?

Your spending on younger adults increased by 12% compared to 2018/19.

Your spending per person will reflect the numbers of people you support with long term care and how much you spend on each long term care package.

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Spending on younger adults

You support slightly more younger adults 0.93% compared to 0.86% nationally.

However, your spending on each long term care package is the relatively high (£28,356 compared with the England average £26,548). Do you know why?

High cost care packages could reflect one or more of the following:

People are supported in more expensive ways (e.g. care homes)

People are supported inefficiently (very small supported housing schemes; not using Assistive Technology to its full potential)

Significantly more use of 1:1 and 2:1 care hours

Local factors affecting the cost of care

Traditional approaches to supporting people which are risk averse and do not encourage people to live independently.

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Spending on older people

Your spending per older person (£541) was almost 33% lower than the England average (£802).

It is not surprising because high spending on each older person is normally linked to deprivation.

Your spending on older people increased by over 9% compared to 2018/19.

The proportion of older people getting long term care is relatively high at 5.20% - just below the national average (5.30%) which is surprising given your relative lack of deprivation.

The reason for the low overall spending on older adults is because you spent much less on each older person's long term care than the England average - £10,405 compared

with £15,134. This is one of the lowest in England. This is probably positive but do you understand why?

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Areas for further investigation

The obvious area for you to focus is your spending on younger adults where you are a high spender. However, you may want to understand why you support the number of older people with long term care that you do.

There should be scope to make savings over the medium term which will lead to better outcomes for those who need or might need care. However, some of those changes will take several years to introduce.

This will be in the context of increasing financial pressures on the adult social care budget due to demography and inflation let alone other changes.

You will need a three year plan for adult social care which reflects all these issues.

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Financial pressures facing adult social care

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Inflation facing adult social care providers in 2022/21

My advice is that this will be a minimum of 6% and potentially more.

The 6% figure is calculated as follows

National living wage increase 6.6% applies to 70% of costs

General inflation 2.5% applies to 30% of costs

These two = 5.37%

In addition, providers will need to be compensated for the cost of the Health and Social Care levy. Best estimate is that this will be another 0.5%

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Further worries about inflation which mean the increase will be at least 6%

General inflation is likely to be more than 2.5%

CPI inflation was 4.2% in October 2021. This partly reflects increasing energy costs.

If general inflation is 3.5%, this would increase inflationary pressures by 0.3%

More significantly, many providers are reporting they have to increase wages by more than 6.6% due to wage increases in other competing parts of the economy.

[key point] Workforce is one of the biggest issues facing adult social care and is likely to lead to significant cost pressures which may dwarf these costs.

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Demography

For most of the last ten years, there has been a consistent trend where demography is at least 3% of net spending on adult social care. This is more about younger adults than older people.

In the last 2 years, demographic pressures appear to be increasing – almost certainly reflecting more people with more complex needs in addition to more people needing care.

ADASS report that DASSs estimate that demographic pressures this year amount to £660m – 4.1% of the net adult social care budget. It would be imprudent to assume a lower figure next year.

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Pressures which are difficult to quantify

The long term impact of Covid on the need for long term care

Pressures on informal carers

Existing unmet need/under met need/wrongly met need

Mental Health Act

The impact of Liberty Protection Safeguards (LPS)

The impact of the Norfolk case on charging income

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Known pressures which cannot be quantified yet

The Government has announced a major programme of adult social care reform. It is unclear currently how much this will cost, when those costs will occur, and whether local government will be funded adequately.

Key elements:

Paying for Care

Fair Rate for Care

New assurance arrangements

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Overall funding for local government

The Spending Review announced an extra £1.6 billion for local government next year. In addition, local government can make use of additional council tax income estimated at up to £1.4 billion next year.

Local government faces other financial pressures beyond adult social care: children's social care but also other services.

No more money has been promised for 2023/24 and 2024/25 other than through council tax increases. Financial pressures on adult social care in those years will be at least £1 billion extra in each year and there will be pressures on other services.

Local Government Finance Settlement is expected week commencing 13th December.

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OPPORTUNITIES

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Opportunities for focus

Ensure that your information and advice is accessible and easily understood so that people can access support within the community.

Expanding reablement so that this is the default option for everyone presenting with a care need.

Use Assistive Technology to reduce the input required from carers.

Develop a much more radical approach to housing to limit the numbers who need care and to reduce the input when they do need care.

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Making best use of these opportunities

All of them will require the investment of money and time. How can this be done?

Need for a corporate approach (both members and officers).

Not just an issue for DASSs and CFOs.

Will need input from housing, planners, IT experts.

Is there scope to use the additional resources going into the NHS? Tackling the backlog will only be successful if adult social care is working to its full potential.