directors of
adass
adult social services

ADASS BUDGET SURVEY

2018

ADASS: WHO WE ARE

PRESIDENT

Glen Garrod
Lincolnshire County Council

VICE PRESIDENT

Julie Ogley
Central Bedfordshire Council

HONORARY SECRETARY

Richard Webb
North Yorkshire County Council

HONORARY TREASURER

David Pearson
Nottinghamshire County Council

POLICY LEAD

Grainne Siggins
London Borough of Newham

IMMEDIATE PAST PRESIDENT

Margaret Willcox
Gloucestershire County Council

REGIONAL LEAD

James Bullion
Norfolk County Council

The Association of Directors of Adults 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.

FOREWORD

The annual ADASS Budget Survey is the authoritative analysis of the state of adult social care finances in England. The data and analysis are drawn from the experiences of current leaders in adult social care. It provides contemporary, in-depth intelligence on how adult social care is responding to the multiple challenges of meeting increased expectations and need, whilst managing resources in an environment where Local Government funding is reducing, the provider and labour markets are fragile and the impact is affecting, and affected by, what is happening in the NHS.

The crisis facing adult social care has been recognised by all political parties and the Prime Minister has committed to addressing this in the longer term. In response, the Government has provided extra resources to adult social care through the Improved Better Care Fund, the adult social care precept and two one-off adult social care grants. In total, these amount to an extra £2.3 billion in 2017/18, £1.0 billion in 2018/19 and £0.35 billion in 2019/20. These much needed resources enabled many councils to avoid what would have been a tipping point in the provision of social care, enabled them to significantly reduce the numbers of people being delayed in hospital and, nationally, to balance budgets and avoid adult social care being the source of further reductions in council reserves. Investing in social care brings positive results.

As the scale of continuing cuts demonstrate, however, together with the fragile state of the care market, there is not yet a sustainable, long-term solution to the funding of adult social care, and this report provides valuable evidence of the need for this to be put in place as soon as possible. There is a particular issue about the next financial year when the increase in the resources is much smaller than in either of the previous two years. There is a real danger that some councils could be unable to meet statutory duties before any solution from the Government's reviews can be put in place.

The results of this survey explore directors of adult social services' views of how councils are making incredibly difficult decisions in relation to the growing numbers of people requiring care and support with increasingly complex needs and with higher costs, where funding simply isn't keeping pace. Reduction in delayed transfers of care has been a priority, and the fact that adult social care has accomplished such reductions in the last year, following the injection of short-term funding, demonstrates that investing in adult social care gets results.

The survey data clearly sets out the concerns of councils in making increasingly difficult choices and their attempts to minimise the impact on people made vulnerable by their circumstances, with care and support needs, and their carers. The survey highlights how social care funding directly affects the lives and life chances of people needing care and support and their families, the workforce, care providers and the NHS. It is therefore of great value to, and widely used by, others in the field of public policy in general and adult social care in particular.

At a moment in history when the voice of social care needs to be as strong as it possibly can I am delighted that the survey has been completed by 100% of councils (152 councils) and I am extremely grateful to all of my fellow directors of Adult Social Services in England for their support and contribution to this important work. My thanks also are extended to the ADASS Resources Leads, Jane Harris from Cordis Bright and the ADASS Staff Team for coordinating and producing this report.

I hope this material will prove helpful in delivering a better understanding of adult social care, its current operating environment and, secure much needed recognition and investment from our national decision-makers.

Glen Garrod

Glen Garrod
President

Contents

KEY MESSAGES

Despite short-term injections of funding which avoided an even worse situation (and made a significant impact on Delayed Transfers of Care) many of the warnings that resulted from previous ADASS budget surveys are being realised in the form of:

- Fewer older and disabled people with more complex care and support needs getting less long-term care. This amounts to a redefinition of the relationship between the state and the citizen, with an increasing move towards a highly targeted 'offer' in adult social care.
- 75% of directors reported that reducing the number of people in receipt of care is important or very important for them to achieve necessary savings. This approach risks falling the wrong side of a fine line: if a reduction of those in receipt of care is an outcome of a strategy to develop asset-based, preventive approaches, this is a positive aspiration, but if it is about gatekeeping resources then it risks people in need being left without services, which would be unlawful and financially risky.
- Market failure in some parts of the country and fragility elsewhere, with real challenges in recruiting and retaining staff at the levels required. Unsurprisingly, being able to increase salaries for care workers is ranked as the most important factor in recruitment and retention; as councils are aware, there is only so much that can be achieved by other initiatives when the social care workforce is amongst the lowest paid in the economy and unemployment rates are low.
- Pressure on and from the NHS, particularly in relation to increased attendances at, and admissions, to acute hospitals and resultant increases of people being discharged.

In order for social care to be sustainable:

Short-term funding needs to continue until whatever is in the promised Green Paper can be implemented.

The survey reflects the impact of additional funding for adult social care, which raised £1.5bn from the Improved Better Care Fund and £1.7bn from the social care precept[1], to counter-balance savings of £700m in 2018/19, the adult social care element of overall council savings. The additional funding has undoubtedly avoided a far worse situation although the short-term funding provided has not given confidence in the ability to meet future legislative requirements – particularly with estimates of 1.2m people aged 65 and over with unmet needs.[2] The uncertainty over the future of the Improved Better Care Fund after 2019/20 makes it difficult for councils to commit funding to longer-term solutions needed to prevent people from needing care in the future.

Adequate funding is required to meet an increasing number of people's needs in effective ways.

Councils are spending an increasing proportion of their total budgets on social care: 34% in 2010/11 rising to almost 38% in 2018/19. Key drivers of rising pressures are demography and increased and more complex needs of more older and disabled people. The area of greatest concern to councils is the increasing cost of care packages for growing numbers of people, both older and younger adults with complex needs, and their families. Whilst more directors expect fewer people to be in receipt of state-funded care in the next two years, demographic changes are expected to cost an additional £448m (3% of budget) in 2018/19.

---

[1] Core spending power: final local government finance settlement 2018 to 2019, Supporting Information, February 2018
https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2018-to-2019

[2] Briefing: Health and Care of Older People in England 2017, Age UK, February 2017
https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/care--support/the_health_and_care_of_older_people_in_england_2017.pdf

Councils will need to be able to fund a vibrant care market that gives people choice and control over their lives.

The market is becoming increasingly fragile and failing in some parts of the country. Waiting for care at home is the main reason for adult social care delayed transfers of care from hospitals. 48 directors say they have seen home care providers closing or ceasing to trade in the last six months (impacting on 3,290 people) and 44 directors had contracts handed back by home care providers (impacting on 2,679 people) in the same period. Despite raising fees to providers, fees do not match what providers say they need to be sustainable. Directors' biggest concern about the impact of savings made or planned is the prospect of providers facing financial difficulty (expected in 2018/19 by three quarters of directors) and quality challenges (expected in 2018/19 by two thirds of directors). 78% of directors are concerned about their ability to meet the statutory duty to ensure market sustainability within existing budgets.

Councils, individuals employing personal assistants and providers must be able to recruit and retain a caring, skilled and valued workforce.

83% of directors believe the National Living Wage will be the biggest driver of increases in unit costs for residential, nursing and home care. It will cost councils in the region of a total of £585m. Overwhelmingly, respondents to the survey believe that increasing salaries is the change most needed to ensure the sufficiency of care workers in their local area.

Social and health care must be delivered in the right place and at the right time.

Insufficient social care, together with reductions in primary and community health services mean that for more people hospital may be the only option. Alongside the £7bn reduction in adult social care funding since 2010, resulting in less spending on prevention, there has been little meaningful investment in primary and community health care and prevention of ill health, with fewer GPs, a 45% reduction in district nurses since 2010[3] and a 10% reduction in the Government grant for public health since 2015/16. Significant increases in hospital attendances and admissions over the last winter, leading to increased demand for social care on discharge have been experienced by 95% of councils as a pressure. This makes the 36% reduction in adult social care Delayed Transfers of Care over the past 12 months remarkable. 67% of directors report that these pressures have been further exacerbated by insufficient capacity in primary care, community health care (including incontinence support) or mental health services.

Aspirations to invest in asset-based approaches and prevention must be able to be realised.

As in the previous two years, moving towards prevention and early intervention is one of the most important savings areas identified in 2018/19, enabling a reduction in demand for long-term health and social care. Asset-based approaches, which build on people's strengths and the resources in their families and communities, are also now deemed to be important in delivering savings. As budgets reduce, however, it becomes harder for councils to manage the tension between prioritising statutory duties towards those with the greatest needs and investing in services that will prevent and reduce future needs, whilst treading the fine line to ensure they promote independence rather than abandoning people.

The Green Paper needs to find a long-term, sustainable solution for funding adult social care.

Only nine of the 150 directors who responded felt optimistic about the financial state of the wider health and social care economy in their area over the next 12 months. 86 directors (58%) said they felt fairly pessimistic, with a further 19 (13%) who felt very pessimistic. This perhaps reflects the fact that short-term funding is not a long-term solution to the significant cost pressures facing adult social care. Overall, directors are not optimistic about their ability to manage within expected resources in the future, with just 28% of respondents fully confident that planned savings for 2018/19 will be met. It is imperative, therefore, that a long-term funding solution is found urgently for adult social care, together with the realisation of a 20-year forward view for health and social care.

---

[3] The UK nursing labour market review 2017 (Royal College of Nursing). https://www.rcn.org.uk/professional-development/publications/pub-006625

1. CONTEXT

The Budget Survey of 2017 set out the context and councils' plans for the financial year 2017/18. Cost pressures relating to the increased numbers of older and disabled people needing care and support equated to £400m in 2017/18, of which only 81% had funding identified by councils (£323m). In addition, the National Living Wage, affecting both direct council costs and increased provider fees, added an estimated cost of £333m.

The 2017 report noted that these pressures followed in the wake of six years of funding reductions totalling £5.5bn, tracked by previous Budget Surveys. In 2017/18 councils planned to make further savings from their adult social care budgets, as a result of overall council funding reductions, totalling £824m, bringing cumulative savings since 2010 to £6.3bn. The further savings identified in this report amount to £700m. Since 2010 adult social care savings have increased steadily each year so that by now they cumulatively amount to £7.0bn, before more recent short-term funding injections.

In terms of pressure on adult social care spending, 2017/18 saw:

- A continued increase in need for social care
- Increasing numbers of people with complex – and therefore more costly – care needs
- A continued increase in costs including those relating to the National Living Wage (estimated at £466m, up from last year's estimate of £333m)
- Continued pressures from and support needed for the NHS, including increased numbers of people requiring discharge from hospital, pressures on continuing health care, fines for delayed transfers of care and increasingly sick people in the community.

However, there were also welcome announcements in the year of new funding for adult social care. The Spring Budget of 2017 included an additional £2bn for the period 2017/18 – 2019/20 as part of the Improved Better Care Fund (IBCF), with £1bn available in 2017/18, although this reduces in 2018/19 to £674m and in 2019/20 to £337m, with the requirement that the money is pooled into the Better Care Fund (BCF). Grant conditions required that it is spent on Adult Social Care in one or more of the following: meeting adult social care needs, reducing pressures on the NHS – including supporting more people to be discharged from hospital when they are ready – and stabilising the social care provider market. Whilst the additional short-term funding was very welcome, it did not solve all future funding requirements. This is borne out in the findings of this 2018 survey.

As mentioned in last year's survey report, the BCF planning guidance was published after the 2017 Budget Survey was complete, which made responding to questions relating to the Better Care Fund more difficult last year and therefore the conclusions in that section of the report are much more tenuous than last year. By the time of this Budget Survey, councils were more familiar with the BCF and the IBCF and how they interfaced, although the relentless focus on delayed transfers of care (DToC) targets at the expense of preventing admissions has proved quite difficult in some areas of the country. Adult Social Care has, however, succeeded in achieving positive improvements in delayed transfers of care.

In the last year, the Department of Health and Social Care have published their response to most of the Law Commission's proposals to replace the Deprivation of Liberty Safeguards

(DoLS) with the Liberty Protection Safeguards (LPS). Some of the recommendations are still being considered as part of the Mental Health Act review, and no legislative changes have yet been progressed. This means that the pressures associated with the costs of the current system continue, with a significant increase anticipated in 2018/19 causing an enduring concern for councils.

As predicted in our 2017 Budget Survey, it is clear that without the introduction of the Adult Social Care Precept and the additional Spring Budget funding, some 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. Additional funding has temporarily relieved, rather than resolved, the long-term funding requirement for Adult Social Care, and this is borne out by this report.

Meanwhile, with the IBCF reducing this year and even further in 2019/20, and the next Comprehensive Spending Review unlikely to take effect until 2020/21, concerns about funding for 2019/20 remain very real. At the same time, 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.

At the time of writing this report, there has been much focus on the future of Adult Social Care and the need for a long-term funding solution. The publication of the Adult Social Care Green Paper is awaited, and ADASS members have actively contributed wherever possible to Government work on this, together with the associated parallel Working Age Adults workstream. The increased financial pressures associated with working age adults, reflected in this survey report, have led ADASS to call for the Government to include all adults in the Green Paper rather than having two separate initiatives, and it is to be hoped that this much hailed Green Paper will provide the first steps towards a long-term vision and the prioritising of Adult Social Care for the good of people who need care and support.

2. METHODOLOGY

The ADASS Budget Survey is an annual survey conducted by the Association of Directors of Adult Social Services (ADASS), and is sent to every Director of Adult Social Services (directors) in 152 English local authorities. These directors are full members of ADASS.

There are 155 local authorities in England with adult social care responsibility, although due to their particular circumstances of jurisdiction, the following local authorities were excluded from the survey: Guernsey, Jersey and Isle of Man. The number of authorities asked to respond is therefore 152, which is consistent with the approach taken in previous years.

For this survey, there were 152 completed returns, a 100% response rate. Not all questions have been completed by all respondents, but the report makes clear where samples have been used to make national projections.

The survey is issued around the same period each year and for 2018, the survey was conducted in March and April. Directors completed their responses via an online link.

Where possible, the survey questions have remained consistent over the last eight years to provide a longitudinal narrative, specifically tracking budgets, levels of savings, demographic pressures and where savings have been made. Additional questions have been included over this period to strengthen the understanding of the financial position of adult social care and a number of specific topical questions are asked in each survey to reflect particular issues at that time.

The analysis is reviewed internally by the ADASS Resources Leads.

The survey report is anonymised and aggregated to a national level. No individual council data is shared with third parties and the details of the report remain the property of ADASS.

3. FINDINGS

3.1 WHOLE COUNCIL BUDGETS AND SAVINGS

Directors were asked to report on the overall council budget and planned savings for 2018/19. 150 respondents were able to give budget and savings figures for 2018/19, with fewer being able to specify savings for future years. Total council budgets and planned savings are:

- Expected council total net budget 2018/19 (excluding schools): **£39.2bn** (2017/18 £38.5bn).
- Council savings (total for 150 councils):
    - 2018/19: £2.4bn
    - 2019/20: £2.0bn

Since 2016/17 councils have been able to offset some of the reduction in core funding from national government (estimated by the Local Government Association at £16bn between 2010 and 2020[4]) by applying an Adult Social Care Precept. All except five councils elected to raise money through the Adult Social Care Precept in 2017/18, and 6 councils reported that they will not raise the Social Care Precept for 2018/19. In line with the requirement that the Adult Social Care precept should not exceed 6% over three years, almost half of councils are unable to increase this again in 2019/20. Figure 1 gives details of respondents' intentions.

Figure 1: Councils raising the Adult Social Care Precept for 2017/18, 2018/19 and 2019/20

Response		2017/18 (148 respondents)	2018/19 (146 respondents)	2019/20 (146 Respondents)
No		3%	4%	42%
Yes	At the full 3% value	68%	50%	2%
	At 2% value	27%	39%	17%
	By other amount	2 respondents – by 1% and 2.94%	3% by the 1% value and 4% by other amount	21% at 1% increase. Remainder (15%) 'Don't Know' at this stage

The estimated national total for the expected level of receipt for each 1% of precept that councils will or could raise in 2018/19 according to our survey is £148m.

Our survey results reveal that 7% councils elected to freeze base Council Tax for 2018/19 (aside from the precept), while 27% chose to raise it by an amount lower than the 2.99% referendum trigger.

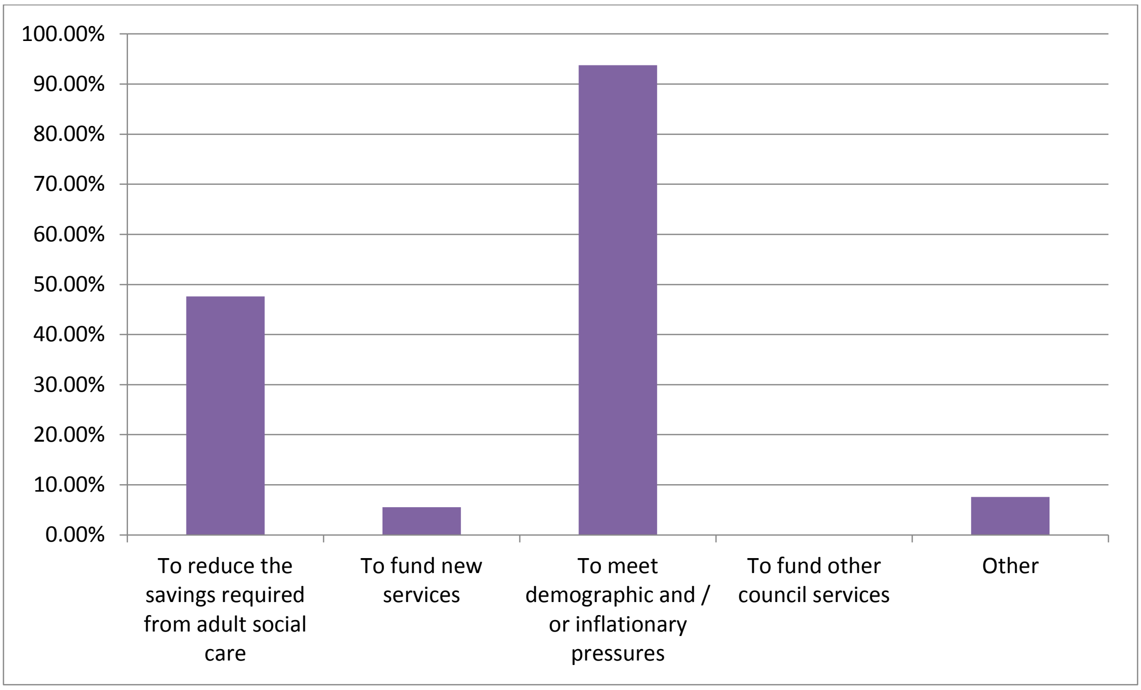
Figure 2: Councils raising base council tax in 2018/19 (aside from the social care precept) (146 responses)

Response		Percentage
No		7%
Yes	By other amount (average 2.2%)	27%
	By the referendum cap of 2.99%	67%

[4] Local Government Association (October 2017), *Adult Social Care Funding: State of the Nation 2017*

91% of councils plan to use the additional precept funding at least in part to meet demographic and/or inflationary pressures, with just under half planning to spend the extra money raised on reducing the savings required from adult social care (see Figure 3).

Figure 3: Use of adult social care precept by those councils that have raised it (145 responses)



3.2 ADULT SOCIAL CARE BUDGETS

Overview

Directors were asked to specify their council's budget for adult social care (see Figure 4 below). For the eighth year in succession the proportion of councils' total budgets to be spent on adult social care has increased: in 2018/19 planned spend on adult social care equates to almost around 38p in every pound spent by councils. In 2018/19 gross budgets have increased by £0.5bn and net budgets by £0.3bn. In 2010/11 the proportion of council spending allocated to adult social care was 34%.

Figure 4: Adult Social Care (ASC) Gross and Net Budgets 2017/18 and 2018/19

	2017/18	2018/19
ASC gross budget	£20.8bn	£21.4bn
ASC net budget	£14.5bn	£14.8bn
ASC 2017/18 outturn	£14.5bn	
Out-turn	***No aggregate over or under spend***	
ASC net budget as % of whole council net budget	36.9%	***37.8%***

Explanatory note: *Gross budget includes any BCF money to be spent on social care, any product of the council tax precept, any specific grants and any Supporting People spend. Net budget is defined as gross budget less specific grants, less charges and less any other income.*

As Figure 4 also shows, in 2017/18 aggregate actual spend on adult social care was £14.5bn, against a budget of £14.5bn. This compares to an aggregate overspend for the year 2016/17 of £366 million, which suggests that the extra funding, along with good financial management by local government, has helped to address some of the financial pressures on adult social care.

However, the aggregate outturn figure masks the fact that just over half of councils (76) overspent against their budgets in 2017/18. Of these, around half will finance the overspend from council reserves, with plans to spend £58m from this source (see Figure 5 below). A further 31 councils plan to fund overspends on adult social care by making savings in other council departments. Although the introduction of the Improved Better Care Fund in 2017/18 has meant that fewer councils are financing overspends on adult social by drawing on reserves or underspending by other departments, a significant number are still doing so. This leaves a diminishing resource to manage the expected risks facing adult social care in the future.

Figure 5: How the overspends in 2016/17 and 2017/18 were financed (percentage of the 100 councils reporting an overspend in 2016/17 and 76 councils in 2017/18)

Response (respondents were able to select more than one)	2016/17	2017/18
By requiring adult social care to pay back by making extra savings in 2018/19	1%	1%
From council reserves (which do not have to be paid back)	67%	50%
From underspending in 2017/18 by other council departments (which do not have to be paid back)	66%	41%
By using a proportion of the Improved Better Care Fund	-	27%
Other one-off source of funding	9%	8%

Pressures associated with ASC budgets

Directors were asked which groups they were most concerned about in terms of financial pressures on adult social care budgets related to increasing need, complexity and demand. As Figure 6 shows, the biggest group, 84 directors (56%) were concerned about the pressures from older people and younger adults care budgets equally. 48 directors (32%) were most concerned about the financial pressures relating to services for working age adults. Only 18 (12%) were most concerned about the financial pressures relating to services for older people. Interestingly, the proportion most concerned about working age adults has almost doubled since last year. This reinforces the importance of incorporating all adults in the Green Paper and if not, ensuring clear alignment.

Figure 6: Greatest concerns relating to financial pressures on council's budget (150 responses)

Response	Percentage
Older people	12%
Working age adults	32%
Both, equally	56%

When asked what the issue of biggest concern was about future financial pressures, respondents ranked “unit price for care packages to support people with increasing complexity of care needs” as their top concern. This mirrors national activity data that shows a slower increase in the numbers of care packages (through use of alternatives) with an increasing average cost in those care packages. The concerns in ranking order were:

1. Unit price for care packages to support people with increasing complexity of care needs
2. Demographic pressures
3. Unit price of care relating to staffing costs (NLW)
4. Reducing capacity in the market driving up costs
5. Unit price of care relating to prospective staffing costs (sleep ins)
6. Potential impact of retrospective staffing costs relating to sleep ins
7. Unit price of care increasing for other reasons

3.3 ADULT SOCIAL CARE SAVINGS

Planned savings and confidence to deliver

Adult social care planned savings are £700m, equating to 4.7% of net adult social care budgets. In 2017/18 this reported requirement was £824m (5% of budget). As noted in previous years’ budget survey reports, this confirms that councils are making efforts to protect adult social care as far as possible and are doing this at the expense of other council services, with the exception of children’s services.

The proportion of respondents who plan to make savings through efficiencies (27%) has fallen considerably from last year (55%), as has the proportion planning to make savings from service reductions. This shift is consistent with the Care Act wellbeing principles and the aspiration to defer the need for formal care. Councils now appear to be focusing on positive actions to improve and maintain wellbeing, where previously the majority were seeking to make savings which involved either doing more for less or reducing services. In 2018/19 33% of planned savings are expected to come from developing asset-based and self-help approaches to manage demand for care (see Figure 7).

Figure 7: Breakdown of planned savings for 2018/19

Response ***(number of respondents who provided a figure over 0)***	**Total**	**Proportion of total savings**
Developing asset-based and self-help approaches so as to reduce the numbers of people receiving long-term care (89 responses)	£228m	33%
Efficiency - doing more for less *(118 responses)*	£188m	27%
Reducing services/personal budgets *(58 responses)*	£83m	12%
Income from charges increased above inflation *(33 responses)*	£27m	4%
Provider fees increased by less than inflation *(14 responses)*	£7m	1%
Pay increased by less than inflation *(1 response)*	£0.2m	-
Other *(68 responses)*	£166m	23%

In cash terms, where a breakdown was specified, 43% of directors said that the identified reductions to services will directly affect older people and 31% said this for services for working age adults. 68 councils were able to provide a breakdown.

Figure 8: Breakdown of areas targeted for service reductions 2018/19

Response *(68 respondents gave a breakdown)*	**Percentage**
Services for older people	43%
Services for working age adults	31%
Service for carers	1%
Other/unknown	25%

In the light of significant overspends in the years 2015/16 and 2016/17, directors were again asked if they thought they would be able to make the savings asked of them. In 2018/19, only 41 directors (28%) are fully confident that planned savings will be fully met in the year, with 95 directors (65%) being partially confident. These figures are consistent with last year, when the eventual outcome was that 50% of councils overspent their budgets. Despite the additional three-year IBCF grant funding which has been made available for adult social care, in 2019/20 only 9 directors (6%) are fully confident of meeting planned savings, with 91 (62%) being partially confident. In 2020/21 only one director is fully confident, with 45 directors (31%) partially confident.

Figure 9: Confidence in ability to make savings

Response	**2018/19**	**2019/20**	***2019/20***
Fully confident	28%	6%	1%
Partial confidence	65%	62%	31%
No confidence	6%	10%	11%
Not yet known	1%	22%	57%

Confidence in ability to meet statutory duties

Respondents were asked about levels of confidence in being able to meet specific statutory duties over the next four years. 148 directors answered this question. In 2018/19, 50 directors (34%) are fully confident that budgets would be sufficient to meet all of these statutory duties in the year, with 87 directors (59%) being partially confident. For later years the number of responses is smaller (not shown in the table), with only ten directors in 2019/20 fully confident and 98 partially confident. In 2020/21 no directors are fully confident, with 58 directors partially confident, and in 2021/22 no directors are fully confident with 50 partially confident. 2019/20 is the final year of the three-year IBCF grant, with uncertainty of provision after that.

Councils were also asked which statutory duties they felt least confident about being able to meet. 141 directors answered this question. As was the case last year, ensuring market sustainability was the area of most concern, followed by prevention and wellbeing (see Figure 10).

Figure 10: Number of respondents who feel less than confident that budgets will meet specific statutory duties (Respondents could choose more than one response)

Specific statutory duties	**Number of councils 2017/18 (137 responses)**	**Number of councils 2018/19 (141 responses)**
Market Sustainability (including National Living Wage)	105	110
Prevention and Wellbeing	59	82
DoLS/LPS	75	77
Personal Budgets/services sufficient to meet eligible needs	33	40
Information and advice	27	31
Assessment (carers and people using services)	26	22
Safeguarding	9	13
Other	11	7

Areas where savings are planned

Directors were asked how they would make savings in 2018/19 and in the following two years. Responses are shown in Figure 11.

Developing asset-based and self-help approaches to reduce the numbers of people needing to receive long-term care is very important for 82% of directors. This option was not included last year, when moving towards prevention and early intervention was the most important priority area. Assistive and communications technology and working with housing to develop more effective housing solutions were also seen by around half of directors as very important in the drive to make savings. 75% of directors said that reducing the number of people in receipt of care is important or very important for them, while 40% reported that they planned to reduce the level of personal budgets. This approach risks falling the wrong side of a fine line: if a reduction in numbers of people in receipt of care is an outcome of a strategy of developing asset-based and preventive approaches then this is a positive aspiration, whilst if it is about gatekeeping resources then there is a risk that people in need will be left without services which would be unlawful and financially risky. These findings also raise the possibility that reducing personal budgets will make it necessary for more people to find ways to secure third party top-ups, shifting the funding responsibility away from councils.

It is notable that the approaches which are most important to councils are those which are longer term in nature and which will change fundamentally the ways in which people experience care and support. This data is perhaps also an indication that reducing costs or finding cheaper ways to do the same things are no longer a viable option for making savings, partly because the scope to do this has now been exhausted and partly because external constraints, such as the National Living Wage and the fragility of the care market, limit councils' ability to do so.

Figure 11: Priority areas of savings 2018/19 (table) – 147 responses

Responses *(number of responses)*	Not applicable	Not important	Quite important	Very important
Better procurement	4%	7%	48%	41%
Controlling wage increases	19%	22%	50%	9%
Expanding independent sector provision	10%	19%	40%	31%
Reverting to in-house provision	29%	43%	18%	10%
Shifting activity to cheaper settings	7%	10%	45%	38%
Reducing level of personal budgets	28%	31%	26%	14%
Developing asset-based and self-help approaches so as to reduce the numbers of people receiving long-term care	0%	1%	17%	82%
Reducing the number of people in receipt of care	11%	13%	42%	33%
Increased prevention / early intervention	1%	3%	27%	69%
Increased user charges	18%	36%	35%	10%
Integration of health and social care	4%	15%	40%	41%
Assistive and communications technology	1%	5%	45%	49%
Working with housing to develop more effective housing solutions	5%	4%	37%	54%

Impact of financial savings

Councils were asked to specify the extent to which they agreed with a range of statements about the impact savings made or to be made, for each the three periods: experience to date, anticipated for 2018/19 and anticipated for 2019/20. The statements were as follows:

- there are no or minimal impacts
- fewer people can access adult social care services
- people are getting smaller personal budgets
- quality of life for people using care is worse
- quality of life for carers is worse
- the NHS is under increased pressure
- quality of care is lower
- planned savings will be met
- providers are facing financial difficulty
- there are more legal challenges
- more providers face quality challenges

Results are shown as charts in Figure 12 to Figure 14Figure 1. 65% of respondents disagree that there have been no or minimal impacts so far, and by 2019/20 83% think there will have been an impact. However, the results suggest that directors are confident that they have been and will continue to be able to maintain the quality of services. The majority of respondents (72%) have not seen a reduction in the quality of care, and the same proportion expect this to be the case in 2018/19. However, by 2019/20 the proportion disagreeing that the quality of care will be lower reduces to 55%, with 27% saying they don't know.

Areas of most concern are the impact of savings on partner organisations, with 69% agreeing that providers have already faced quality challenges, 74% saying that providers have experienced financial difficulty and 74% also saying that the NHS is under increased pressure. 39% of directors say that fewer people can access social care, with these figures rising to 46% in 2018/19 and 47% in 2019/20. Experience to date has been that people are getting smaller personal budgets in 27% of councils, with 42% expecting this to be the case in the next year.

Figure 12: Impact of savings to date

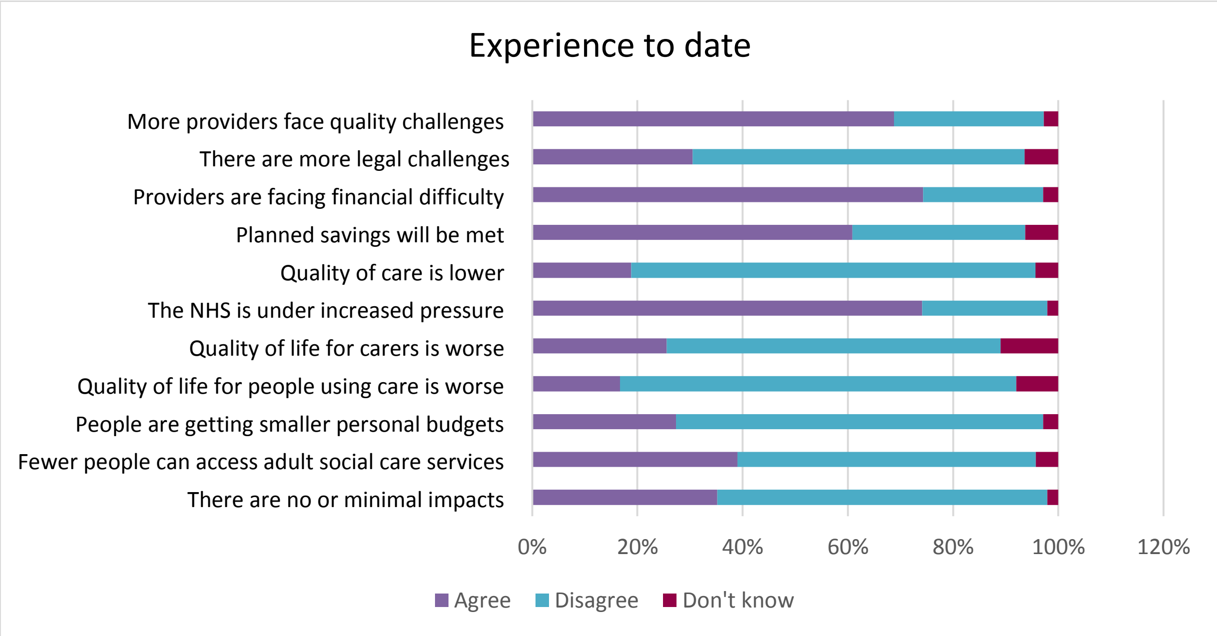


Figure 13: Impact of anticipated savings in 2018/19

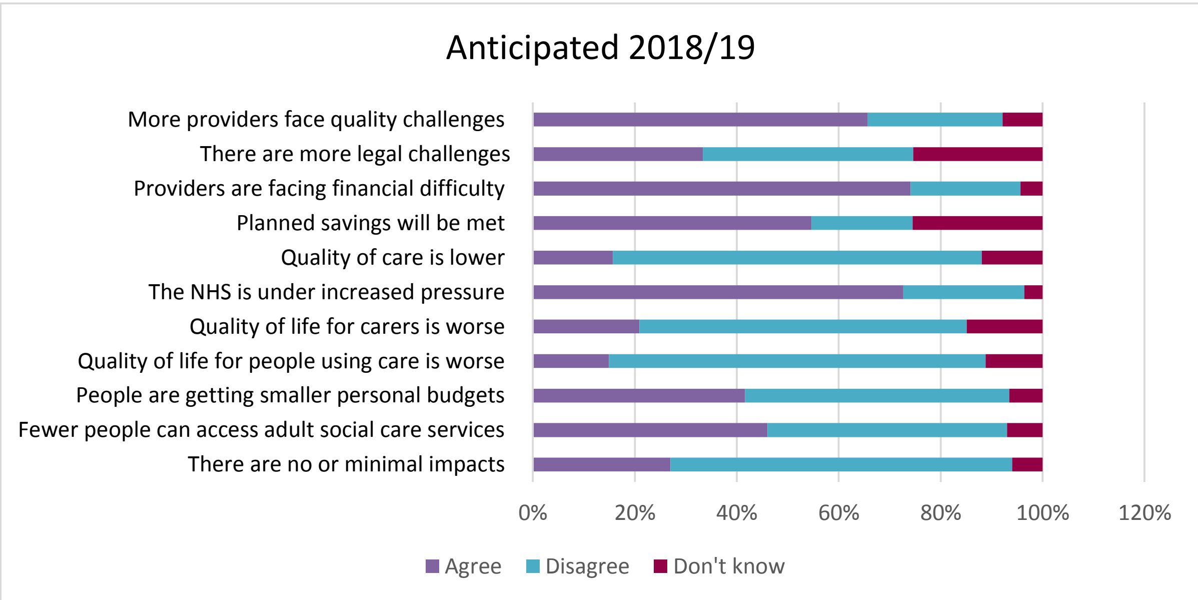
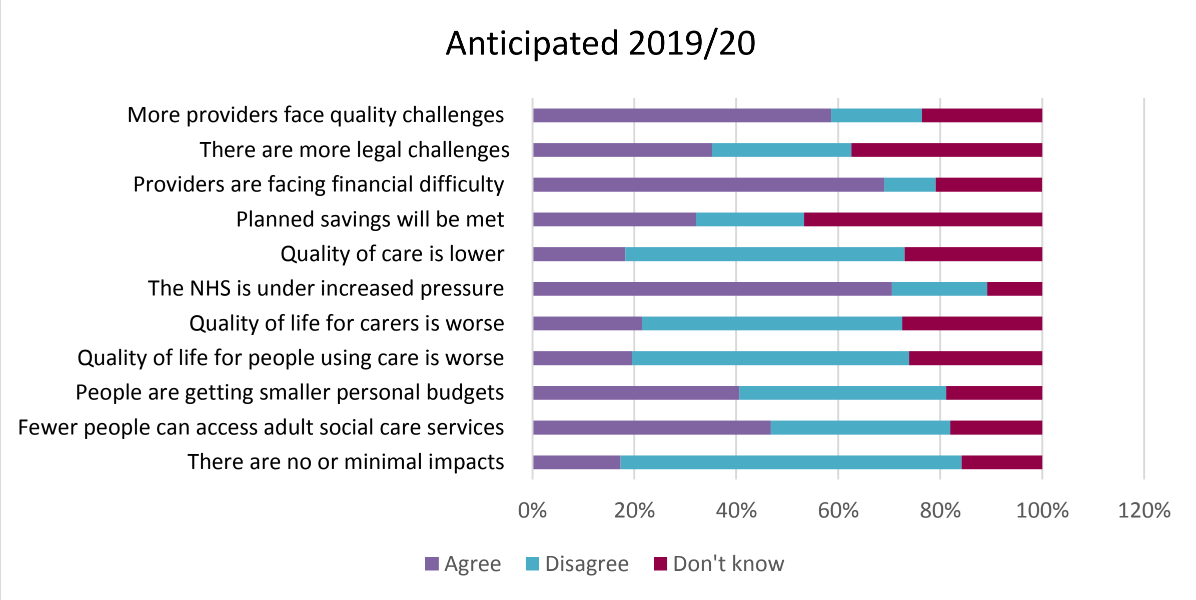


Figure 14: Impact of anticipated savings 2019/20



3.4 COST PRESSURES

Demographic pressures

Cost pressures relating to the increased numbers of older and disabled people needing care have increased from 2.8% of adult social care net budget in 2017/18 to 3.3% in 2018/19. This equates to £448m additional pressure in 2018/19, of which 94% has funding identified by councils (£420m). This is an increase from last year, when the proportion funded was 81%. This change reflects local government's commitment to protecting adult social care helped by the additional funding from the Improved Better Care Fund and adult social care precept.

- Total financial pressure from demographic growth on the 2017/18 net adult social care budget: £448m
- Demographic pressure as % of ASC Net Budget 2018/19: 3.3%
- Extent to which identified demographic pressure will be funded: £420m
- Demographic pressures funded: 94%

Services for working age adults account for 58% of the demographic pressures on adult social care budgets (including 39% relating to services for people with a learning disability), whereas those for older people's only account for 42%.

Figure 15: Demographic pressures by service user group 2018/19 (based on 123 responses)

	% of ASC Net Budget under pressure from client group	Additional cash required	% funded
Older people	1.4%	£190m	92%
People with learning disabilities	1.3%	£176m	97%
People with mental health needs	0.3%	£41m	99%
People with physical disabilities	0.3%	£41m	100%

Responses to the question on arrangements to monitor unmet need suggest that the impact of implied unmet need is only fully understood by around a quarter of councils, as shown in Figure 16. The proportion saying that they do have arrangements to monitor unmet need has decreased to 21% from 27% last year.

Figure 16: Arrangements to monitor unmet need in councils (150 responses)

Response	Percentage
In development	34%
No	45%
Yes	21%

NHS-related pressures

There have been significant and highly publicised increases in hospital attendances and admissions over the last winter, which has led to increased demand for social care upon discharge. 95% of councils have experienced this as a pressure, with 62% of directors citing demand for social care as a result of premature or inappropriate discharge as a cause for concern. A recent study of 4,000 people who need care[5] suggested that the increase in hospital admissions and resulting pressure on adult social care has resulted from reductions in funding for social care and primary, community and mental health services over the last five years, and that investment in prevention via social care would help manage demand for hospital-based care as well re-investment in primary and community health care. This is consistent with the NHS Five Year Forward View.

As Figure 17 shows, the NHS-related pressure that was experienced by the most councils (95%) has increased demand for social care due to increased acute/community hospital activity. This was followed, in order, by insufficient primary care, community health care (including incontinence support) or mental health services (67%), reductions to Continuing Health Care, shared care or health contributions to aftercare services under Section 117 of the Mental Health Act (65%), increased demand for social care as a result of inappropriate/premature hospital discharge (62%) and increased demand for healthcare activity to be undertaken by social care staff (54%). The remaining two options were also experienced by 24 or more councils, and 27 directors gave other pressures.

[5] http://careandsupportalliance.com/unwell-unsafe-and-unfed-4000-people-needing-care-reveal-a-shocking-picture-of-neglect-in-our-care-system/ [accessed 22 May 2018]

Figure 17: Responses to the question 'Are you experiencing any of the following NHS-related pressures?'

Options	Number of Councils	Percentage
Increased demand for social care due to increased acute / community hospital activity	138	95%
Increased demand for healthcare activity to be undertaken by social care staff	79	54%
Increased demand for social care from people inappropriately not being admitted to hospital (e.g. elective surgery cancellations)	24	16%
Increased demand for social care as a result of inappropriate / premature hospital discharge	91	62%
The NHS seeking to reduce the contribution locally to adult social care from the Better Care Fund	29	20%
Reductions to Continuing Health Care, shared care or health contributions to s117	95	65%
Insufficient primary, community (including incontinence support) or Mental Health services	99	68%
Other (please specify)	27	18%

Respondents were asked to list other pressures they were experiencing. The following were the most common themes:

- Pressures relating to discharge to assess and to specific local factors in the discharge process (8 responses)
- Pressures relating to people moving back to the area under Transforming Care, and available resources to manage this (5 responses)
- Reduction in CHC spend (3 responses)
- Lack of intermediate care or re-ablement (4 responses)

Additional pressures

The financial pressure on the 2017/18 net adult social care budget from new DoLS and any clearing of the backlog (following the Cheshire West judgement) in preparation for a proposed new system was £216m (total for all councils based on 138 responses); in 2018/19 this is expected to be £236m (total for all councils based on 130 responses). This is a significant increase and an enduring concern for councils.

88 local authorities stated that they knew the costs to their local authority of section 117 care in 2017/18, which totalled £397m. When aggregated up, this totals £683m for 151 local authorities (almost 5% of the net budget for adult social care). 76 directors (88%) said that the costs to their local authority of section 117 had increased compared with 10 directors (12%) who said it had decreased from 2016/17 to 2017/18.

3.5 PREVENTION

As has been highlighted in the previous two years, increasing prevention is seen by directors as one of the most important ways of realising savings. Furthermore, prevention activity to increase independence and limit the need for more expensive ongoing care and support is core to national policy and is intrinsic to the Care Act 2014. However, spend on prevention is again set to reduce in 2018/19. As noted last year, it is becoming ever harder for councils to manage the tension between prioritising statutory duties towards those with the greatest needs and investing in medium to longer term strategies that will prevent and reduce future needs.

Spend on prevention forms 8% of budgets this year: this is both a decrease as a proportion of budget and a decrease in cash terms from the previous year. This raises the critical question of whether the investment in prevention is sufficient to realise the ambitions for its impact expressed by directors.

Figure 18: Spend on prevention services that can be accessed by people whose needs did not cross the National Eligibility threshold in 2017/18 and 2018/19 (based on 135 responses)

	2017/18	2018/19
Spend on prevention	£1,201m	£1,187m
% spend on prevention as % of budget	8.3%	8.0%
Difference in spend from 2017/18 to 2018/19	-1%	

3.6 INCOME FROM FEES AND CHARGES

Unlike the NHS, Adult Social Care charges for services and this income is important to help ensure scarce resources can be prioritised to those in most need and eligible for a service. Fees for both community-based and residential services are set to increase overall (though decrease in some categories) from 2016/17 to 2018/19.

Figure 19: Income change 2016/17 to 2018/19

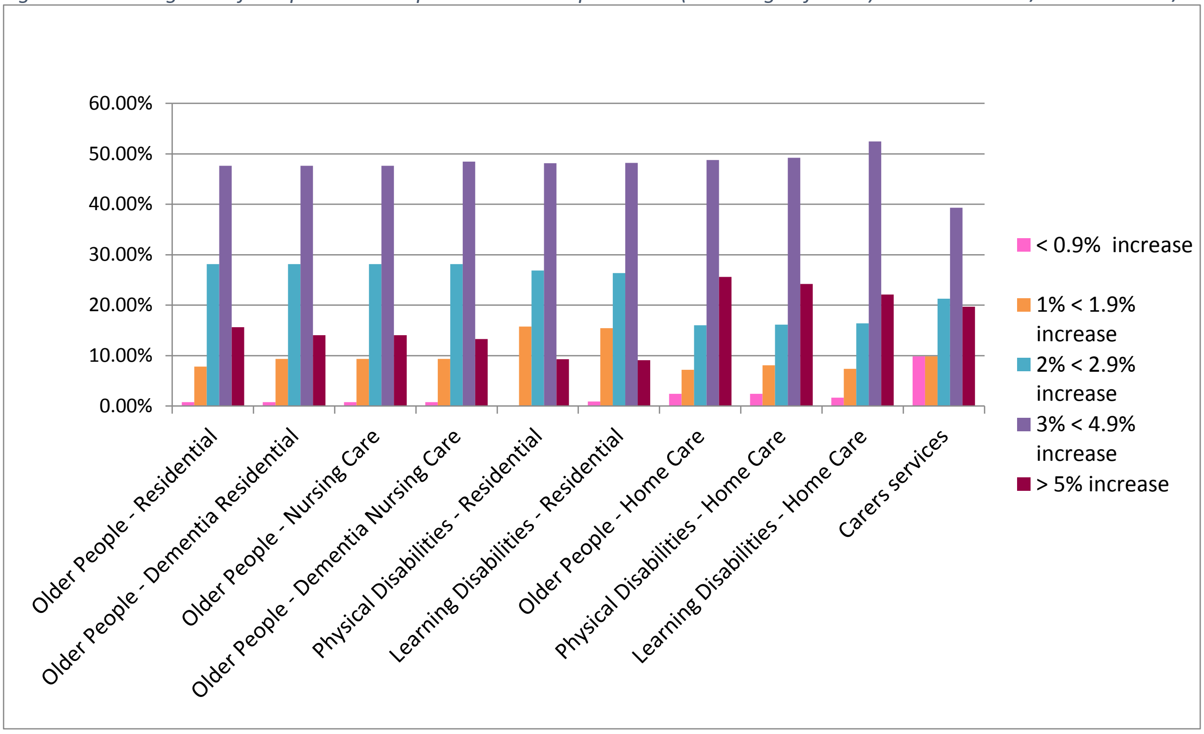
	Community-based services			Residential care services		
	2016/17 (*134 responses)*	2017/18 (*144 responses)*	2018/19 (145 responses)	2016/17 (*136 responses)*	2017/18 (*147 responses)*	2018/19 (147 *responses)*
Total estimated income	£640m	£821m	£843m	£1.67bn	£1.84bn	£.1.85bn
Income change 2017/18 to 2018/19	**Community-based services**			**Residential care services**		
Older People	+2.4%			+1%		
Physical Disability	+1.4%			-+0.3%		
Learning Disability	+3.2%			-1.3%		
Mental Health	+1%			-2.1%		

Councils were asked about the number of third party top up arrangements with independent providers. These are arrangements whereby an individual may choose to receive a service that is more expensive than the fee level set by council, with a third party paying the difference between the council fee and the fee charged by the provider. Only 70 of 152 respondents were able to answer this question. Of these, 50 (71%) reported that the number of top-up arrangements had gone up, with 20 reporting that they had gone down.

3.7 PROVIDER FEES

The introduction of the National Living Wage and other pressures have driven an increase in fees paid to providers. This was the case in 2017/18, with further increases reported in 2018/19. The majority of councils are increasing fees by between 3% and 4.9%, with a significant number increasing fees by more than 5% (see Figure 20). The areas where councils have increased fees by the highest percentages are home care for people with learning disabilities and physical disabilities and for older people, with over 20% increasing fees by more than 5% in all cases. There are regional variations which reflect local costs and, in particular, the availability of a social care workforce.

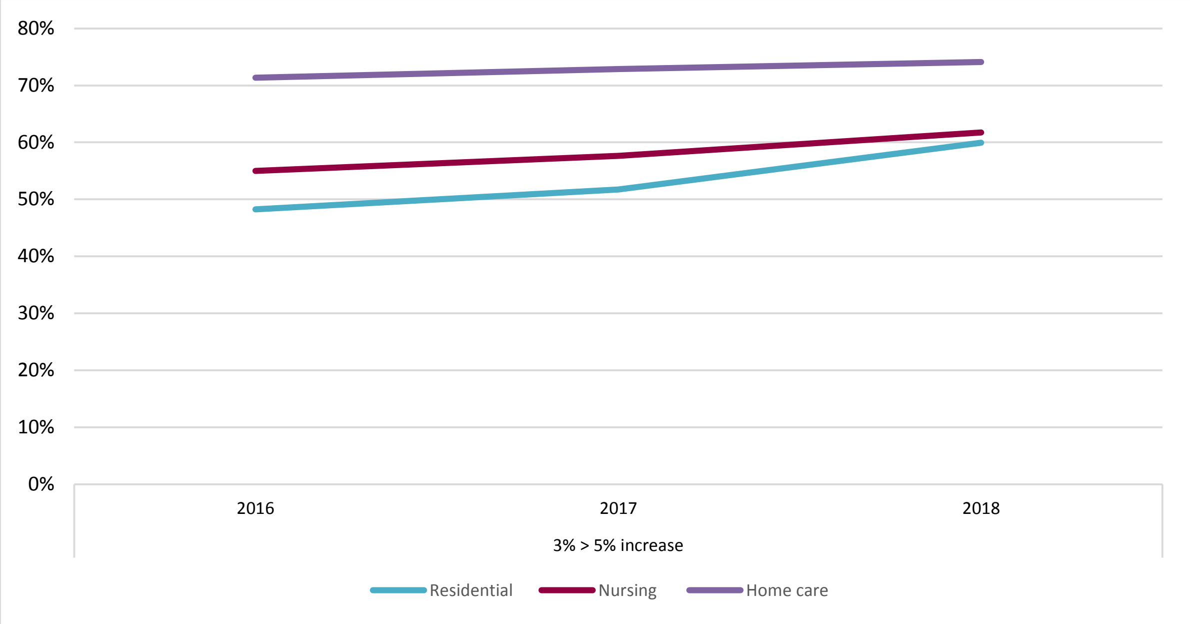
Figure 20: Changes in fees paid to independent sector providers (including inflation) between 2017/18 and 2018/19



Of those councils who reported fee increases in 2016 (116 councils), 2017 (116 councils) and 2018 (122 councils), the following graph shows the percentage who reported increases of more than 3% for residential, nursing and home care, averaged over the sub-categories. Of those local authorities that have increased home care fees, 70% have done this by over 3%, with the remainder doing this by 2.9% and below (see Figure 21).

The proportion of councils increasing annual fees by over 3% for nursing care has increased from below 50% in 2016, to over 60% in 2018.

Figure 21: Percentage of councils increasing provider fees by more than 3%



Average hourly rates for home care were requested for each local authority area. The national average hourly rate for home care is £15.93 (based upon 146 responses). It is important to understand that it is impossible for such a national average to reflect the complexities of the economic circumstances of each council's area, or its rural and urban make-up. Whilst this figure represents an increase of 3.5% when compared to last year's average rate (£15.39), it is recognised that it falls short of what providers tell us they need to be sustainable. Councils have to aim for the best balance of price, volume and quality with the resources available.

The costs of maintaining a social care workforce are the primary driver for increases in the costs of care, and the challenge of recruiting sufficient numbers of people at current levels of pay is expected to be exacerbated by Britain's departure from the European Union in 2019. Directors identify the National Living Wage as the biggest driver of cost increases in residential and nursing care, with 124 councils (83%) scoring it as high. This was followed by other pay pressures (uplifts, difficulties recruiting staff, cited by 68%, recruitment and retention (61%) and local market issues, including lack of capacity and competition (46%).

Figure 22: Key drivers for increases in unit costs for residential/nursing care in 2017/18 (149 responses)

Driver	Importance (weighted average
National living wage	2.83
Other pay pressures (uplifts, difficulties recruiting staff, etc)	2.55
Workforce - recruitment and retention	2.51
Local market issues (lack of capacity, competition etc)	2.24
Overheads (food costs, rent, borrowing costs etc)	1.81
Premia to cover winter pressures, quality issues	1.62
Reduction in cross subsidisation	1.50
Travel time	1.13

In relation to home care, the National Living Wage was again seen as the biggest driver; 87% councils scored this as high. This was followed by other pay pressures (73%) and recruitment and retention (73%). The leading drivers are the same for both care homes and home care, although for home care, travel time, unsurprisingly, scored highly by 57 councils, whereas only two councils scored this as high for care homes.

3.8 WORKFORCE ISSUES

National Living Wage pressures

The National Living Wage will cost councils in the region of £173m plus at least £293m in further costs. These have not been fully funded in line with the requirements set out in the Government's New Burdens Doctrine. This additional financial pressure totals £466m and exceeds demographic pressures. These costs comprise both costs of council-run services and costs of independent sector provision purchased by councils or by individuals with direct payments.

Figure 23: Estimated cost to councils in 2017/18 and 2018/19 of the National Living Wage relating to adult social care

	Total 2017/18		Total 2018/19	
Direct wage costs	£151m	*(119 responses)*	£173m	*(98 responses)*
Indirect costs (fees, etc.)	£182m	*(119 responses)*	£293m	*(82 responses)*

In addition, there are other costs which are associated with the impact of National Minimum Wage guidance. These total a further £118.8m in 2018/19.

Figure 24: Estimated additional cost to councils in 2017/18 and 2018/19 of compliance with National Minimum Wage guidance

	Total 2017/18		Total 2018/19	
Live-in Personal Assistants[6]	£10.1m	*(67 responses)*	£26.9m	*(50 responses)*
Sleep-ins in care homes	£35.4m	*(67 responses)*	£91.9m	*(82 responses)*

Ensuring sufficient numbers of care workers

Councils were asked to rank in order of importance (from 1 to 8, with 1 as the greatest importance) what they believe is needed to ensure the sufficiency of care workers in their local area. Results from 143 responses are shown in Figure 25. Unsurprisingly, being able to increase salaries for care workers is ranked as the most important factor in recruitment and retention; as councils are aware, there is only so much that can be achieved by other initiatives when the social care workforce is amongst the lowest paid in the economy and unemployment rates are low. 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, there are understandable

[6] However only 17 respondents gave a response other than zero

concerns about both recruitment and retention 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.

Figure 25: Relative importance of factors in the recruitment and retention of care workers

Options	Overall Ranking score
Increase in salary	7.06
Improved working terms and conditions	6.00
Improved career structures and progression opportunities	4.97
A focus upon improving the quality of care provided (job satisfaction)	4.41
Improvement in management and leadership	4.10
Affordable housing	3.31
Celebrate the care sector (raise the public profile of social care roles)	3.30
Improved / better use of technology to maximise efficient use of staff time	2.87

3.9 PROVIDER MARKETS

Following on from the picture that began to emerge last year, there is continued evidence from our survey of failure within the provider market in the last 6 months (see Figure 26), affecting at least **66%** of councils and thousands of individuals as a consequence. This disruption significantly impacts on wellbeing and is thought to impact on mortality when it involves someone moving home in an unplanned way[7].

Figure 26: Councils with providers that have closed, ceased trading or "handed back" contracts within the last 6 months, and the number of people this had an impact on

	Closed or ceased trading within the last 6 months		"Handed back" contracts within the last 6 months	
	Number of councils *(123 responses)*	Predicted number of people affected *(109 responses)*	Number of councils *(112 responses)*	Predicted number of people affected *(113 responses)*
Home care	48	3,290	43	2,664
Residential/Nursing care	58	2,095	17	292

Provider closure

Almost one third of councils (48) have seen home care providers closing or ceasing to trade in the last six months. 34 have seen one home care provider close, 12 councils have seen two providers close, one has seen three close, and another has seen four close. A total of 65 home care providers were reported to have closed or ceased to trade in those council areas.

[7] Mortality rates following an emergency move range from zero per cent to 43 per cent and "Reports of post move mortality, physical or psychological health suggest and confirm that relocation without preparation carries higher risk of poor outcomes than moves that are orderly and include preparation": *Forced relocation between nursing homes: residents' health outcomes and moderators. Holder, J and Jolley, D. Reviews in Clinical Gerontology. Volume 22 / Issue 04 / November 2012, pp 301-319*

58 councils reported closures of residential or nursing care providers in the last six months. 30 have seen a single provider close, 10 have seen two, nine had seen three close, and the remaining nine had seen more, with one council seeing as many as 13 care home provider closures, and one council seeing as many as 10. This totalled 135 care home providers closing or ceasing to trade in those council areas. One council reported seeing no closure of a provider, but the loss of 36 beds for people who have needs relating to dementia in one home.

20 councils have seen closures of both care home and home care providers. The reasons for the closures are not known, but are likely to include the inability to make enough money from council funded services, poor business practices and, in some cases, the desire to realise the value of buildings.

The home care closures had an impact on 3,290 people. In 10 council areas the number of people affected was more than 100, in 4 of these the closures affected more than 200 people, in one council more than 900 people were impacted by home care closures.

The reported care home closures had an impact on 2,492 people. In six council areas care home closures had an impact on over 120 people. This represents a reduction from the same period in 2017 on the number of people affected by home care closures (5,670 reported in the 2017 Budget Survey), with an increase in the number of people affected by care home closures (1,793 reported in the 2017 Budget Survey).

Hand back of contracts

44 councils had contracts handed back by home care providers. Most (29 councils) only had one provider hand a contract back, the remaining 15 councils had higher numbers with six councils seeing two providers hand back contracts, and the rest ranging from three up to 13 home care providers handing a contract back, with a total of 100 home care providers handing contracts back in those areas. One council reported that they had no contracts handed back although they did have a provider handing back 30 packages of care.

17 councils have seen contracts handed back from care home providers. 12 councils reported one care home provider only handing back one contract, the remaining five councils mostly had two or three and one council had 23. This leads to a total of 45 care home providers handing contracts back in those areas.

Nine councils have seen contracts handed back by both care home and home care providers.

The home care hand-backs had an impact on a total of 2,679 people. In nine councils, hand-backs for homecare had an impact on more than 100 people and in 5 of these councils it impacted on more than 200 people.

The care home hand-backs had an impact on a total of 334 people in these areas, ranging from one person affected in a single council up to 71 people affected in a single council. The local authority with 23 care home providers that handed back contracts classed it in this way because the provider opted to come off the framework contract. The residents in this case remained where they were, so they were not impacted by the change.

This represents a reduction from the same period in 2017 on both the number of people affected by home care hand backs (3,135 reported in the 2017 Budget Survey), and a very slight increase in the number of people affected by care home hand backs (331 reported in the 2017 Budget Survey).

3.10 HEALTH AND SOCIAL CARE INTEGRATION AND THE BETTER CARE FUND (BCF)

The Better Care Fund

There are three elements to the original Better Care Fund which are directly relevant to local authorities (excluding the capital resources for Disabled Facilities Grants) aside from funding for NHS commissioned out of hospital care. These are:

- The original transfer of resources from the NHS which were decided by government in 2010. In 2014/15 these amounted to £1.1bn and should have increased by inflation each year since then.
- The resources for implementing the Care Act 2014 that the Government determined must be funded by the NHS. This was £135m initially and was increased last year.
- Any extra resources for the protection of adult social care, which are agreed locally will form part of the Better Care Fund.

Evidence from ADASS budget surveys in the first half of this decade suggests that about half of BCF money 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.

Directors were again asked about actual spending from the BCF in the previous year and plans for the current year. Some figures for the 2018/19 Better Care Fund were still provisional at the time of survey data collection, awaiting the finalisation of Planning Guidance, subject to moderation and likely to change as councils go through completing and agreeing their plans with the NHS. 2017/18 figures are actuals.

- In 2017/18, councils agreed a Better Care Fund total of £5.4bn
- Of this, £2.4bn was allocated to adult social care
- In 2018/19, councils plan to agree a Better Care Fund provisional total of £5.7bn, of which £2.9bn will be allocated to adult social care *(total for all councils is estimated, based on 145 responses)*

Figure 27 shows the breakdown in use of the Better Care Fund relating to Disabled Facilities Grant, the Care Act and Adult Social Care Protection.

Figure 27: Better Care Fund for 2017/18 and 2018/19 estimated planned spending on protection of social care

	Estimated national total 2017/18	Estimated national total 2018/19
Capital spending i.e. Disabled Facilities Grant (Not Care Act)	£431m	£471m
Care Act duties (including carers spending)	£213m	£221m
Subtotal	**£645m**	**£692m**
Protection of social care		
For new or additional adult social care services	£196m	£411m
To avoid cuts in existing adult social services	£1,203m	£1,263m
To cover adult social care demographic pressure	£374m	£389m
Subtotal	**£1.78bn**	**£2.06bn**
TOTAL	**£2.42bn**	**£2.75bn**

The majority of directors reported that the minimum ASC protection level was honoured by Clinical Commissioning Groups (CCGs) in their area in 2017/18. However, in four areas directors reported that this was not the case, which is an issue of some concern, as the situation contravenes BCF guidance.

82 directors (53%) believed that adult social care received an adequate level of protection in 2017/18. 57 directors (38%) believed that adult social care did not receive an adequate level of protection overall, although they believed that it was a reasonable proportion of the BCF. Only 10 directors (7%) believed that adult social care did not receive an adequate level of protection overall, and that it was not a reasonable proportion of the BCF.

It is important to reiterate that the original Better Care Fund (unlike the Improved Better Care Fund) has not provided much more benefit in budgetary terms to local authorities to protect adult social care than that afforded by the original Government decision in 2010 to transfer resources from the NHS.

Councils are able to spend the additional money announced in the 2015 Spending Review and the 2017 Budget (the Improved Better Care fund, or IBCF) on any combination of three nationally determined priorities. Directors were asked to tell us what percentage of their Improved BCF allocation – including the new money - they had spent on each priority. Responses are shown in Figure 28.

Figure 28: Breakdown of proportion of Improved Better Care Fund money spent on each priority in 2017/18

Priority	Amount £	Proportion of total
To meet adult social care needs (including counteracting previously planned savings)	£0.51bn	46.1%
To ensure that the local social care provider market is supported	£0.44bn	40.0%
To reduce pressures on the NHS, including supporting more people to be discharged from hospital when they are ready	£0.29bn	26.0%
Category of spend still to be defined	£0.26bn	23.4%

Whilst some schemes could meet all of the criteria above and which category they are counted in involves a degree of judgement (and is still being resolved in many cases), this funding has not been formally agreed as recurrent after the three-year grant period ends and this may have impacted on decision making. The IBCF was front-loaded, with £1bn available in 2017/18, reducing to £674m in 2018/19 and £337m in 2019/20, making it difficult to commit to longer term solutions. In the immediate term, protecting adult social care, including counteracting previously planned savings, and supporting the local care market have taken priority, which highlights the challenges for the care market and the need to continue to fund social care to an adequate level once the IBCF funding period comes to an end.

Risk sharing

55% of local authorities did not enter into a risk sharing agreement in 2017/18. Of those that did enter into risk sharing agreements, 27% did so voluntarily, whilst 3% did so after CCG insistence. 21 out of the 44 councils that responded 'yes' were able to identify the value of risk sharing agreements as £500m. However, it should be noted that this includes one council's pooled budget of £324m.

53% of councils have not entered into a risk sharing agreement in 2018/19, whilst 30% stated that they have voluntarily and 2% did so after CCG insistence. For 21 out of the 48 councils that said 'yes' and were able to identify a figure, the total value of risk sharing agreements totals £162m for 2018/19 (the one council with a significant pooled budget has yet, however, to identify contributions, although these are expected to be broadly similar to 2017/18).

Sustainability and Transformation Plans

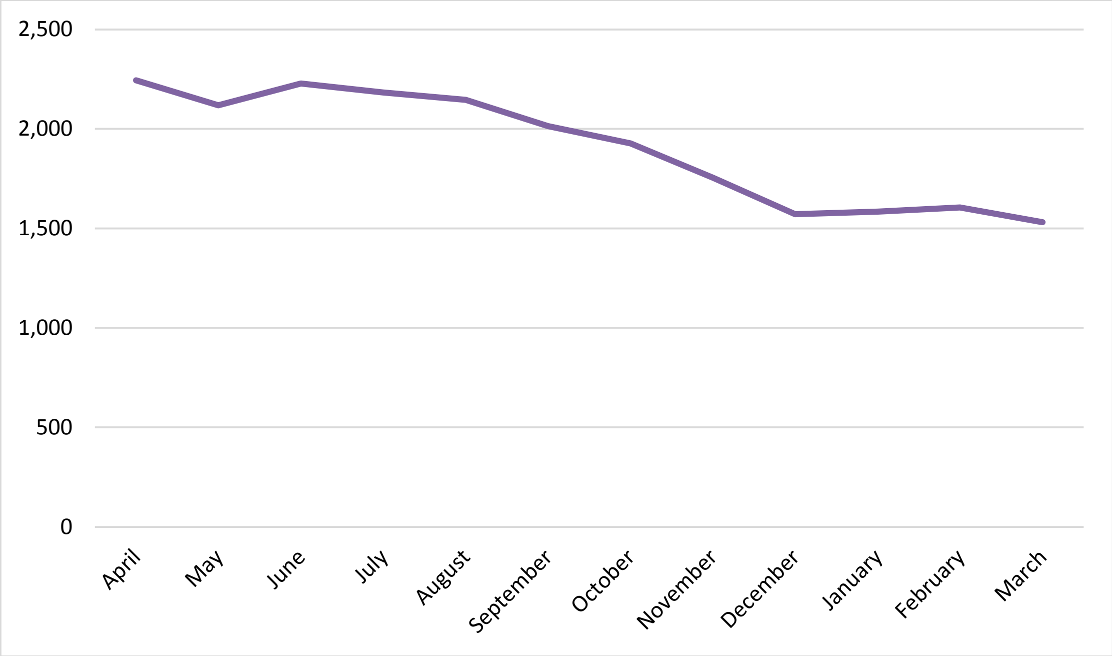
80% of local authorities are not assuming any financial benefit from STPs, 18% do not know if there will be any financial benefit and one council said that they expected a financial benefit. Only 9% of councils are assuming additional extra costs/financial impact from STPs, whilst 35% stated that there will not be any additional costs, with 56% saying that this is 'not yet known'. One local authority stated they expect a pressure of £17m in 2020/21. Eight local authorities mentioned additional extra costs/financial pressures totalling £7m by 2020/21.

Delayed transfers of care

Directors were asked whether or not their council had been fined for delayed transfers of care (DToC). It appears from the responses that some of the additional funding for social care is being diverted to acute NHS services: 13 councils reported that fines were levied for delayed transfers of care, averaging £95k, and five said that an intention had been expressed. This potentially reduces the amount of money available to spend on care.

63 councils believed that the DToC ambitions which were set for the local system as part of the Better Care Fund planning guidance were realistic for both social care and the NHS. 54 councils believed that the DToC ambitions which were set for the local system as part of the Better Care Fund planning guidance were unrealistic for <u>both</u> social care and the NHS. Smaller numbers believed they were realistic for social care but not for the NHS (20 councils) or realistic for the NHS but not for social care (10 councils). In reality, there was a steady reduction in DToC attributable to social care throughout 2017/18 (see Figure 29, which is all the more remarkable considering directors' perceptions of the challenges achieving this has entailed.

Figure 29: Monthly DToC attributable to social care April 2017 to March 2018



Source: https://www.england.nhs.uk/statistics/statistical-work-areas/delayed-transfers-of-care/delayed-transfers-of-care-data-2017-18/ [accessed 28 May 2018]

4. OVERALL PROSPECTS FOR HEALTH AND SOCIAL CARE

In response to summary questions similar to those asked of NHS leaders in the King's Fund Quality Monitoring report, directors report some confidence that the care experience of most local people who receive council-funded care and support has been effectively protected over the last year, with 27% saying it had got better, although they are much less optimistic about future prospects.

Figure 30: Thinking about the care and support available for people in your area, in the past 12 months (148 responses)

Response	Percentage 2017/18	Percentage 2018/19
Got better	11%	27%
Stayed the same	72%	58%
Got worse	17%	15%

Only nine of the 148 directors who responded feel at all optimistic about the future financial state of the local health and care economy in their own areas. This figure is the same as last year. However, there is an increase in the proportion who report feeling neutral, perhaps reflecting a desire to wait for the outcome of the Green Paper on social care expected in the summer of 2018 and the Prime Minister's expected announcement of a long-term financial plan for the NHS.

Figure 31: Overall, how do you feel about the financial state of the wider health and social care economy in your area over the next 12 months? (148 responses)

Response	Percentage 2017/18	Percentage 2018/19
Very optimistic	0.0%	1 council
Fairly optimistic	6.5%	6.0%
Neutral	18.8%	23.0%
Fairly pessimistic	55.8%	58.1%
Very pessimistic	18.8%	12.8%

5. CONCLUSIONS

As in previous years, the 2018 Budget Survey has revealed a comprehensive view of the challenges the Adult Social Care Sector faces and the ways in which councils continue to strive to provide high quality services and support for their citizens.

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 an NHS which itself is in critical need of more funding. 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.

Directors are working with Government on the long awaited Green Paper and hoping that by this time next year the Budget Survey will be able to report on a more optimistic outlook, based on a long-term, sustainable funding strategy for Adult Social Care, sitting alongside a new settlement for the NHS.