

Adult social care funding – FAQs

Introduction

Funding for adult social care has dominated national media coverage and national political debates in recent months. This follows concerted efforts by the LGA to raise awareness of the pressures facing adult social care, their consequences, and the need for new funding. Subsequent announcements in the Local Government Finance Settlement, and then the Spring Budget, have created a complicated picture of available resources for adult social care.

This FAQ therefore aims to set out a clearer picture, along with our latest understanding of the issues associated with the funding, and the positions we are taking.

The Government is saying that councils have received an additional £9.6 billion for adult social care – is this true?

We have not seen anything official from Government that illustrates how this figure is calculated. Our assumption is the following.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	TOTAL £m
Adult social care precept as per 2015 Spending Review (with increased flexibility as per Local Government Finance Settlement 2017/18) ¹	381.8	814.2 (1,022.5)	1,289.6 (1,733.7)	1,811.5 (1,804.1)	4,297.1 (4,942.1)
Adult Social Care Support Grant ²		241.1	0	0	241.1
iBCF funding as per 2015 Spending Review ³		105	825	1,500	2,430
iBCF funding as per 2017 Spring Budget ⁴		1,010	674	337	2,021
					8,989.2 (9,634.2)

¹ See [here](#), line 13 of 'Core spending power: supporting information' spreadsheet, 'Potential additional revenue from referendum principle for social care', 20 February 2017.

² As above, line 19.

³ As above, line 15.

⁴ See [here](#), line 7 of 'Allocations of the additional funding for adult social care', 9 March 2017.

The iBCF funding announced in the 2017 Spring Budget will be added to the iBCF funding announced in the 2015 Spending Review and the conditions of use will be applied to the combined funding.

The non-bracketed adult social care precept figures are those that appear in the Government's 'core spending power' spreadsheet, as per footnote one above. These figures are based on all councils using the full 6 per cent allowable increase between 2017/18 and 2019/20 by raising 2 per cent in each of the three years.

The bracketed figures represent what happens when all councils levy a 3 per cent precept in years one and two, with zero in the third year. This gives the Government a higher aggregated total and is how we think they arrive at the £9.6 billion figure.

You may also see reference to Government investing £9.25 billion in adult social care. We assume this figure is simply the £9.6 billion figure minus the precept in 2016/17.

Official Government statistics on council tax levels are due to be published on 29 March. At this point we will know for certain how much the precept will raise in 2017/18.

The above shows how, if our assumptions are correct, the Government can put forward a figure of £9.6 billion through aggregation. However, with the exception of the precept none of the extra funding is permanent in council baselines. The figure also needs to be further caveated with the following points:

- The Government's figures assume that all councils use the precept in full each year. It is impossible to predict future council tax decisions although we do know for certain that not all councils used the measure in its first year (144 out of 152). Our own research suggests not all councils will use the measure in 2017/18.
- The Adult Social Care Support Grant is not new money and is instead a reallocation of existing New Homes Bonus funding already earmarked for councils. In addition to leaving all district councils worse off (the recipients of NHB funding in two tier areas), this measure also leaves 57 social care councils worse off because they will lose more in NHB payments (when comparing actual 2017/18 allocations to previously published illustrative figures) than they gain in the Adult Social Care Support Grant.
- Most importantly, simply saying £9.6 billion has been injected into the system takes no account of the state of local government funding overall. We are looking at what impact the additional £2 billion for social care has on councils' overall financial position but ahead of the Budget we set out that local government faces a gap of £5.8 billion by 2019/20. Adult social care is the single biggest service provided by unitary and upper tier councils and will therefore be unavoidably affected by the pressures on wider council services. Even if councils seek to protect adult social care relative to other services, if they are faced with making significant savings to tackle remaining funding

pressures elsewhere, a significant proportion of those savings may fall on adult social care, thereby exacerbating the problem.

To what extent is the additional £2 billion the solution to the problems the sector has campaigned on in recent months?

The £2 billion marks a significant step towards protecting services over the next few years. However, short-term pressures remain and the challenge of finding a long-term solution to the social care crisis is far from over. The forthcoming Green Paper on adult social care, also announced in the Budget, will therefore be vital to securing sustainability within the sector as it is impossible to make long-term spending commitments without long-term funding. Local government leaders must play a fundamental part in reaching a solution. All options must be on the table and it needs cross-party national support.

I've heard the money is intended solely to support older people – is this true?

No. Although the Budget talks about new funding “so people get the care they deserve as they grow older” it is also clear that the money is “to spend on adult social care services”. We have been given assurances that the funding is intended to support working age adults as well as older people.

On what basis is the £2 billion distributed to councils?

The Government is distributing the funding in such a way so as to ensure all councils receive some of the additional funding. The distribution comprises:

- 10 per cent of each year's additional funding on the basis of the adult social care relative needs formula. This is a calculation based on a set of indicators that estimates the relative need of spending on adult social care services. The result is a percentage share of any given amount that goes to a specific local authority. All local authorities receive some funding through this method.
- 90 per cent using the method employed to calculate the allocations of the improved Better Care Fund (BCF) prior to the Budget. Not all councils receive funding through this method as it is used to equalise the variable benefit of the council tax social care precept.

For a fuller description of the distribution mechanism please read our [technical FAQ](#) on the additional funding for adult social care.

Who has ultimate decision-making authority on the £2 billion?

The money will be paid as a direct grant to councils by the Department of Communities and Local Government. As a condition of the grant, councils will be required to pool the funding into their BCF, which must be jointly agreed by the HWB and by the Board's constituent councils and CCGs.

While this is not a straightforward picture, the grant conditions are expected to require that the £2 billion is spent on adult social care. Therefore, with the exception

of DCLG, no organisation can impose conditions on the money or direct its use nationally or locally. This includes NHS England and clinical commissioning groups.

So what are the conditions attached to the £2 billion?

These will be confirmed in April in a grant determination letter from DCLG. At this stage we have a steer from the Budget, which says that the money is intended to:

- Allow councils to take immediate action to fund care packages for more people
- Stabilise the social care market
- Relieve pressure on the NHS locally through getting more people home safely and quickly

The Budget also says that councils will need to “work with their NHS colleagues to consider how the funding can be best spent” and to more consistently embed best practice, particularly on delayed transfers of care.

The exact form these conditions will take is currently being considered. Our latest understanding is that:

- Councils will be required to pool all of their share of the additional £2 billion for adult social care into the local BCF.
- The money is intended for adult social care and will not be subject to the same approval from NHS England as the overall BCF plan.
- Councils will be allowed to spend the money as soon as they have agreed its use with CCGs and subject to the grant conditions.
- Councils will be required to provide quarterly returns and that Section 151 Officers will have to sign off the additional benefit of the funding (as with the precept).

The LGA is arguing for the following:

- Recognition that the £2 billion, whilst a significant step towards protecting services for older and disabled people, cannot deal with all short-term pressures
- Acknowledgement that ‘additional activity’ can be defined as much by spending the money on things that would otherwise not have been possible (ie lower than planned reductions, higher than planned provider fees) as it can by ‘new’ or ‘more’ things (ie more care packages)
- Flexibility to allow councils to get on and spend their additional resources as quickly as possible, in line with the Government’s expectation that councils will “take immediate action”
- Recognition that the funding will support the original intentions of the iBCF, which included enabling councils to continue to support a focus on core services (including helping to meet the cost of the National Living Wage), maintaining services that would not otherwise have been maintained, and investment in new services

The Budget talks about the funding being “supplemented with targeted measures to help ensure that those areas facing the greatest challenges make rapid improvement”. There has also been speculation about the role of CQC. What is the LGA’s position on this?

DH/DCLG have committed to engaging with LGA and ADASS on the metrics to be used to assess how effectively each area is addressing the challenges at the interface between social care and health.

We are conscious that Government monitoring of councils’ use of the additional £2 billion could be burdensome and bureaucratic and will therefore seek to ensure there is no additional burden of data collection. We will also resist a focus simply on delayed transfers of care.

We are seeking to understand more about the potential role of CQC. If they are to inspect or review local areas that are deemed to be below a certain level of performance (in respect of the health and care interface) then this could undermine the sector led improvement approach.

It would be perverse for councils to have to use this additional funding to cover the costs of any monitoring or reviewing. Where this carries a cost we will argue this must be met from existing departmental budgets.

Why does the Budget book indicate an additional £2.4 billion for adult social care between 2017/18 and 2019/20 when the Government talks about an additional £2 billion for adult social care over the period?

This is down to ‘Barnett consequentials’. The Barnett formula is the mechanism used by HM Treasury to adjust amounts of public expenditure allocated to Northern Ireland, Scotland and Wales to reflect changes in spending levels allocated to public services in England.

Are all councils using the social care precept?

In 2016/17 we know that 144 out of 152 councils with social care responsibilities used the precept. This raised £382 million.

LGA analysis of councils’ latest budget plans suggests 147 of 152 councils will use the precept in 2017/18, raising an estimated £543 million. 72 per cent of councils are considering or have approved a 3 per cent precept.

It should be noted that the Government’s estimate for the value of the precept assumes that all councils will use the precept in full in each year to 2019/20.

What conditions are attached to the precept?

Councils can increase their council tax by up to 3 per cent above the current referendum threshold to raise additional funding for adult social care. However, the total increase between 2017/18 and 2019/20 must not exceed 6 per cent.

As part of the monitoring arrangements councils must demonstrate how the precept is wholly additional budget for social care and how it will be used to improve the way social care is delivered (where the increase is more than 2 per cent).

Does the LGA support the precept?

The further flexibility announced for the precept in the Local Government Finance Settlement does provide a means for increasing resources in the immediate-term. However, it does not change the total allowable increase to 2019/20. Equally, it unfairly shifts the burden of tackling a clear national crisis onto councils and their residents.

What are the conditions attached to the 2017/18 Adult Social Care Support Grant?

We are looking into this as we are not aware of a grant determination notice having been published for this funding.

Does the LGA support the Adult Social Care Support Grant?

In our submission to the Budget we were clear that the late reallocation of New Homes Bonus (NHB) funding in 2017/18 to create the Adult Social Care Support Grant simply moved money from one set of council budgets to another. It left over 200 councils having to deal with an unexpected gap in their budgets late in the budget setting process. Even in social care councils, those the measure was intended to help, more than a third are worse off as a result of this shift.

We therefore called on the Government to reverse the reductions in NHB funding and finance the grant from new funding.

What has the LGA been doing more generally on the issue of adult social care funding?

The LGA has been actively campaigning for additional resources for adult social care, leading national efforts to highlight the scale of the pressures facing the sector and their consequences.

The LGA made detailed submissions to the 2015 Spending Review, the 2016 Autumn Statement, the 2017/18 Local Government Finance Settlement, and the 2017 Spring Budget. Adult social care was a top priority in all of this work.

Separately the LGA has provided written and oral evidence to numerous parliamentary select committee inquiries on local government, adult social care, and integration.

Alongside this policy work the LGA has worked tirelessly to ensure the issues associated with social care funding, and the sector's positions on them, have been covered in trade and national media. We have secured front page stories in national newspapers and have been quoted extensively in the huge range of stories on adult social care over the last 12-18 months.