The financial context of adult social care reform

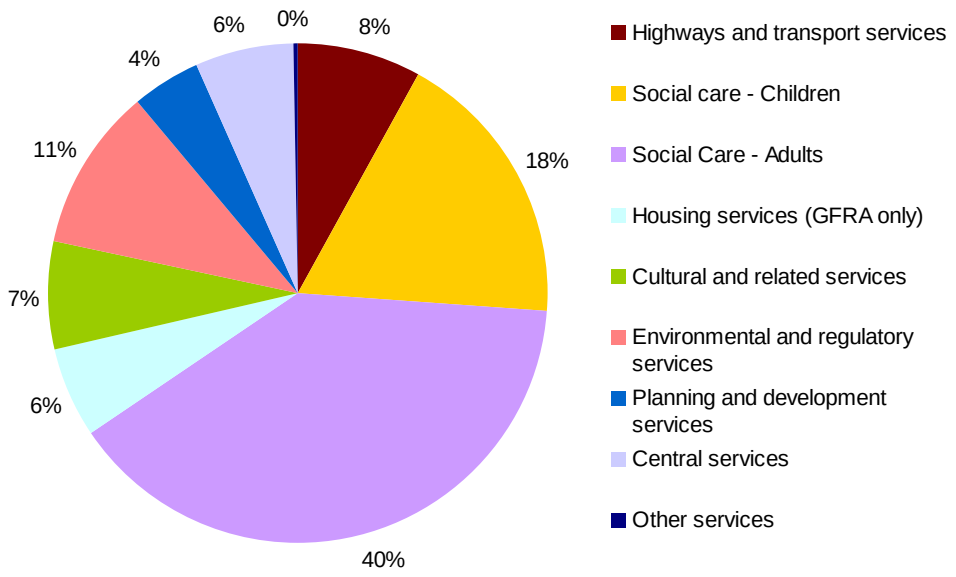
Overview

- between 2010 and 2030, the population aged over 75 is set to increase by 64%, compared with an increase in the population as a whole of 15.6%
- Over the same time period, expenditure on adult social care is expected to increase by 84%, from £14.5bn to £26.7bn[1]
- These trends, coupled with decreasing local government funding until 2017 at the earliest, have prompted fears that there is a crisis in social care funding developing

Current spending on social care

- in 2010-11 expenditure on adult social care was £14.4bn - 33% of all controllable spending by local authorities (e.g. excluding education, fire and police).
- For the class of authorities with responsibility for social services, the spend on adult social care represented 40% of controllable spending in 2010-11 (excluding education, fire and police).

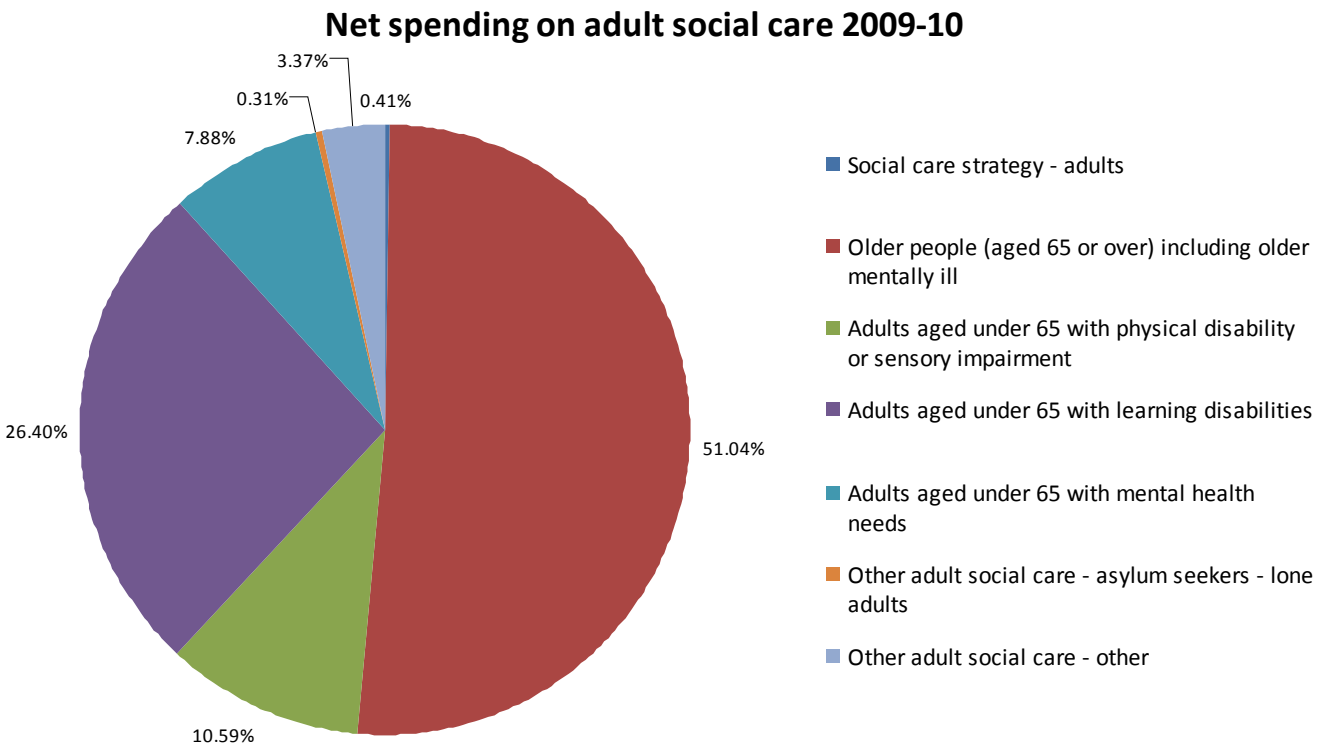
Councils with social care responsibilities - 2010-11 expenditure (excl. education, fire and police)



[2]

- Over half of this was spent on services for adults over 65. The next largest area of expenditure was adults under 65 with learning disabilities.

[1] Includes an increase in staff costs of 2% per annun post 2015
[2] CLG *RS - REVENUE OUTTURN SUMMARY 2010-11* - http://www.communities.gov.uk/publications/corporate/statistics/revenue201011localdata



Future Pressures on Social Care Services

- The biggest pressure on social care budgets comes from demographic change. The increase in the population of over-75s will be over four times that of the general population – 64% compared to 15.65%.
- There are also likely to be increased pressures on services as a result of increases in mortality. There is projected to be an increase in the number of adults 18-64 with learning difficulties (critical or substantial care needs only) from 220,000 in 2010 to 290,000 in 2030. This is a 32.2% increase, compared with an increase in the 18-64 population of 6.1% over the same period.[3]

Projected numbers of adults 18-64 with disabilities

	2010	2015	2020	2025	2030	% 2010-2030 increase
Projected numbers of younger adults with disabilities						
Adults with a severe learning disability	220,000	240,000	260,000	280,000	290,000	32.20%
Adults with a sensory or physical impairment	2,890,000	2,930,000	3,030,000	3,110,000	3,110,000	7.50%
Adults with mental health needs / other (service users only)	210,000	210,000	220,000	220,000	220,000	7.30%

Methodology

The modelling used below combines two modelling exercises which took Personal Social Services Research Unit projections (both 2011), and combined them with PSS EX1 unit cost data (adjusted to 2010/11 prices) to make forward projections about service costs. These have made several basic assumptions, such as that post 2015 social care staff pay will increase by 2% per year in real terms. The modelling has also assumed that a number of variables will stay constant, such as the type of care people receive. The figures used in this report can be found at the following weblinks:

Projections of Demand for Social Care and Disability Benefits for Younger Adults in England – the Economics of Social and Health Care Research Unit (2011)

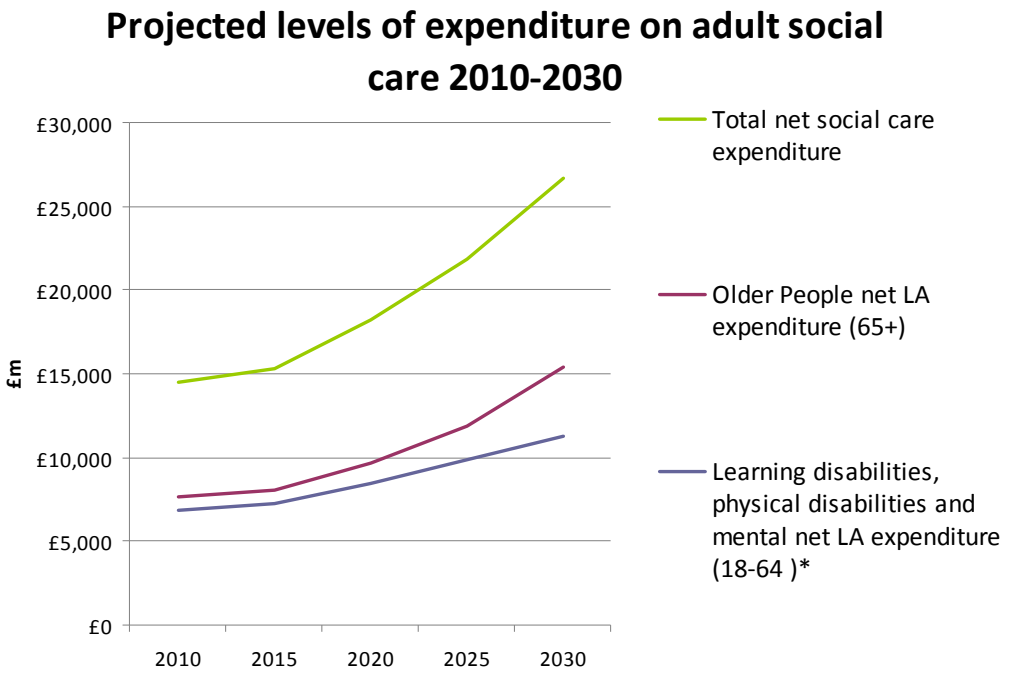
[3] Economics of Social Health Research Unit (2011) *Projections of Demand for Social Care and Disability Benefits for Younger Adults in England*

Projections of Demand for and Costs of Social Care for Older People in England, 2010 to 2030, under Current and Alternative Funding Systems – Personal Social Services Research Unit (2011)

A more detailed explanation of the methodology behind this modelling ia available on request

The future costs of the current system of adult social care

- With no reform of adult social care funding, the costs to local authorities of providing social care will increase by 84% over the period 2010-2030
- Within this there is a 101% increase in expenditure on adults over 65, from £7.7bn to £15.4bn
- The increase in expenditure on adults 18-64 is less, at 66% between 2010-2030. This represents an increase in funding of £6.8bn to £11.3bn.

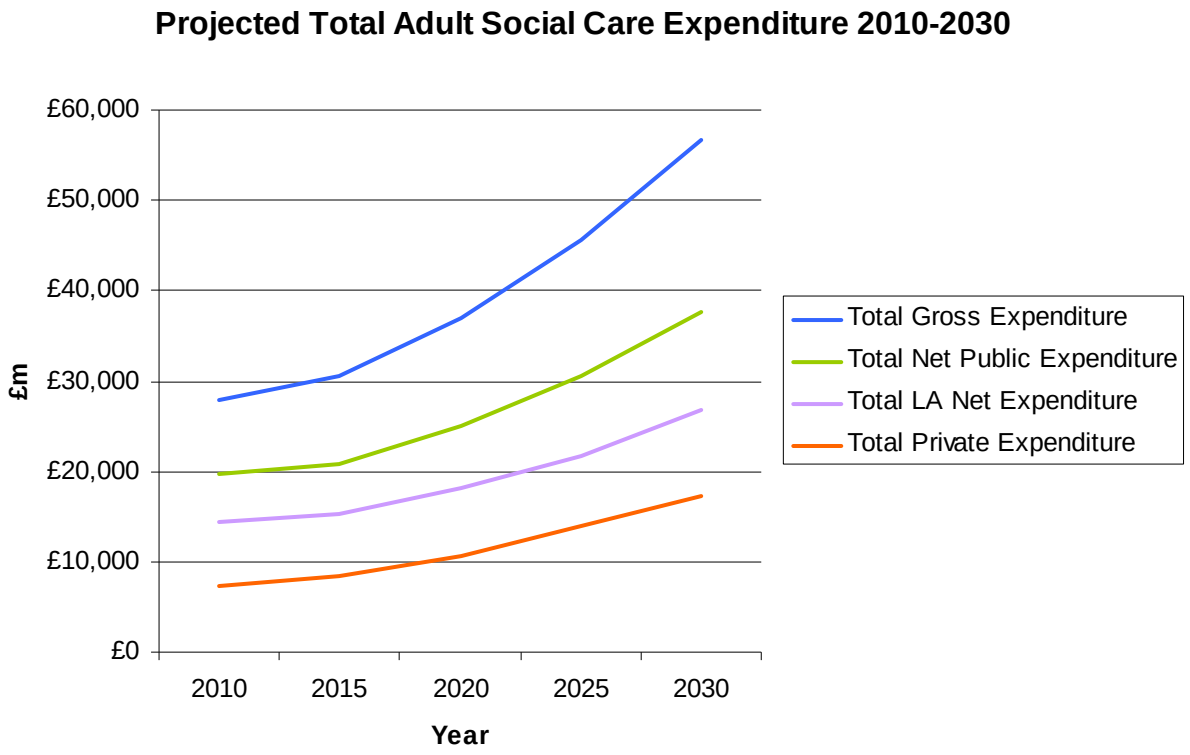


* net of benefits payments

The costs of the current system

	2010	2015	2020	2025	2030	% 2010 to 2030 growth
Older People -Social Care Users under the Current Funding System (65+)						
Home care users (LA funded)	283,200	296,000	332,900	393,700	483,400	71%
Day care users (LA funded)	83,200	91,900	101,600	114,200	131,600	58%
Care home residents (NHS funded)	24,700	27,100	30,600	35,400	41,100	66%
Care home residents (LA funded)	183,000	188,100	200,900	219,800	256,900	40%
Privately funded residents	128,200	153,800	184,500	227,300	264,000	106%
Young adults - Projected numbers of recipients of care and benefits (18-64)						
Adults receiving informal care	1,010,000	1,020,000	1,070,000	1,110,000	1,110,000	10.80%
Adults receiving assessments	575,000	590,000	615,000	635,000	645,000	11.80%
Adults receiving home care	85,000	88,000	93,000	97,000	99,000	17.70%
Adults receiving day care	88,000	94,000	99,000	104,000	108,000	22.40%
Adults receiving local authority funded residential and nursing care	59,000	63,000	67,000	72,000	74,000	25.10%
Adults receiving DLA (Care)	1,295,000	1,320,000	1,370,000	1,415,000	1,425,000	10.00%
Projected size of social care workforce						
Social care staff caring for younger adults	325,000	345,000	365,000	390,000	400,000	24.70%
Projected Levels of Expenditure (£m)						
Learning disabilities, physical disabilities and mental health net LA expenditure (18-64)*	6,800	7,200	8,500	9,900	11,300	66.60%
Older People net LA expenditure (65+)	7,700	8,100	9,700	11,900	15,400	101%
Total net social care expenditure	**14,500**	**15,300**	**18,200**	**21,800**	**26,700**	**84%**

*Net of benefits payments



Projected Social Care Expenditure 2010-2030 under current funding system (£thousand)						
Total Gross Expenditure	£27,800	£30,500	£37,000	£45,700	£56,700	103.96%
Total Net Public Expenditure	£19,600	£20,900	£25,100	£30,500	£37,600	91.84%
Total LA Net Expenditure	£14,500	£15,300	£18,200	£21,800	£26,700	84.14%
Total Private Expenditure	£7,200	£8,500	£10,700	£13,900	£17,300	140.28%