Pressure in Adults' Social Care

Introduction

The purpose of this Appendix is to provide information on the current trends for Adults' Social Care (ASC) costs and what this could translate into in terms of future projections.

Background and Context

Growth in ASC costs have been fairly stable over a long period, albeit there was a slight re-balancing pre-Covid, which pushed the annual growth sum up from £10m per annum to £13.5m per annum.

Covid obviously had a major impact on the sector with Residential and Nursing volumes dropping by over 350 clients between March 2020 and July 2020. This reduction enabled the County Council to reduce the growth funding to Adults' Health and Care in 2020/21 which helped to offset over £8m of undelivered recurring savings within Public Health across Tt2021 and SP23.

However, much of this reduction has been eroded subsequently and as at end December 2021 there were only 78 clients less than the March 2020 figures, representing an increase of 272 clients over 17 months. Ordinarily over this timeframe we would expect to see approximately 105 additional clients.

Whilst the growth in numbers is a worry, of greater concern is the significant increase in costs in the marketplace. Whilst there is no single obvious explanation for this, it could be being driven by:

- Limited availability of an affordable workforce.
- Ongoing requirements to meet additional infection prevention and testing controls.
- Lower than normal occupancy within the private market, thereby providers needing to recover their costs over a lower, and more uncertain client base.

Irrespective of the reasons, the combination of increasing clients and increasing prices will have a major impact on our medium term financial position.

Forecast Methodology

Whilst it is difficult to determine what is driving these increases, it is likely that we are seeing a post-Covid re-set of the market that will eventually stabilise around price and that volumes will continue to increase at a higher rate for a period and then drop back to pre-Covid levels, although clearly there are significant levels of potential variability within this scenario.

This section concentrates on a single scenario that we believe is the most likely. In some respects, the logic applied to the pricing position is difficult to challenge, compared to the broader assumption made on volumes.

Pricing Assumption

Prices continue to increase at a constant rate from September 2021 identical to the monthly average observed over the 6 months from April 2021 to September 2021 when the increases were most prevalent.

The price increases for Residential and Nursing care continue to increase until the average weekly cost for all clients meets the latest average price secured for new care, £995 and £1,175 respectively (compared to a current overall average of £859 and £1,000). Beyond this point the growth is assumed to be similar to the pre-pandemic rate.

It seems very unlikely that prices will reduce in the market even after it stabilises, so these are the average prices we are likely to pay in the future, the main variable is how quickly we get there.

Volumes Assumption

We have assumed volumes continue to increase at a constant rate from September 2021 to March 2022 identical to the monthly average observed over the 6 months April 2021 - September 2021. From April 2022 volumes revert to increasing at a monthly rate akin to normal pre-pandemic growth.

The net impact of these assumptions (over and above already funded inflation and growth) is shown below for the next 3 financial years:

2022/23	£35.3m
2023/24	£45.0m
2024/25	£49.2m

The reason for the big spike in 2022/23 is due to the full year impact of the high rates of price and volume growth in the current year. Beyond this the figures start to stabilise but still do represent a £45m pressure by 2023/24 which is over and above the £80m two year deficit and on top of the £14m further gap we have as a result of the restriction on the ASC precept.

Most of the additional £22.9m grant that we are receiving from the Government in 2022/23 is already accounted for as part of the SP2023 savings, so this is not available to offset the position in the longer term, which is why year on year additional funding is vital to mitigate this position.

These figures have been factored into the overall forecasts outlined in the body of the main report and every step is being taken to alert Government to the pressures we face generally but in particular, in this service area.