

ADASS Budget Survey Report 2014: Final

1. Introduction

1.1 This is the fifth full Association of Directors of Adult Social Services (ADASS) budget survey. Yet again there has been an excellent response with 144 Councils (95%) completing the survey.

2. Continuing cash as well as real terms reductions in investment in Social Care

2.1 Despite everything that is being done to prioritise Adult Social Care – **the cash invested in Adult Social Care will reduce by a further 1.9%, (£266m) in 2014-15 to £13.68bn.** This is the **third year of continuing cash reductions** and the **fifth year of real terms reductions in spending.** These five years of real terms reductions in Adult Social Care spending continues to contrast sharply with the Health Service, which has received real term protection of its spending over this same period. The commitment to partially address this through the Better Care Fund for 2015-16 is very welcome. But the continuing scale of reductions in funding to Local Government in the same year is a cause for extreme concern - see section 6.

2.2 Since 2010 spending on Adult Social Care has fallen by **12% in real terms**,² at a time when the **population of those looking for support has increased by 14%**,³. This is leading to fewer people receiving support, with **councils over the last 4 years making savings to Adult Social Care budgets totaling £3.53bn.**

3. Fewer People Receiving Support

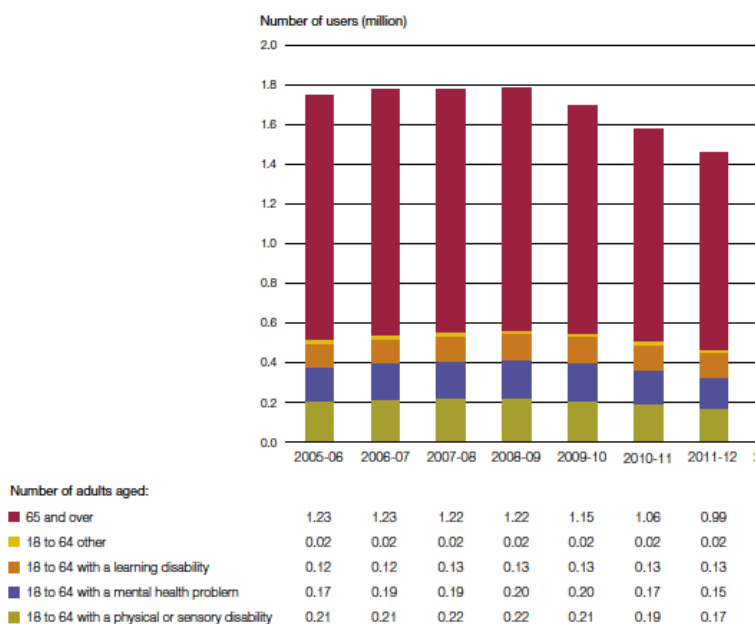
3.1 The further cash reduction in 2014-15 is likely to lead to *fewer people receiving support.*

3.2 This follows a pattern highlighted in the National Audit Office report on Social Care,⁴ which has already seen an 18% reduction in the people receiving support from 1.57m (10/11) to 1.33m (12/13).

3.3 Whilst the bandings of eligibility have not changed much – especially in the last couple of years – social care practice on the ground has led to a tightening of eligibility – since 2008-09 – as reflected in the NAO graph with a 28% reduction in the number of people receiving support.

Adults receiving local authority social care services, 2005-06 to 2012-13

The number of adults receiving state-funded care fell from around 1.8 million in 2008-09 to around 1.3 million in 2012-13



Source: National Audit Office analysis of Health and Social Care Information Centre data, RAP 2005-06 to 2012-13

3.4 The survey responses noted a 5.8% reduction in numbers of eligible adults receiving services over course 2013/14, with the biggest decrease being older people supported in community settings reducing by 7.9%, compared to a 4.7% reduction in numbers of older people in residential placements.

4. Councils prioritising investment in Social Care

4.1 Even with all budget reduction pressures councils face, councils have continued to prioritise Adult Social Care and secure increasing value through:

- **protecting investment in prevention** – with the cash sum largely the same in 2014-15 compared to 2013-14 – at £923m – although still only 6.8% of the net budget;
- **funding 83% of demographic change of £391m**;
- **seeking further efficiency savings of £679m** – a 4.9% saving; and
- **minimising the impact on the income of people supported** – so charges just increasing by £36m largely through changes in national charging arrangements.
- **use of NHS Transfer to protect front line services** that benefit both and adult social care (49% allocated to protect services in 14/15 compared to 32% in 13/14).

5. Despite this priority – further service reductions

5.1 Despite this priority, the continuing impact of the 26 % real terms reduction in central government funding to 2014-15₅ – **will result in further service reductions of £138m in Adult Social Care** - at a time of increasing hope through the Care Act for those we support and those who care for them. **Since 2010-11 Councils have had to make service reductions of £725m₃**.

5.2 The future cash reductions that councils will experience – the 10% further reduction in central Government funding in 2015-16₆ - will further dent this hope – resource reality outweighing the policy promise of the new legislation. Adult Social Care accounts for an increasing proportion of council spending – **now 35% of council spending in 2014-15 compared to 30% in 2010-11** (*excluding ring fenced Education*).

5.3 So there is an increasing concern about the ability of councils to protect Adult Social Care given the scale of government funding reductions and the how much Adult Social Care now accounts for the proportion of council spending.

5.4 Directors have signalled that their focus is upon seeking savings in 2014/15 is through improved efficiency and investing in prevention and early intervention approaches, whereas Directors are reluctant to seek savings that impact upon individuals by reducing services or increasing income (see table I below).

Table I – Responses from Directors to the following question “How important are these area of savings for 2014/15?”

	not relevant	low	medium	high	Total
reduced bureaucracy	11.03% 15	21.32% 29	36.76% 50	30.88% 42	136
better procurement	2.19% 3	3.65% 5	28.47% 39	65.69% 90	137
increased personalisation	5.88% 8	22.06% 30	35.29% 48	36.76% 50	136
control wage increases	33.58% 46	37.23% 51	21.17% 29	8.03% 11	137
expand independent sector provision	14.60% 20	22.63% 31	37.23% 51	25.55% 35	137
shift activity to cheaper settings	8.03% 11	13.14% 18	33.58% 46	45.26% 62	137
reduce level of personal budget	35.04% 48	32.85% 45	21.17% 29	10.95% 15	137
stop unnecessary services	13.24% 18	19.85% 27	30.88% 42	36.03% 49	136
reduce number of people in receipt of care	22.79% 31	27.21% 37	24.26% 33	25.74% 35	136
increase prevention / early intervention	5.80% 8	6.52% 9	23.91% 33	63.77% 88	138
increase user charges	24.82% 34	39.42% 54	28.47% 39	7.30% 10	137

6. Increasing concern about the future

6.1 Councils are increasingly concerned about the future as result of this planned reduction in funding. For 2015-16, even with the Better Care Fund - (*although not new money across health and social care*)- for the first time - significantly more Directors agree than disagree that:

- fewer people will be able to access support;
- councils will face increasing legal challenge;
- providers will face financial difficulty with increasing risks of provider failure or worse;
- the NHS will come under increasing rather than reducing pressure.

6.2 In the Budget Survey, Directors were asked to comment on the impact of the savings that have had to and will have to be made. Over 120 Directors responded – over 80% of all Directors of Adult Social Services. The full results of their responses for the next two years are shown in the table 2 below.

6.3 These results also need to be considered against the geographical impact of the reductions in funding. As highlighted in NAO report on Adult Social Care₄ and other reports – cash reductions have been higher in those areas with the greatest need. The NAO report indicates that some councils will experience 5.6% reductions in their spending power in 2014-15 and 6.1% reductions in spending power in 2015-16.

Table 2 – Responses from Directors to the following question: “As a result of the savings you had have to / will have to make – which of the following statements is true”.

next 2 years				
	agree	disagree	don't know	Total
there are no or minimal impacts	18.03%	72.13%	9.84%	122
fewer people can access adult social care services	47.97%	40.65%	11.38%	123
people are getting smaller personal budgets	47.20%	37.60%	15.20%	125
quality of life for care users is worse	23.14%	52.07%	24.79%	121
there is increased pressure on the NHS	50.00%	31.97%	18.03%	122
quality of care is lower	13.93%	68.03%	18.03%	122
providers are facing financial difficulty	55.20%	19.20%	25.60%	125
there are more legal challenges	58.87%	13.71%	27.42%	124

7. Councils welcome the commitment to fully fund Care Act implications

- 7.1 In the above service and financial context, councils welcome the commitment to fully fund the implications of the Care Act. Without this commitment – the above adverse impacts can only worsen putting an intolerable strain on those we support, their carers, providers and the NHS.
- 7.2 ***The Care Act rightly calls for increased investment in prevention and early intervention. This will not happen without extra resources. Councils have done well to maintain investment at current levels despite 5 years of real terms reductions in social care spending and the need to make savings totaling £3.53bn over the last 4 years.***
- 7.3 An immediate concern of the 5 years of spending reductions is on the ***organisational capacity*** of Adult Social Care. The £23m for 2014-15 is much appreciated but more is needed to make the most of the potential that the Care Act and Integration have to offer. Work undertaken in a number of councils would suggest that a figure of at least 4 times this figure is needed for 2014-15.
- 7.4 The 26% real terms reduction in funding has had a ***much greater impact on the leadership and enabling capacity*** (finance, human resources, information systems, performance, training) of Councils with savings typically at least double those on services. There must be real doubt about the potential for further savings in this area, given the need to ensure that there is sufficient infrastructure to deal with the responsibilities of the new Care Act.

Sources

1. ADASS Budget Survey – June 2014
2. National Audit Office – 2010-11 to 2012-13 and ADASS Budget Survey – 2013-14 and 2014-15
3. ADASS Budget Surveys – 2011 to 2014
4. National Audit Office – Adult Social Care in England – Overview – 13 March 2014
5. HM Treasury – Spending Review 2010 – confirmed in the National Audit Office Report – Financial Sustainability of Local Government – Jan 2013
6. HM Treasury – Spending Round 2013 – June 2013