



Community Wellbeing Board

Agenda

Tuesday, 5 December 2023
11.00 am

Smith Square 1&2, Ground Floor, 18 Smith
Square, London, SW1P 3HZ

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2.	Adult Social Care funding John Jackson, Care and Health Improvement Adviser - (National Finance Lead), will join the meeting to give a presentation on Adult Social Care funding.	1 - 20

Date of Next Meeting: Tuesday, 27 February 2024, 11.00 am, Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

Adult Social Care funding Community Wellbeing Board 5th December 2023

John Jackson

National Care & Health Improvement Adviser
Finance

Partners in Care & Health

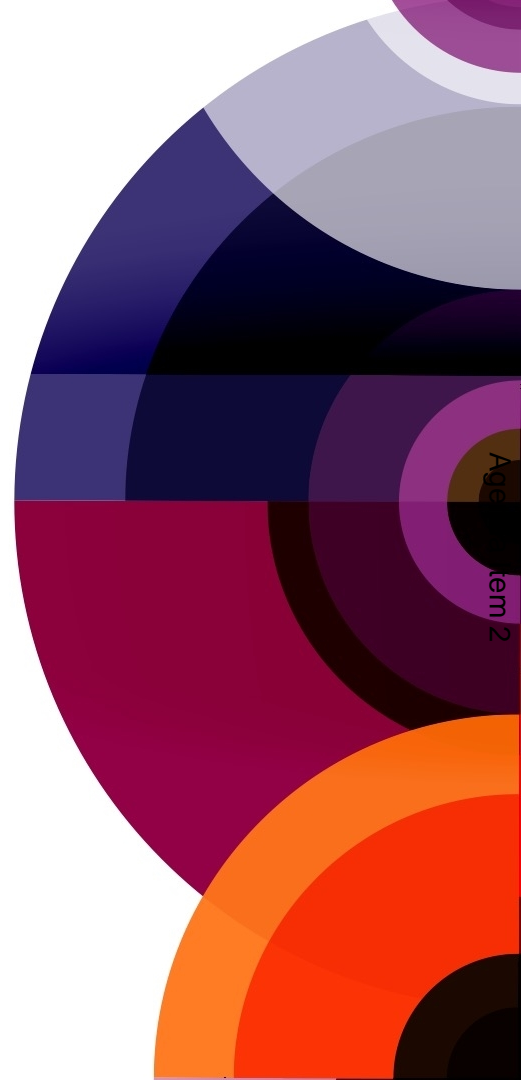
The Local Government Association and Association of Directors of Adult Social Services are Partners in Care and Health (PCH) working with well-respected organisations.

PCH helps councils to improve the way they deliver adult social care and public health services and helps Government understand the challenges faced by the sector.

The programme is a trusted network for developing and sharing best practice, developing tools and techniques, providing support and building connections.

It is funded by Government and offered to councils without charge.

www.local.gov.uk/PCH



Adult Social Care funding

Scope of the presentation

1. Some key facts and figures.
2. What happened in 2022/23?
3. Current financial issues facing adult social care.



Some key facts and figures



Adults receiving long term care 22/23

Adults aged 18 – 64 292,790

Adults aged 65 and over 542,545

Total 835,335

- 8 and half younger adults in every 1,000 are receiving long term care, most - but not all - due to a disability that they were born with.
- Just over 5% of all older people are receiving long term care.



Spending on adult social care 2022/23 (by the public sector)

- £28.3 billion Total gross current spending
Of this:
- £23.7 billion Funded by local government
- £4.0 billion Funded by the NHS
[£2.2 billion from the Original Better Care Fund]
- £0.6 billion Funded by other arrangements



Local government spending on care 1

Younger Adults	
Short Term Care	£0.211 billion
Long Term Care	£9.148 billion
Total	£9.359 billion
Older People	
Short Term Care	£0.738 billion
Long Term Care	£9.278 billion
Total	£10.016 billion
Total spending on care	£19.375 billion

Local government spending on care 2

- Spending on younger adults is nearly as great as the spending on older people despite 85% more older people receiving long term care.
- Year on year, spending on younger adults has tended to increase quicker than on older people. This reflects older people being supported in ways which do not require long term care and the increasing complexity of need of some younger adults.
- Some observers of our adult social care system advocate for spending more on short-term care to prevent, reduce or delay the onset of more acute care needs.



Other local government spending

- The other element in the £23.7 billion spending is “Other Spending”. This is £4.3 billion.
- The biggest elements are spending on:
 - people working on assessments, reviews, safeguarding (48%)
 - Commissioning (31%).
- However, this also includes spending on Assistive Technology (5%); Information and Early Intervention (5%); Support to Carers (5%).



People receiving long term care across England, 2016/17 – 2022/23

People receiving long term care over time, by age band and % of respective populations

England (Total)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Trend
Long-term clients, 18+	868,435	857,765	841,850	838,525	841,245	817,915	835,335	
Long-term clients as % of population, 18+	2.00	1.96	1.91	1.89	1.89	1.83	1.85	
Long-term clients, 18 - 64	290,835	292,380	293,415	290,075	289,695	288,905	292,790	
Long-term clients as % of population, 18 - 64	0.87	0.87	0.87	0.86	0.85	0.84	0.85	
Long-term clients, 65+	577,600	565,385	548,435	548,450	551,550	529,010	542,545	
Long-term clients as % of population, 65+	5.84	5.64	5.39	5.30	5.27	5.05	5.10	

Agenda Item 2



What happened in 2022/23?



Key spending headlines for 2022/23

- Local authority spending increased by almost 8% (7.9%)
- **Spending on care (short and long term) increased by almost 12% (11.8%)**
- Spending on 'Other care' reduced by almost 7% (6.6%). This is unsurprising as increased spending in 2021/22 reflected Covid grants which will have reduced in 2022/23.
- Spending on older people (12.9%) has increased significantly more than for younger adults (10.6%). Likely to reflect the increase in numbers of older people in long term care.
- Taking account of population changes spending increased per person by 11.2% (older people) and 9.7% (younger adults).
- Further planned increase in spending of 8.6% in 2023/24.
- Most local authorities are predicting that adult social care will overspend this year despite the increase in budgets.

Clear evidence of significant investment by local authorities in adult social care but also impacting on the overall financial position of councils.

Key activity headlines for 2022/23

- For the first time in several years, we have seen a noticeable increase in the number of people receiving long term care.
- The number of people in long term care was 868,435 in 2016/17 and fell steadily each year to 817,915 in 2021/22. In 2022/23, the number increased to 835,335.
- The main change is for older people where the number in long term care increased from 529,010 in 2021/22 to 542,545 in 2022/23 having fallen in each year until now.
- This could be down to increased need and complexity of need, but may also reflect inappropriate decisions made during hospital discharge.
- However, the numbers of older people in long term care in 2021/22 did look especially low which may reflect the impact of Covid and people waiting for assessments.

Cost of care packages, 2022/23

- The cost of each long-term care package for older people has increased by 10.1%
- The cost of each long-term care package for younger adults increased by 9.1%.
- Both increases are significantly higher than the underlying inflationary pressures for 2022/23 (7.7%).
- This suggests that the increases also reflect increased complexity of need as well as challenges in local care markets.

Current financial issues facing adult social care



Significant investment in adult social care

- Spending on adult social care by local authorities increased by almost 8% in 2022/23.
- Spending on care increased by almost 12%.
- Budgets for adult social care increased by 8.6% in 2023/24 (RA returns).
- Despite this adult social care is expected to overspend by £515m this year (ADASS Autumn Survey)



Why is spending increasing so much?

- **Demography** – not just more older people who need care but also older people needing more complex care, and more younger adults especially people with learning disabilities and autism. ADASS surveys show that this is about £700m a year gross.
- **Increased cost of providing care.** The main driver is the annual increase in the National Living Wage (NLW) each year combined with general inflation. We calculate that the impact on the cost of providing care increased by 7.7% in 2022/23 and estimate that it will increase by 8.6% this year and by a further 7.8% following the announcement of the increase in the NLW next April to £11.44 – an increase of 9.8%.
- The **cost of each long-term care package** is going up by even more. This reflects increased complexity of need as well as local care markets challenges.



Prospects for 2024/25

- Ringfenced social care grants will increase to reflect previous statements. Councils can raise extra resources by putting up the council tax and increasing the adult social care precept.
- However, we estimate that the extra resources from the ringfenced social care grants plus the precept will be around £700m **less** than the costs of inflation and demography next year. This is before the impact of this year's overspendings and the overall pressures on councils.
- That is why ADASS is reporting that adult social care is expected to make savings of £964m next year. This number is likely to increase.



There are other pressures as well

- **Pressures on the adult social care market:** in September 2020, the Institute of Fiscal Studies estimated that at least **£1.5 billion** was required to provide short term stability and avoid serious risks to providers. This has not really been addressed through the Fair Cost of Care exercise.
- **Other pressures: improved pay for care workers, unpaid carers, unmet and under-met need.**



