

Changes in councils' adult social care and overall service spending in England, 2009–10 to 2017–18

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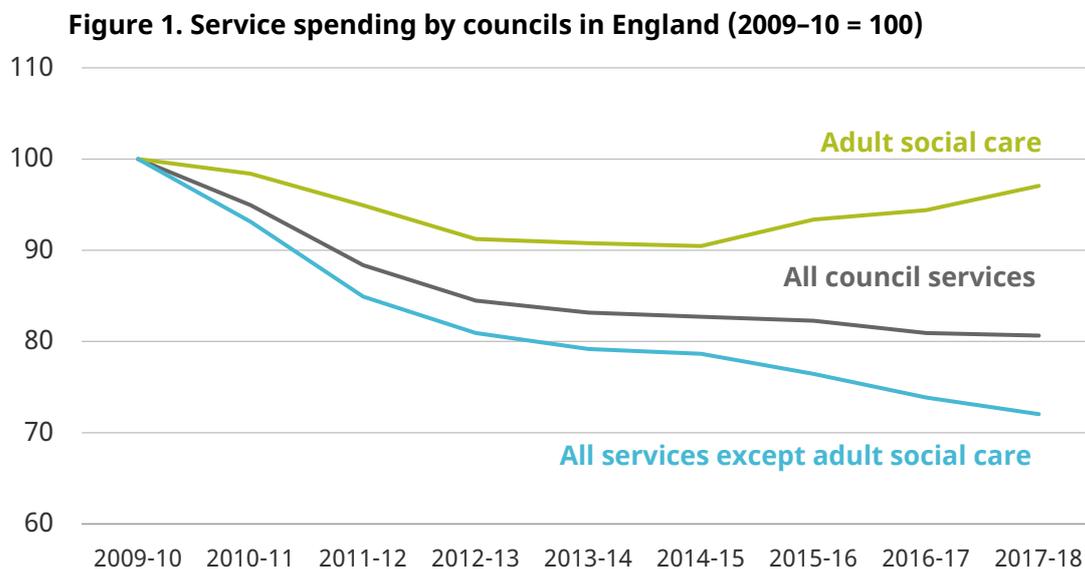
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Executive summary

- Councils' spending on adult social care fell by 10% in real-terms between 2009–10 and 2014–15. Following new grant funding and council tax increases, spending increased by 7% between 2014–15 and 2017–18.
- Despite these recent increases, spending was budgeted to be 3% lower in 2017–18 than in 2009–10. As the population has grown over this period, this is equivalent to 9% lower per person. Increased ring-fenced social care funding in 2018–19 could enable councils to return spending to 2009–10 levels, but were this to happen spending per person would still be lower.
- Councils have chosen to protect social care relative to other service areas. Over the same time period, total service spending per person (including both social care and other services) fell by 24%. Councils' spending per person on services other than social care fell by 32%. As a result, social care has risen as a share of local authority service spending (excluding education and public health) from 34% in 2009–10 to 41% in 2017–18.
- Cuts have varied around the country and tended to be larger in more deprived areas. On average, the thirty councils with the highest levels of deprivation made cuts to adult social care of 17% per person, compared to 3% per person in the thirty areas with the lowest levels of deprivation.
- The pattern of cuts to social care mimics changes in overall council service spending, driven by cuts to council funding from central government. The thirty most deprived councils made an average cut to overall spending per person of 32%, compared to 17% in the thirty least deprived areas.
- However councils have differed in the extent to which they've prioritised adult social care, reflecting the difficult trade-offs between competing pressures that councils have faced in recent years.

Adult social care spending in England has picked up from its 2014–15 low following an increase in funding, but in 2017–18 was still 3% lower than in 2009–10.



Note: Local authority service spending excludes spending on education, police, fire and public health. It includes spending funded by NHS transfers (i.e. the Better Care Fund). See methodology annex for more details

Source: Authors calculations using methodology and data as explained in annex

Councils' spending on adult social care in England decreased by 10% in real-terms between 2009–10 and 2014–15 as council funding was cut by central government.

Since then the pot of council funding ring-fenced for adult social care has grown as a result of new grants from central government, money given to councils by the NHS and council tax increases. The latest data suggests that spending in 2017–18, after adding in estimates of the money that councils received from the NHS via the Better Care Fund,¹ was 7% higher in real-terms than its 2014–15 low.

Despite these recent increases, spending has not returned to 2009–10 levels, and in 2017–18 was still 3% lower than in 2009–10.

This could change in 2018–19. Ring-fenced grant funding for social care has increased by £290 million between 2017–18 and 2018–19 and councils have chosen to raise an additional £540 million through further increases in the social care precept. £830 million (the combined increase) is equivalent to 5% of what councils spent on adult social care in 2017–18. An increase in spending of that size would be enough to exceed overall 2009–10 spending, but spending per person would still be lower.

However, councils' revenues from other sources are set to continue on their downwards trajectory. Next year's social care spending may not be quite as high as the increases in social care specific funding might suggest. This will depend on the pressures facing other council services.

¹ In 2010-11 the NHS began to transfer a significant amount of money to councils to fund social care services. This has been recently formalised in the Better Care Fund. For more details see the methodological annex.

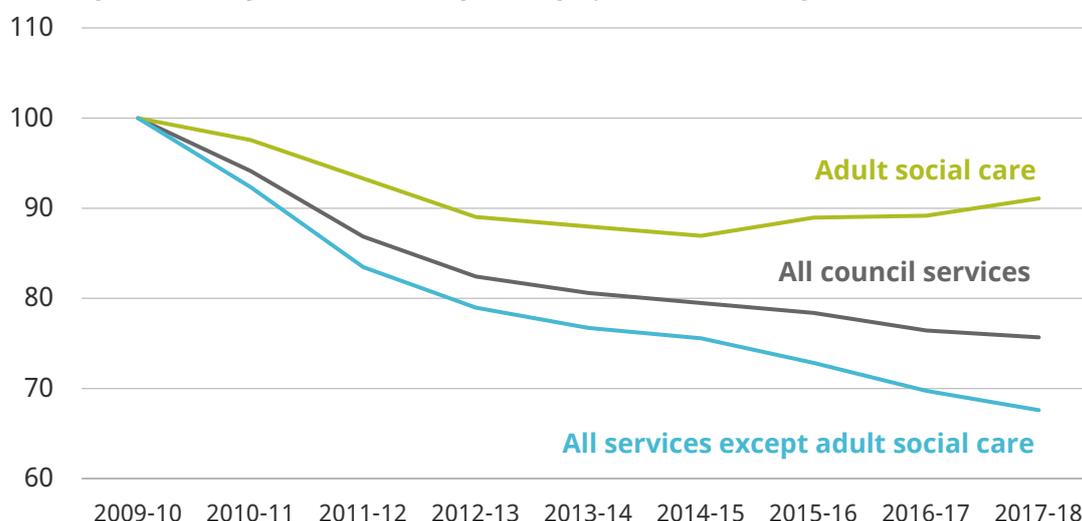
Social care spending has been relatively protected compared to other council spending, which has fallen every year since 2009–10.

Councils are able to choose how to spend most of their revenues. Whilst their overall spending fell by 19% between 2009–10 and 2017–18, most councils chose to make smaller cuts to spending on social care than to spending on other services.

The result is that council spending on services other than adult social care (excluding education, police, fire and public health) fell by 28% in real-terms between 2009–10 and 2017–18. Accordingly, social care has risen as a share of council service spending from 34% in 2009–10 to 41% in 2017–18.

Since 2009–10, the English population has grown by 7.3%. As a result cuts to spending measured on a per person basis have been larger.

Figure 2. Per-person service spending by councils in England (2009–10 = 100)



Note: Local authority service spending excludes spending on education, police, fire and public health. It includes spending funded by NHS transfers (i.e. the Better Care Fund). See methodology annex for more details

Source: Authors calculations using methodology and data as explained in annex

Between 2009–10 and its 2014–15 low, adult social care spending per person fell by 13%. It then increased by 5% between 2014–15 and 2017–18. The cumulative impact of these changes means that adult social care spending was 9% lower per person in 2017–18 than 2009–10.

Over the same period, councils' spending per person on services other than social care fell by 32%. Their total service spending per person (including both social care and other services) fell by 24%.

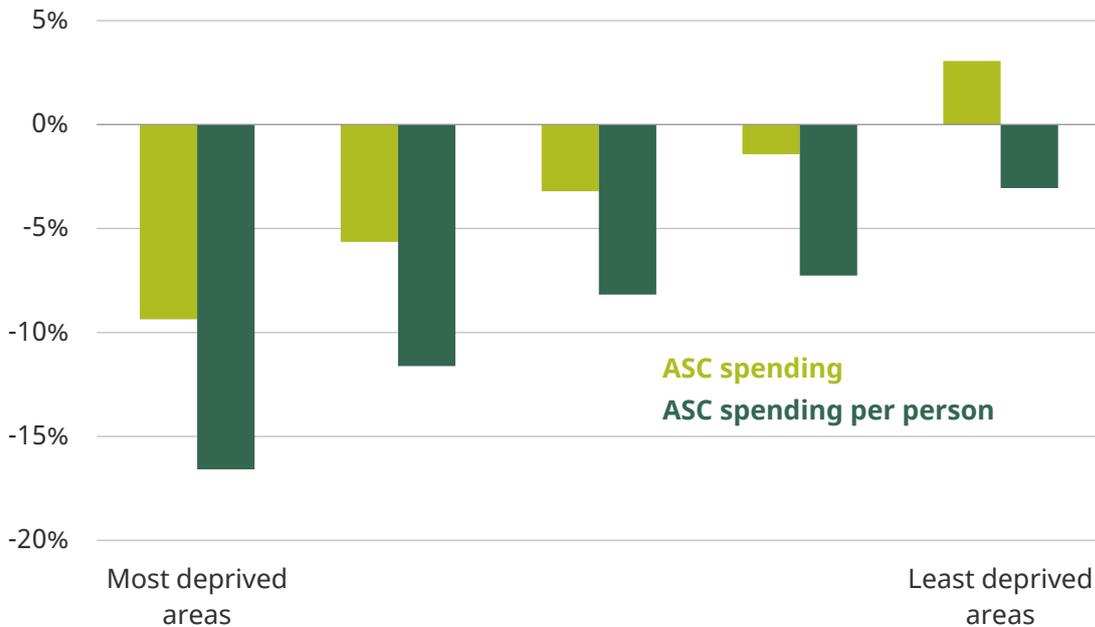
The change in adult social care spending between 2009–10 and 2017–18 differs around the country

Although adult social care spending has fallen on average, spending is now *higher* than 8 years ago in four out of ten local authorities. One in three councils have reduced social care spending by 10% or more, while one in ten have made cuts of more than 20%.

Taking into account population growth, only a quarter of councils have increased spending per person, whilst nearly half have cut spending per person by more than 10%.

Changes in adult social care have correlated with deprivation, as measured by an area's average score on the Index of Multiple Deprivation (which measures deprivation along multiple dimensions including income, employment, education, health and environmental quality). On average, those councils among the highest fifth of all areas in terms of deprivation made cuts to adult social care of 17% per person. This compares to 3% per person for councils among the lowest fifth of all areas in terms of deprivation.

Figure 3. Average change in adult social care spending by quintile of IMD average score, 2009–10 to 2017–18



Note: Adult social care includes spending funded by NHS transfers (i.e. the Better Care Fund). See methodology annex for more details.

Source: Authors calculations using methodology and data as explained in annex

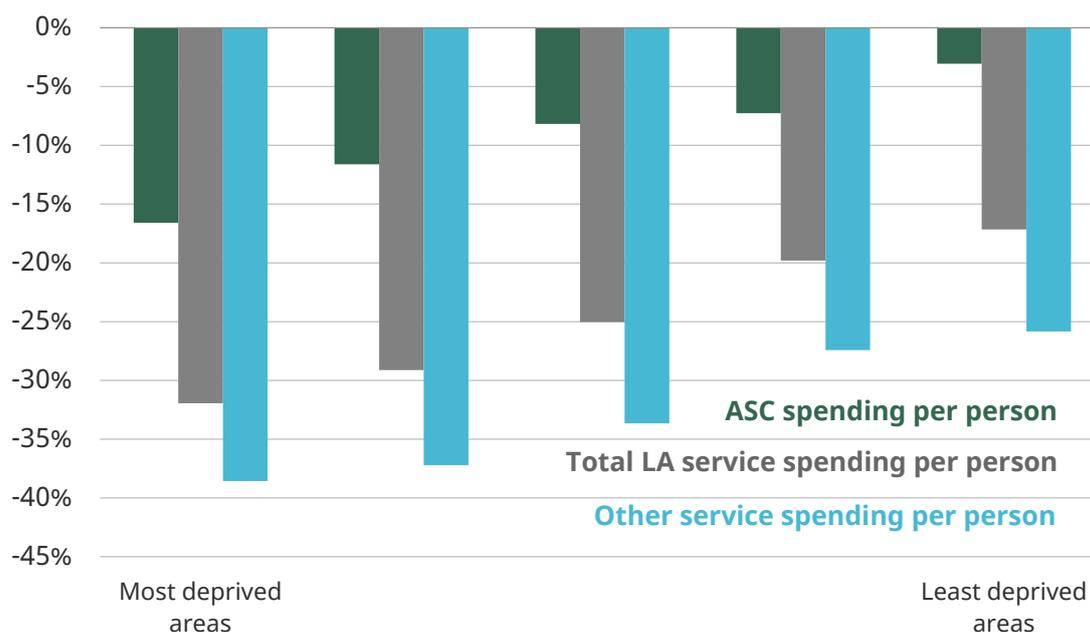
Variation in social care spending cuts is partly explained by the way that grants from central to local government have been cut

When local government grant funding was cut in the years following 2009–10, central government did not fully take into account councils' differing ability to offset cuts with council tax revenues. As a result, the budgets of councils that were historically more dependent on central government grants have shrunk by more than those of councils that were less dependent on government grants to start with.

Whilst per-person cuts to local authority service spending averaged 24% between 2009–10 and 2017–18, almost one-in-five have cut by 15% or less, whilst another one-in-five have cut by 35% or more.

As shown in Figure 4, larger cuts to overall service spending have been made in areas with higher levels of deprivation. The most deprived authorities, including Barking & Dagenham, Birmingham and Salford, made an average cut to spending per person of 32%, compared to 17% in the least deprived areas, including Warwickshire, Wiltshire and Dorset.

Figure 4. Average change in council service spending per person by quintile of IMD average score, 2009–10 to 2017–18



Source: Authors calculations using methodology and data as explained in annex

More than half of councils have cut spending per person on services other than adult social care by 30% or more, whilst one in four have made cuts of more than 40%. Cuts again have been larger in more deprived areas. Councils' in the most deprived areas of the country cut spending per person on services other than social care by an average of 39%, whilst those in the least deprived areas made cuts of 26%.

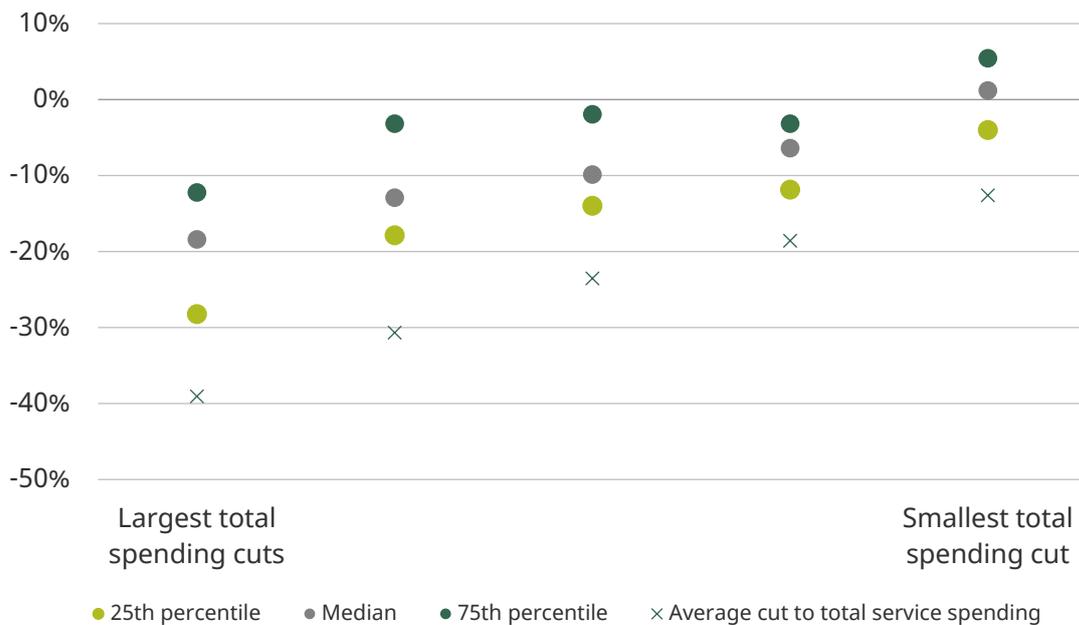
Not all councils have provided the same level of protection to social care spending, reflecting the difficult trade-offs they have faced

Even when comparing local authorities that have had to make very similar cuts to their total service spending, there are considerable differences across areas in the cuts made to adult social care.

Figure 5 puts councils into five groups based on the cut they made to total service spending per person between 2009–10 and 2017–18. The average cut to overall service spending for each group is demonstrated by the grey cross. The circular markers demonstrate the range of cuts to adult social care spending per person that were made by councils in each group.

For example, councils on the far left of the graph made an average cut of 39% to total service spending per person. Three quarters of councils in this group cut social care spending by less than 28%, half by less than 18%, and a quarter by less than 12%.

Figure 5. Variation in cuts to adult social care spending per person, by local authority quintile of total service spending per person cut, 2009–10 to 2017–18



The vast majority of councils have clearly prioritised social care. But the extent of that prioritisation varies considerably, reflecting different judgements about the pressures facing the full range of their services. Social care spending has taken a different path in different areas as a result of a combination of councils' different choices in the face of difficult trade-offs and central government decisions about how to distribute cuts to local government funding over the last 8 years.

Methodology

Responsibility for social care, along with other local government services, is devolved to Wales, Scotland and Northern Ireland. This briefing note is about social care spending in England.

In England, social care is the responsibility of local authorities, and this observation focuses on their spending. We do not cover spending on social care services that are directly commissioned by the NHS (such as district nursing and spending on continuing healthcare).

Our analysis is based on the spending reported by councils in MHCLG's local government revenue expenditure and financing statistics; however we make adjustments to ensure that our spending measures are consistent over time.

We include spending by councils, the Greater London Authority and waste and transport authorities (we don't include spending by police, fire or national park authorities).

Of the spending by these authorities we exclude spending on education and public health (because responsibilities changed over time), police and fire (as responsibilities vary across councils). We also make some additional adjustments for smaller inconsistencies, details of which are available on request.

Our spending measures are based on net revenue expenditure – which is spending funded out of councils' general revenue fund, excluding income from fees and charges. Net revenue expenditure also excludes some grant funding received by local authorities. For constructing consistent measures of social care spending over time there are two important sources of grant funding that we “add back in”.

Firstly, in 2009-10 and 2010-11 we add in spending on the ‘valuing people now’ programme (that later became the learning disability and health reform grant) to reflect the transfer of responsibilities from the NHS to councils.

Secondly, in subsequent years we add in transfers from the NHS. Up to (and including) 2014-15 we know the total value of these transfers that accrued to local authorities. However, from 2015-16 these transfers became the “Better Care Fund”. Better care fund budgets are pooled between councils and NHS clinical commissioning groups, and not all of the money goes to those services that would be typically considered local authority social care. As a result, we need to determine the split between ‘NHS’ better care fund and ‘LA’ better care fund expenditure. In 2015-16, we have some evidence from NHS England about the national share of better care fund expenditure that went to local authority social care services. However, we don't know how these share varied across local authorities. In our local level calculations, we assume that the share is the same across the country. There is some evidence from local authority submitted data in the ASC-FR 2016-17 that suggests that the share does vary around the country. But this data is incomplete (submitting it is voluntary) and sometimes appears to be implausible (e.g. equivalent to more than 100% of the budget), so is not a viable alternative. We hope that in future years more rigorous data will be collected on the use of better care fund budgets.

For the council level analysis, our figures are reported at the ‘hypothetical upper tier’ level. This means that in areas where local government services are split between county and

district authorities we pool expenditures at the county level, and in areas where there is a combined authority (like the Greater London Authority) we distribute its spending to the constituent councils (either based on the levies paid by councils to combined authorities for the services they provide, or on population shares, as applicable). This ensures that 'councils' in our analysis are responsible for a consistent set of services. We drop Isles of Scilly and City of London from the council-level analysis due to missing data.

Data sources

MHCLG Local government revenue expenditure and financing statistics (various years), available at <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

ONS Population estimates and projections (2016-based) available through NOMIS (<https://www.nomisweb.co.uk>), the ONS portal for official UK labour market statistics.

Social care share of CCG minimum contributions to better care fund taken from NHS England meta-analysis of Better Care Fund plans for 2015-16
<https://www.england.nhs.uk/wp-content/uploads/2015/06/bcf-meta-analysis-summary-feb-update.pdf>

Local authority level allocations of VPN value of transfer from PCTs to LAs in 2010-11 taken from government response to 2011 funding changes consultation, available at http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_122563.pdf

Value of NHS transfers (before the better care fund) taken from NHS Digital, Personal Social Services: Expenditure and Unit Costs, England 2015-16, available at <http://webarchive.nationalarchives.gov.uk/20180328130852tf/http://content.digital.nhs.uk/catalogue/PUB22240/pss-exp-eng-15-16-fin-rep.pdf/>

English Indices of Multiple Deprivation at the upper tier authority level taken available at <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015> (see File 11: upper-tier local authority summaries).

Better care fund allocations for 2015-16 taken from MHCLG Final local government finance settlement: England, 2015 to 2016, Spending power 2015 to 2016 support information, available at <https://www.gov.uk/government/publications/change-in-spending-power-final-local-government-finance-settlement-2015-to-2016>

Better care fund allocations for 2016-17 and 2017-18 taken from NHS England, Minimum allocations for the Better Care Fund from CCGs for 2017-19, available at: <https://www.england.nhs.uk/publication/minimum-allocations-for-the-better-care-fund-from-ccgs-for-2017-19/>

Adult social care precept revenues for 2018-19 taken from MHCLG Council Tax levels set by local authorities in England 2018 to 2019
<https://www.gov.uk/government/statistics/council-tax-levels-set-by-local-authorities-in-england-2018-to-2019>

Adult social care ring-fenced grant funding (Improved Better Care Fund and Adult Social Care Support Grant) levels for 2017-18 and 2018-19 taken from MHCLG core spending power: final local government finance settlement 2018 to 2019
<https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2018-to-2019>