Councils Face £5.8 Billion Funding 'Black Hole'

Monday 30 June, 2014

Councils in England face a funding gap of £5.8 billion between March 2014 and the end of 2015/16, new Local Government Association (LGA) analysis shows.

Local authorities will need to make huge savings before next April, equivalent to 12.5 per cent of their total budgets.

The LGA said the figures provide a stark warning that the successful integration of health and social care next year is vital to save the care system from collapsing.

The £5.8 billion shortfall in council budgets will be caused by a combination of reduced government funding and rising demand on services, in particular from growing numbers of elderly people.

The funding gap in adult social care alone already amounts to £1.9 billion by 2015/16 – based on council adult social care budgets in 2013/14.

In spite of cuts, local authorities will continue to try and protect spending on adult social care next year as much as possible, which could be at the expense of popular services like buses, libraries and leisure centres.

Next April, will mark a critical point for adult social care in England with the pooling of £5.4 billion from councils and the health service. The Better Care Fund will aim to improve care for older people and reduce financial pressure on councils and the health system through stopping lengthy waits for discharge from hospitals and avoiding unnecessary admissions to care homes.

The scale of savings which need to be found next year illustrate the urgent need for the Better Care Fund to quickly succeed in radically improving the way public money is spent on looking after England's elderly.

Council leaders say 2015 will be a "make or break" point for adult social care. The Better Care Fund has the potential to significantly improve people's quality of life in older age. But failure to quickly overhaul services and spending will tip councils, care services and the NHS into financial crisis.

LGA Chairman Sir Merrick Cockell said:

"In recent years, local government has worked tirelessly to save billions while protecting services for those who need them most. But the scale of the challenge facing local authorities next year is stark. Council finances are on a knife-edge and the old way of doing things – including the way we care for our elderly population – just won't work anymore.

"Next year will be a make or break moment for adult social care, for local services provided by councils and for the NHS.

"The introduction of the Better Care Fund next year is a once-in-a-generation opportunity to both improve the quality of life for people in their older years and steer England's social care system away from the road to financial ruin. The stakes have never been higher.

"We all know that we must do better by our elderly population. Too many older people are being let down by a system which leaves them languishing in hospital beds while they wait for an alternative, or consigned to residential care because we lack the capacity to help them live independently.

"The joined-up approach between councils and the health service will provide better support for less money, by cutting out the cost of failure.

"It will only be through a determined effort from councils, the health service and government working together that we can end the vicious cycle of over-spending on a broken system. Failure to get this right would be catastrophic for an entire generation who rely upon care and the NHS. It will also deprive millions of the popular local services like buses, parks, libraries and leisure centres that help improve quality of life and bind communities together.

"Neither councils, the NHS or England's elderly can afford for this not to work."

Media:

Local Government Association

Related Sectors:

Government ::

Related Keywords:

Funding :: Government. :: LGA ::

Scan Me:

- See more at:

- Ends -

Notes to Editors:

1. The Association of Directors of Adult Social Services (ADASS) will be publishing a detailed report outlining latest adult social care funding gap tomorrow (1/7). For an embargoed copy, please email ADASS press and policy Drew Clode on drew.clode@adass.org.uk.

2. The LGA's Future Funding Outlook report shows that:

- The funding gap for councils in England between March 2014 and the end of 2015/16 will be £5.8 billion. The gap is the disparity between the total money councils will have next year (£46.3 billion) and the amount of money they would need to maintain 2013/14 levels of service.
- The share of the funding gap for adult social care over that period is £1.9 billion. This projection is based on the proportion of council budgets allocated to adult social care in 2013/14.
- The total funding gap will increase at an average rate of £2.1 billion per year until 2019/20 when it will reach £12.4 billion.
- The LGA's Funding Outlook is based on illustrative 2015/16 finance settlement data, DCLG local authority revenue expenditure and financing data for 2013/14 budgets, and the LGA's projections of demand and inflation pressures.

3. The LGA's full Future Funding Outlook report is available on request.

For more information, please contact:

Greg Burns

Senior Media Relations Officer, Local Government Association

T: 020 7664 3184

E: greg.burns@local.gov.uk

Company Contact:

_

Pressat Wire

E. support[@]pressat.co.uk

View Online

Additional Assets:

Newsroom: Visit our Newsroom for all the latest stories:
https://www.wire.pressat.co.uk