Local Government Association
Association of Directors of Adult Social Services
Layden House
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22 March 2017

To: all top tier council chief executives and directors of adult social services

Dear Colleague,

We are writing to you jointly as the LGA and ADASS in relation to the additional £2 billion for adult social care announced in the 2017 Spring Budget.

Ahead of the Budget, the LGA and ADASS worked hard to highlight the scale of pressures facing our care system and their implications, and push for genuinely new additional funding. We have therefore welcomed the £2 billion as a significant step towards protecting services for older and disabled people. However, we have also been clear that short-term pressures remain and the challenge of a long-term solution to the social care crisis is far from over.

Since the Budget, attention has turned to the detail of the conditions that may be attached to the money. These will be set out in a grant determination letter from DCLG to councils, which we expect in April. Alongside this, the BCF policy framework and planning guidance is being amended. This will reflect the additional £2 billion for adult social care as we expect a condition requiring councils to pool all of their additional allocation into their BCF. Although we expect the money to be pooled in this way we also expect that no organisation other than DCLG will be able to impose conditions on the money or direct its use. This will reflect the clear principle that this additional money is for adult social care alone.

We are pressing for maximum flexibility locally. We want the additional funding to be used to meet local needs which vary across the country, and not restricted to older people or particular activities that support hospitals. As far as we understand it, this remains money for social care which should be available immediately to tackle social care pressures. We are seeking urgent clarification on the conditions to minimise any delay.

However, as we are sure you are aware, whilst we push maximum local flexibility it is clear that certain parts of the sector have their own interpretations of how the funding should be spent. Care provider organisations have called for the money to ease their

pressures and, most notably, NHS England and NHS Improvement have written to NHS organisations urging efforts to ensure the new money is used in part to free up in the region of 2,000-3,000 acute beds.

As discussions continue at pace we are keen to ensure you have the information you need to manage local partners' expectations, including pushing back on those expectations that are unrealistic or not in line with latest nationally agreed positions. Therefore, we have set out below our latest understanding of key issues and the associated 'top line' positions we are taking on your behalf.

As we press for maximum flexibility we would welcome your local promotion of these messages, as we would your thoughts on what else we should be saying on your behalf. In this way we can present the most united position both locally and nationally.

Finally, can we reiterate our sincere thanks for the excellent work you are doing in extremely testing circumstances to support older and disabled people. The additional £2 billion is testament to that work and now we need to ensure it can be used for maximum benefit locally.

Yours sincerely,

Mark Lloyd
Chief Executive
Local Government Association

Ray James
Immediate Past President
Association of Directors of Adult Social Services

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. We know that to date the precept has raised £380m. 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)

The non-bracketed adult social care precept figures are those that appear in the Government's 'core spending power' spreadsheet, as per footnote one below. 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.

You will of course understand that this ignores the impact of local government funding reductions on adult social care.

[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.

What are the conditions attached to the £2 billion iBCF grant?

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).

What have the LGA and ADASS been arguing for in discussions?

Whilst recognising the legitimacy and importance of getting care closer to home and supporting people to get home more quickly from hospital we have been 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 on improving outcomes for our most vulnerable residents, 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.

Can the NHS direct the spending of the grant?

DCLG will pay the additional funding directly to councils as a Section 31 grant. This means that the NHS cannot direct how it is spent, nor can it be involved in approving whether councils have met the grant conditions attached to the funding.

A condition of the funding is expected to require councils to pool the funding in the BCF, which requires joint agreement of constituent CCG(s) and council before pooled funds can be spent. Councils are encouraged to engage their CCG(s) to agree the joint priorities of their BCF and ensure the funding is directed to improve outcomes for residents.

Does the money have to be spent on reducing delayed transfers of care from hospital?

We expect the grant conditions to reflect the strong national focus on getting more people home safely and quickly, and the expectation that delayed transfers attributable to social care should fall. The BCF is likely to require councils to work with their CCG(s) to implement best practice in relation to transfers of care.

However, this is not the sole focus of the money, which is also intended to be used to stabilise the provider market and generally to meet adult social care needs. It is our view that local government can best help the NHS in the short and longer term by stabilising the domiciliary care market (and in some areas the nursing home market).

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 latest 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 rather than complement the sector led improvement approach and we will discuss this, and their methodology, with them.

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.