

Social Care Funding

Social care is an absolutely vital public service. It provides the necessary care and support to ensure some of the most vulnerable people retain a sense of independence and continue to live healthy, fulfilling lives. Unless the Local Government Finance Settlement provides a solution, we could be in the midst of the worst funding crisis social care has ever faced. Extra council tax-raising powers are not the answer as they will not bring in enough money to alleviate the pressure on social care. The only solution is genuinely new money. We really hope the Government listens to our concerns and takes action.

Local government funding – the context

Since 2010/11, there has been a 40 per cent real terms reduction in government funding to councils. Reductions to local government budgets have harmed social care services, which have had to ensure billions of pounds of cuts since 2010. This is despite additional money for social care being made available in the 2010 Spending Review. We estimate that local government faces an overall funding gap of £5.8 billion by 2019/20, taking into account future funding and the full range of pressures facing councils.

The failure to act means social care remains in crisis, councils and the NHS continue to be pushed to the financial brink and face the prospect of more care providers leaving the publicly-funded market or ceasing trading. **Social care, we estimate, faces a funding gap of at least £2.6 billion by 2020. This includes at least £1.3 billion needed immediately to stabilise the provider market and a further estimated £1.3 billion needed to stabilise social care by the end of the decade.**

Social care – the numbers

To help with this financial challenge, the Government announced in the 2015 Spending Review, that councils would receive additional funding for social care, by giving councils the power to raise council tax, and receive additional funding through the improved Better Care Fund. **The Government estimates these measures will raise £3.5 billion for social care by 2020. This figure is based on a number of assumptions, which are not, in our view, realistic.** The assumptions are:

- The Government estimates £2 billion will be raised through council tax by 2020. This is based upon the assumption that all councils will choose to raise their council tax by an additional two per cent, each year, for the next three years. Yet, even in the first year, not all councils were able to do this (eight authorities did not take up this offer). This increase in council tax is cumulative, which means it will get increasingly difficult for councils to continue to raise this money each year. For the councils that did choose to raise their council tax this year, the money raised was not enough even to cover two thirds of the cost of the National Living Wage. **This is not guaranteed money. Not all councils can continue to raise council tax by the full amount year on year, given the cost is borne by local council taxpayers.**
- The council tax precept is also based on the assumption that there will be an additional 1.3 million homes liable for full council tax by 2020. Last year the Government only built 165,000 homes. **Part of this money is therefore dependent upon the Government meeting its housing target, something that is not guaranteed.**
- The Government has announced £1.5 billion will be made available through additional money through the improved Better Care Fund. Of this, £800 million is based upon the assumption that the Government will achieve planned savings on the cost of the New Homes Bonus. It is unclear

what would happen to the funding if the planned savings are not achieved. In addition, the distribution method means that some councils do not benefit from this funding stream.

- Even if all of the Government's assumptions are correct:
 - If all councils raise council tax by the maximum amount each year, and
 - If the Government meets its housing target to build 1.3 million new homes by 2020, and
 - If the necessary savings can be made to the New Homes Bonus.
- **There is no money available through the improved Better Care Fund for 2016-17.** Next year, there will only be £105 million available through the additional money from the Better Care Fund. Whilst money for the NHS is paid upfront, social care will only receive the full amount of funding by the end of the decade. **The crisis is happening now. The solution cannot wait until 2020.**

Supportive comments

Councils, care providers, charities, parliamentarians and the NHS have all called on the Government to use the Autumn Statement to properly fund adult social care. We called for the Government to provide a sustainable and long-term funding solution to social care. Extra council tax-raising powers will not bring in enough money to alleviate the pressure on social care. Services supporting our elderly and vulnerable are at breaking point now. Supportive quotes from the health and care sector include:

- The **Health Select Committee** said 'cuts to social care funding over a number of years have now exhausted the capacity for significant further efficiencies in this area'.
- **Chief Executive of NHS England**, Simon Stevens said "I think there is a strong argument that were extra funding to be available, frankly we should be arguing that it should be going to social care."
- The **Care Quality Commission** said social care is approaching a 'tipping point'.
- **The Care and Support Alliance said:** "On the steps of No.10 the Prime Minister promised to deliver 'a country that works not for a privileged few but for every one of us'. Addressing the care crisis is a key test for this ambition."
- **The King's Fund** said "The new precept will raise too little in the places that need it most and the improved Better Care Fund money, whilst welcome, is too late to head off the pressures that are assailing the system now, especially in the home care provider market."
- **Carers UK said:** "Sustainability of the care and support system is not a 'nice to have'. It is essential".
- **Care England said:** "The current situation of perpetual crisis cannot be allowed to continue and the Government should come forward with a clear plan, which sets stabilising our current services as a priority".
- The **Association of Directors of Adult Social Services (ADASS)** said "If tomorrow is to be brighter the Government must face up to the reality that social care is in crisis now and provide immediate funding to stabilise the sector".

Despite all of these calls for the health and social care sector, there was no mention of social care in the 2016 Autumn Statement. The Government must act now, through the Local Government Finance Settlement to provide an injection of new money into social care. We need long-term, sustainable funding and a commitment from the Government to recognise the crisis facing social care.