

Video transcript: adult social care funding reform – the story so far

Alan Lotinga: Two Government white papers were issued last year. First of all the more general one about the NHS, health & care system, called *Build Back Better* and secondly a specific white paper around the future for adult social care called *People at the Heart of Care*.

These papers set out the Government's plans to fundamentally reform the funding and delivery of adult social care. There are many delivery changes, but this short piece is about the funding reforms specifically.

The funding reforms have been broadly welcomed but a lot of detail is yet to be confirmed about how they'll operate in practice.

The main aim of the charging reforms, mostly starting from October 2023, is to shift the financial responsibility for paying for an individual's care between the individual and local authorities.

But this shift will not in itself provide any significant increase in the total annual spend on adult social care and its workforce in care homes and in other care settings.

The changes being proposed essentially fall into four key components and the Government is so far providing some £3.6 bn pounds over this and the next two financial years to prepare for and fund all of these new arrangements. This in turn is funded from the National Insurance Health and Care levy, which I'm sure you've heard about.

The four key components are:

a cap up to £86,000 on the amount any individual can spend on their personal care over a lifetime

amore generous system of means testing

a so called 'fair cost of care' will be established to support providers of care

enactment of something called section 18(3) of the Care Act which will mean all individuals, including many people who currently pay for their own care in full, can ask the local authority in future to arrange their care.

So who will be affected by these changes and what are the main concerns for them currently?

First of all the individual citizens: I think it's fair to say there are low levels of understanding of how the reforms will impact upon people and individuals, and when, and particularly the care cap.

Secondly it's unclear how many people will actually take up the option for the local authority to assess and arrange their care.

Thirdly, all of these changes are likely to lead to a lot more concerns from people and complaints directed at local authorities.

Moving on to care providers, care homes and other care providers, again I think it's fair to say there are mixed levels of understanding about the impact of the reforms on those care providers and specifically their businesses.

They face also possible complexity if different approaches to these arrangements and their introduction are used by different local authorities, because many of these providers do business with local authorities across a wide area.

Finally from a care provider's point of view there is apprehension generally about the fair cost of care exercise.

Moving finally to local authorities who are required to lead these changes, there's general support for the broad principles of what's going to happen but there is concern about the scale and the time scales of the financial and operational challenge under the requirement to run, on an annual basis, these new arrangements.

Secondly with other along with other financial pressures local authorities have no capacity in truth to make up any shortfall in the funding for these reforms between the £3.6bn provided nationally and what they will finally cost.

One big positive here is the opportunity to move towards more effective and efficient modern practices, for example more online information and advice to be provided, more online financial self-assessments that individuals can initiate themselves.

Finally, there are real concerns that without such changes in practices, local authorities may need up to an extra 5000 or so staff across England, which simply isn't feasible in the current climate, and the £3.6bn funding so far allocated by the Government over three years to March 2025 will simply not be enough to fund all this.

With that in mind that County Council Network has recently estimated there may be as much as a 40% funding gap.

I hope you found that useful, and you might ask yourself what are we doing in West Midlands ADASS?

Well first of all we're linked in very closely to key national resources. We are helping the Local Government Association develop cost tools to conduct the fair cost of care exercise.

More on regional basis there's regular updating of our 14 councils' lead commissioners and finance leads on the work that we're doing. We also have strong links at a regional level

with representatives of care providers and we have a reference group to keep them informed.

We expect specifically on the charging and care cap changes, from the department health and social care by the end of this month (June 2022) more detailed operational guidance. Following that we will adjust our support our FAQs and our guidance.

If you want to ask any more questions or one suggest some issues that we need to develop or investigate further please do email me at the following e-mail address (alan.lotinga@wm-adass.org.uk)

Thank you very much.