£907m adult social care funding gap in London by 2018

Thursday 10 January, 2013

The funding gap for providing adult social care in London will amount to £907m within five years, according to a new analysis by London Councils, supported by Ernst and Young, which is published today (9 January).

A Case for Sustainable Funding for Adult Social Care sets out the severe financial challenges faced by London boroughs for adult social care. It highlights how councils are already taking action to narrow the funding gap by working more closely with the NHS, improving procurement and developing new ways to provide social care for older and disabled people.

However the report warns that the combined savings from all of this would total between £240m and £735m, leaving a daunting funding gap. This calculation assumes that the Dilnot Commission recommendations are not implemented. If they were, the funding deficit would rise from £907million to around £1.5billion.

Councils in the capital currently spend a third (£2.8 billion) of their total budgets on adult social care. This spending is set to rise dramatically as the number of Londoners aged 65 and over increases by an estimated 50,000 during the next five years.

The report warns that by 2020, social care and waste collection - the main statutory responsibilities of local government – could require more than 60 per cent of all local authority funding.

London Councils' Executive Member for Adult Services, Councillor Ravi Govindia said: "We want Londoners to lead fit and active lives and stay healthy well into old age, but if people do need support, affordable social care services need to be available for them.

"It is clear that even if every council could implement all the efficiency changes outlined in the report the funding gap remains daunting; the report is an urgent call to action for Government and councils alike.

"We need a concerted effort to ensure that boroughs are able to continue to fund both their statutory responsibilities and the range of other services they provide.

"We are calling on the Government to decide quickly how to implement the Dilnot recommendations; remove some of the red tape which would make providing adult social care services more efficient and recognise that help will be needed to fill the funding gap as our population ages and needs more care."

The report sets out how the Government can help councils by:

speeding up changes to data protection regulations so social workers and NHS staff can share information about clients safely.

Removing target and tariff based payment models in the NHS that discourage investment in multi-agency services
making it easier for councils to develop new ways of providing adult social care by removing red tape.

Setting funding for public health at appropriate levels and ensuring that it is subject to minimal ring fencing so that councils can respond in an innovative way to the challenges they face.

London Councils will be carrying out further research to support improved planning, funding and delivery of adult social care in the capital.
Notes to Editors

The £907m gap is estimated assuming a five per cent cut in local authority budgets at the next spending review and does not factor in the increase cost of implementing the Dilnot Commission recommendations.

Implementing the Dilnot Commission recommendations would increase the £907m to an estimated £1.3bn.

If the cuts to local authority budgets at the next spending review were as much as 15 per cent these figures would rise to £1.1bn and £1.5bn respectively.

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The report makes an initial estimate of potential efficiency savings of £240m to £735m.
Councils have already been responding to the challenge of funding the cost of adult care and the report analyses a number of key initiatives to reduce costs and improve the quality of services. In particular the report focuses on greater integration with health services across the ‘tri-boroughs’ of Hammersmith and Fulham, Kensington and Chelsea and Westminster, the use of arms-length companies to reduce costs in Essex, and improved procurement of services in the Royal Borough of Greenwich. In addition, the report cites examples of initiatives to meet the challenge in Richmond, Greater Manchester, Croydon, Wokingham, Kingston, Bath and North Somerset, Lambeth, Merton and the West London Alliance of Barnet, Brent, Ealing, Harrow, Hillingdon and Hounslow.

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