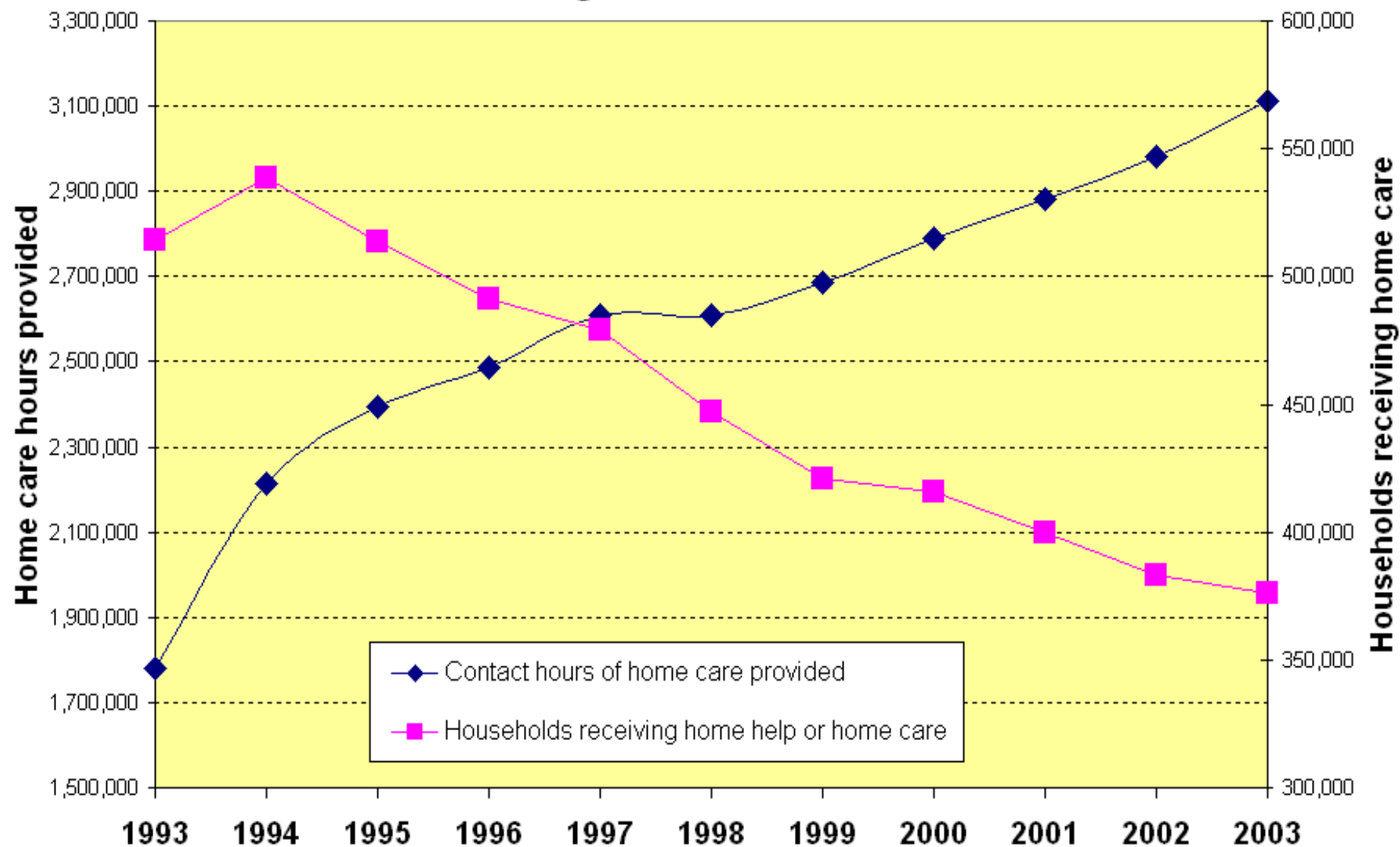


The impact of budget cuts on social care services for older people

Jose-Luis Fernandez and Julien Forder

Home care hours and households receiving home care in England, 1993 - 2003



17 February 2011 Last updated at 21:52



Liverpool Council reveals budget cuts to services

Liverpool City Council has detailed how it intends to make £91m of savings over the coming year.

It is set to cut half of its senior management posts, saving £4.5m, and reduce the budgets for children's services and adult social care.

It hopes it can reduce predicted job losses from 1,500 to about 1,200.

Council leader Joe Anderson said it had tried to protect frontline services but the scale of the cuts meant "real pain" would be felt in some communities.



A people's march against the cuts is being planned by the council on Sunday

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Councils cut back on free adult social care

The number of councils in England cutting back on free adult social care has increased by 13% this year, a survey has suggested.

The Association of Directors of Adult Social Services study found just 26 out of 148 councils would fund people in "moderate" or "low" need, down from 41.

The moves follow a sharp reduction in central funding for local authorities.

However, the government said it had recently allocated an extra £2bn a year by 2014-15 for social care services.

Taking bath

The survey revealed that 19 local authorities had raised the eligibility bar for free adult social care.

Only 22 councils in England out of the 148 which responded will now fund those assessed as having moderate needs, down from 36 last year.



Some authorities say they have no option but to cut one of their biggest areas of spending

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FACS bandings and eligibility criteria for individuals

Critical – when:

- life is, or will be, threatened; and/or
- significant health problems have developed or will develop; and/or
- there is, or will be, little or no choice and control over vital aspects of the immediate environment; and/or
- serious abuse or neglect has occurred or will occur; and/or
- there is, or will be, an inability to carry out vital personal care or domestic routines; and/or
- vital involvement in work, education or learning cannot or will not be sustained; and/or
- vital social support systems and relationships cannot or will not be sustained; and/or
- vital family and other social roles and responsibilities cannot or will not be undertaken

Substantial – when:

- there is, or will be, only partial choice and control over the immediate environment; and/or
- abuse or neglect has occurred or will occur; and/or
- there is, or will be, an inability to carry out the majority of personal care or domestic routines; and/or
- involvement in many aspects of work, education or learning cannot or will not be sustained; and/or
- the majority of social support systems and relationships cannot or will not be sustained; and/or
- the majority of family and other social roles and responsibilities cannot or will not be undertaken

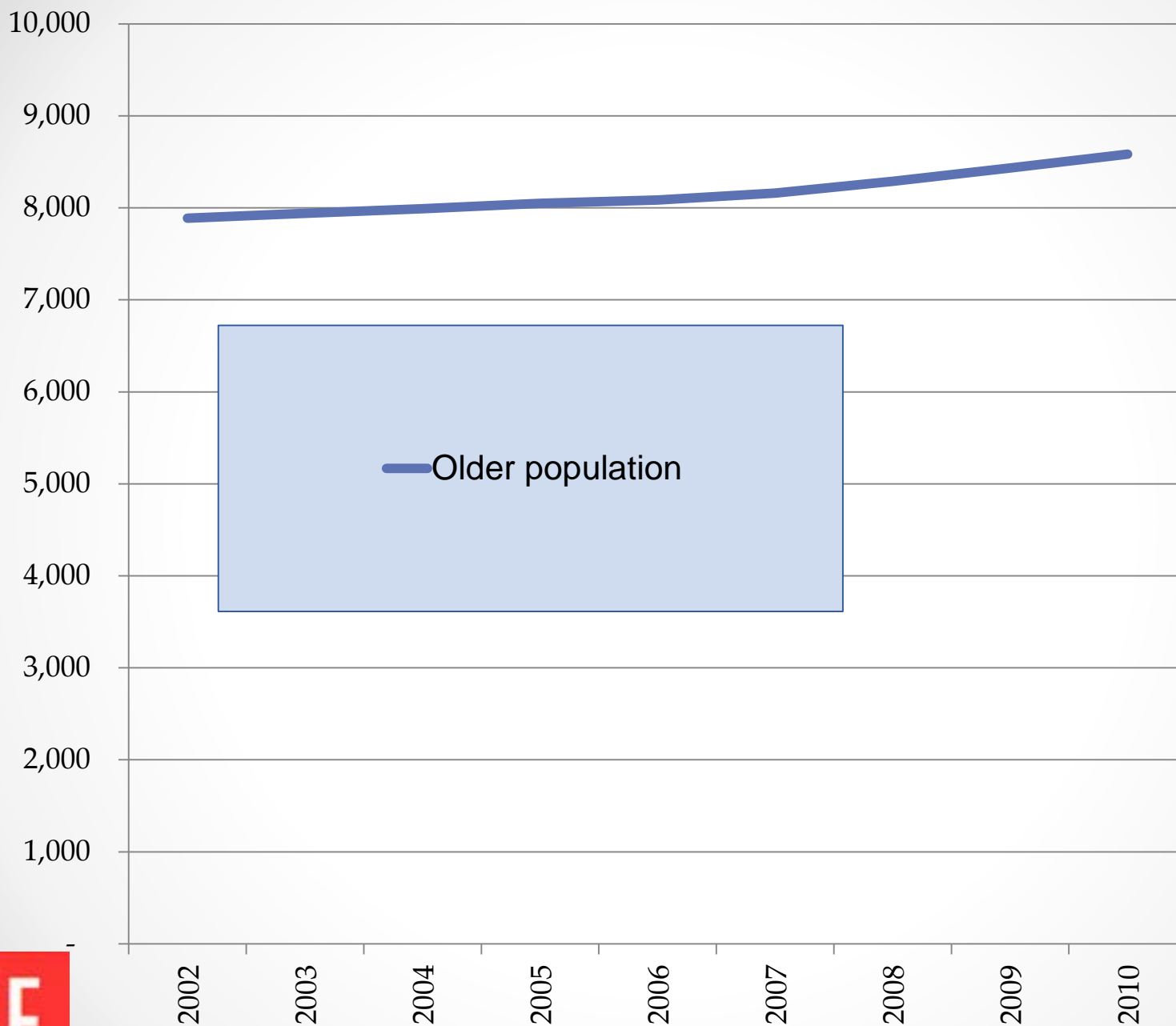
Moderate – when:

- there is, or will be, an inability to carry out several personal care or domestic routines; and/or
- involvement in several aspects of work, education or learning cannot or will not be sustained; and/or
- several social support systems and relationships cannot or will not be sustained; and/or
- several family and other social roles and responsibilities cannot or will not be undertaken

Low – when:

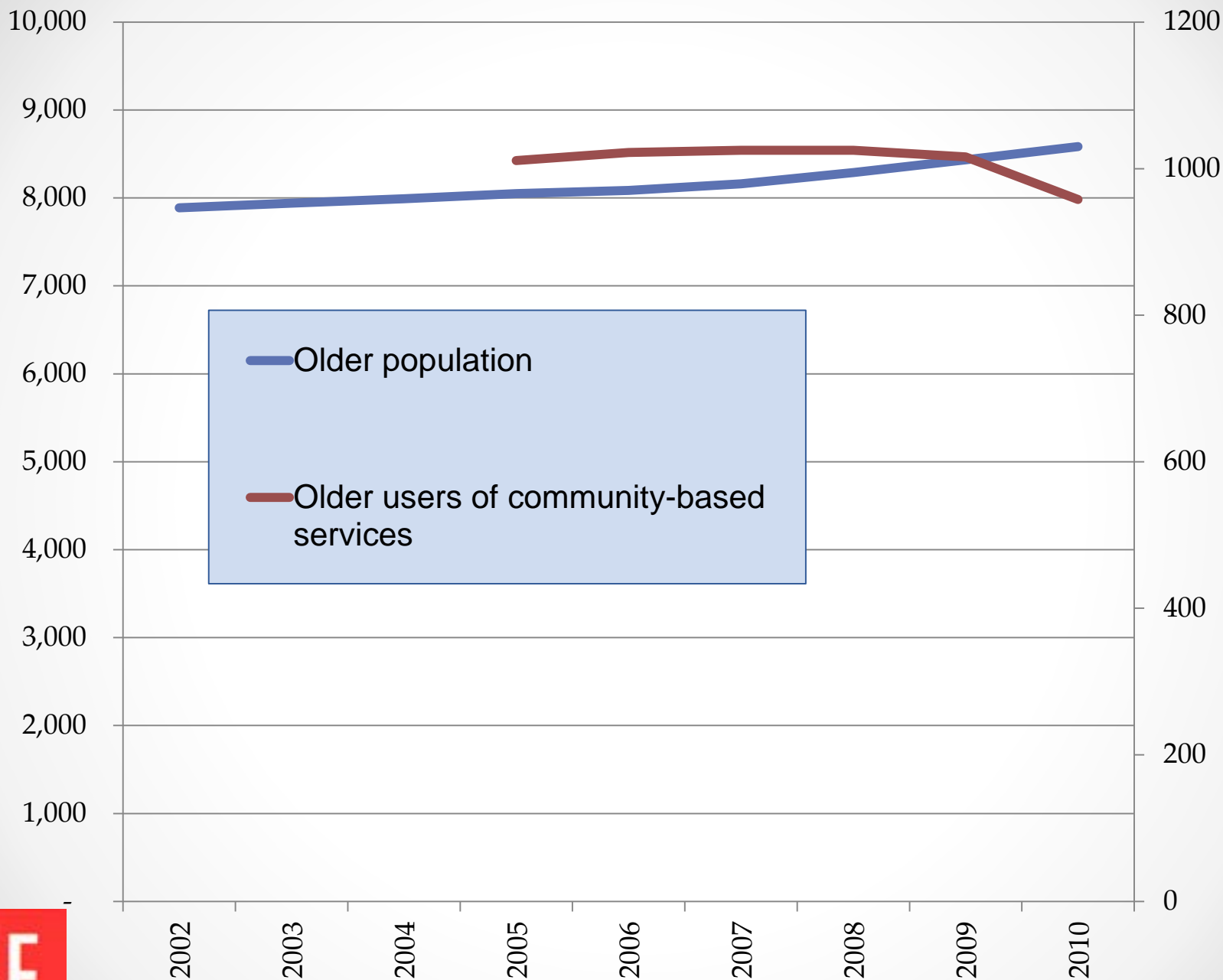
- there is, or will be, an inability to carry out one or two personal care or domestic routines; and/or
- involvement in one or two aspects of work, education or learning cannot or will not be sustained; and/or
- one or two social support systems and relationships cannot or will not be sustained; and/or
- one or two family and other social roles and responsibilities cannot or will not be undertaken.

Population (1,000s)



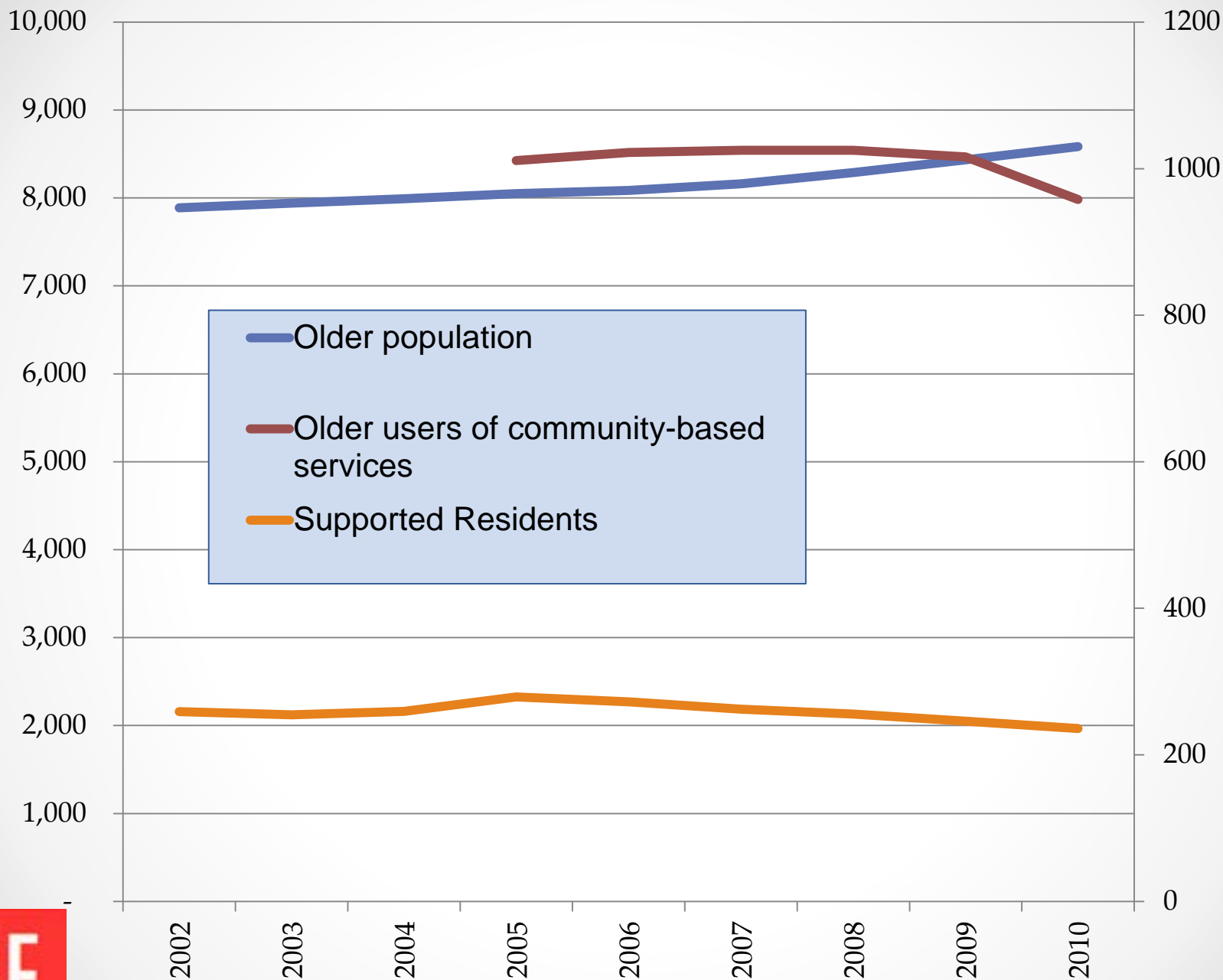
Population (1,000s)

Service users (1,000s)



Population (1,000s)

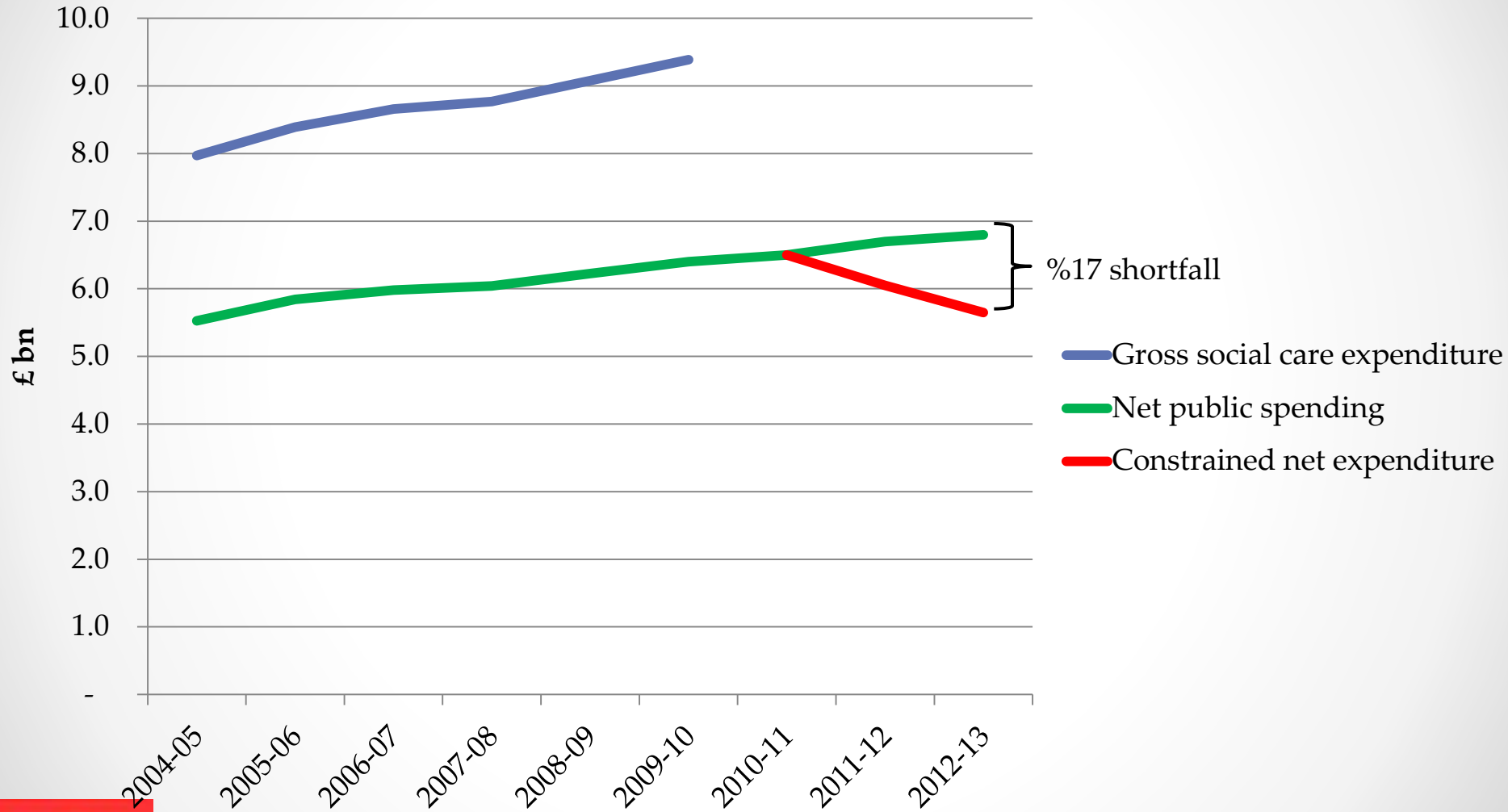
Service users (1,000s)



What is the likely impact of budget cuts in social care?

- What will be the size of the cuts?
 - Some councils (e.g. Birmingham) have mentioned cuts of approximately 20% of budgets
 - We look at the effects of a **6.7% p.a. real terms** reduction in the total budget available for social care in the 2 years after 2010/11
 - This figure is taken from the IFS projections in their January 2010 Green Budget (Chote, Emmerson and Shaw, 2010).
- Impact of cuts relative to what?
 - Due to the ageing effect and the increase in unit costs, maintaining current levels of public support requires funding increases of nearly **3.5% per annum in real terms**, according to our central projections, over the period to 2025/6.
 - Two scenarios: unconstrained, demand-led, and constrained scenarios

Expenditure constraints



Strategies for reducing expenditure

- How will those cuts be achieved? (efficiency savings, increase in copayment rates?)
- Changes in service levels
 - Efficiency
 - Types of services: residential vs. community-based care vs. new technologies
 - Types of users (those that benefit most from the care)
 - High need: because with greater capacity to benefit in the short-term
 - Lower need: because opportunities to prevent the need for services or for more intensive services
 - Equity: need in a broad sense
 - Need for services:
 - Physical needs
 - Informal support
 - Environmental factors (housing...)
 - Need for financial support: income and assets
- The analysis uses composite need index (including ADLs, informal care, age) to change need eligibility criteria

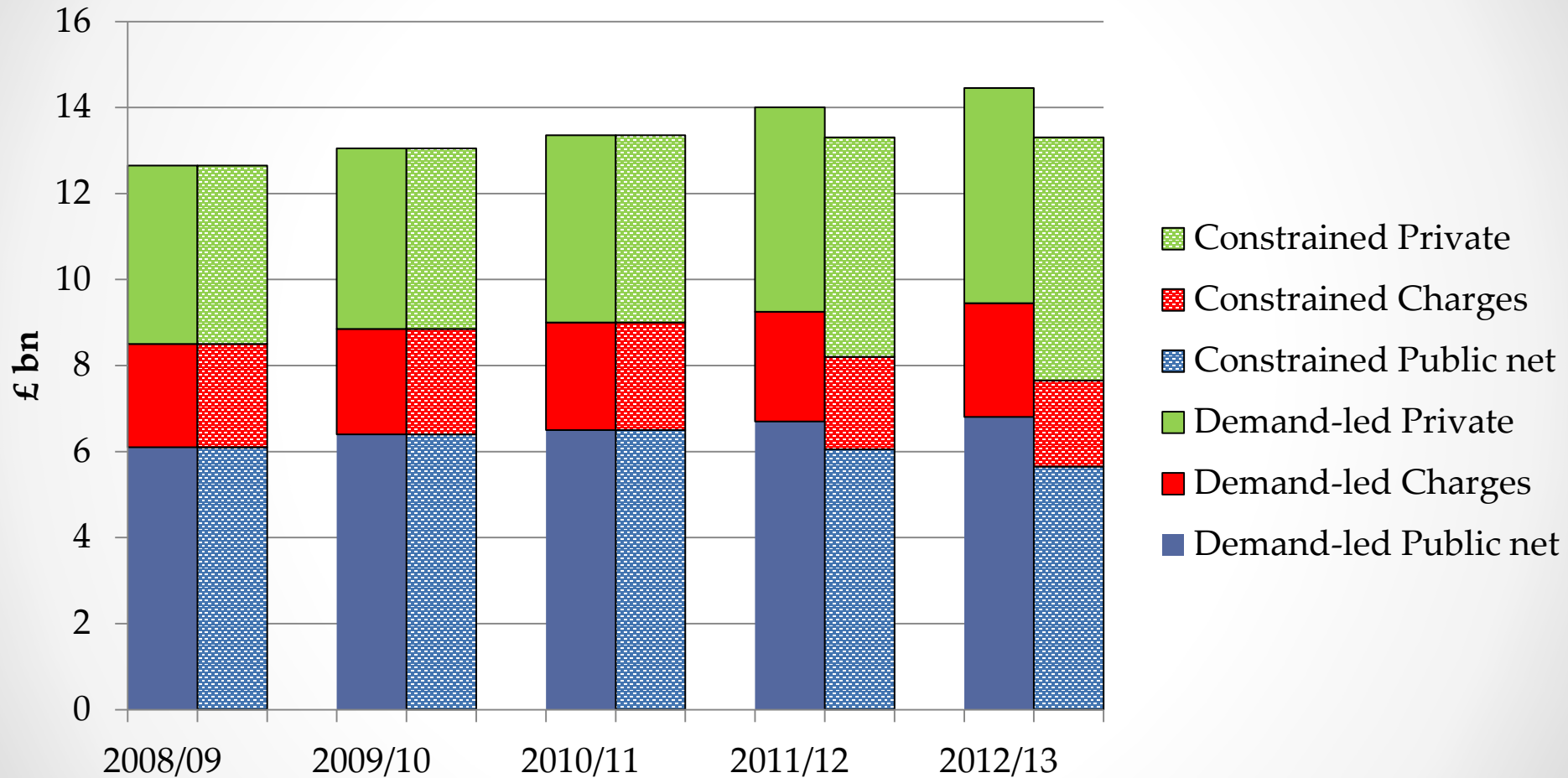
The simulation model

- Dynamic microsimulation model: distributional implications and longitudinal effects
- Based on BHPS data from 11 waves (30,000 obs)
- Calibrated to reflect current observed levels and distributions of key factors
 - Socio-demographic patterns (income, wealth, age, gender)
 - Need levels
 - Social care system (services, charging system)
 - Elements of social security system
 - Disability benefits
 - Pension credit
- Attempts to model impact on human behaviour of changes in funding rules (and in particular demand effects)
- Models yield **projections** based on assumptions, **not forecasts**

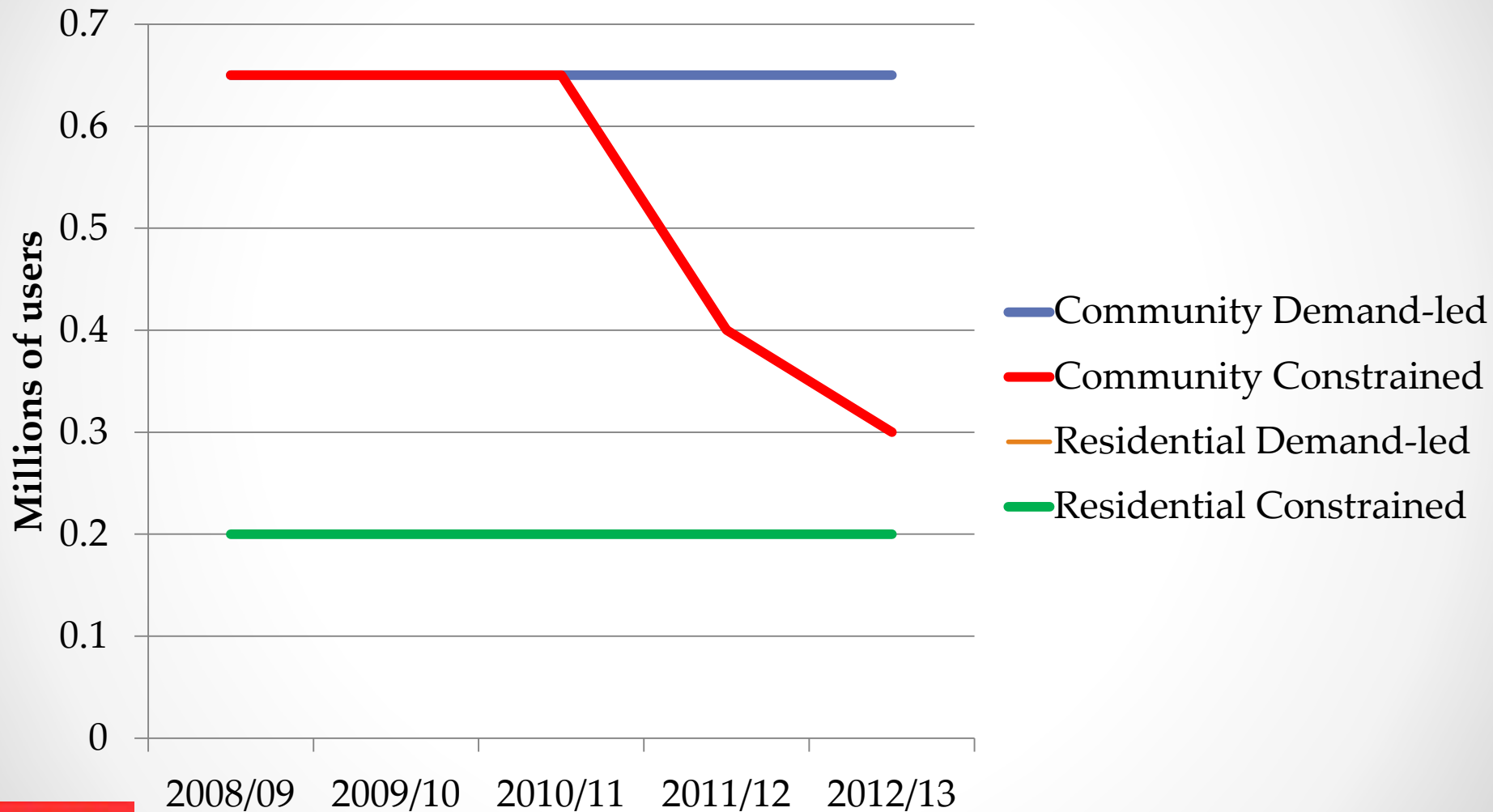
The simulation

- Compares
 - *public and private expenditure*,
 - *service utilisation rates* and
 - *outcomes*
- associated with two scenarios
 - budget cut “**constrained**” scenario
 - **demand-led** system which provides current levels of support
- The budget constrained scenario increases **needs eligibility criteria** to ensure net public spending stays within the constrained levels (i.e. “removes” least dependent individuals first)

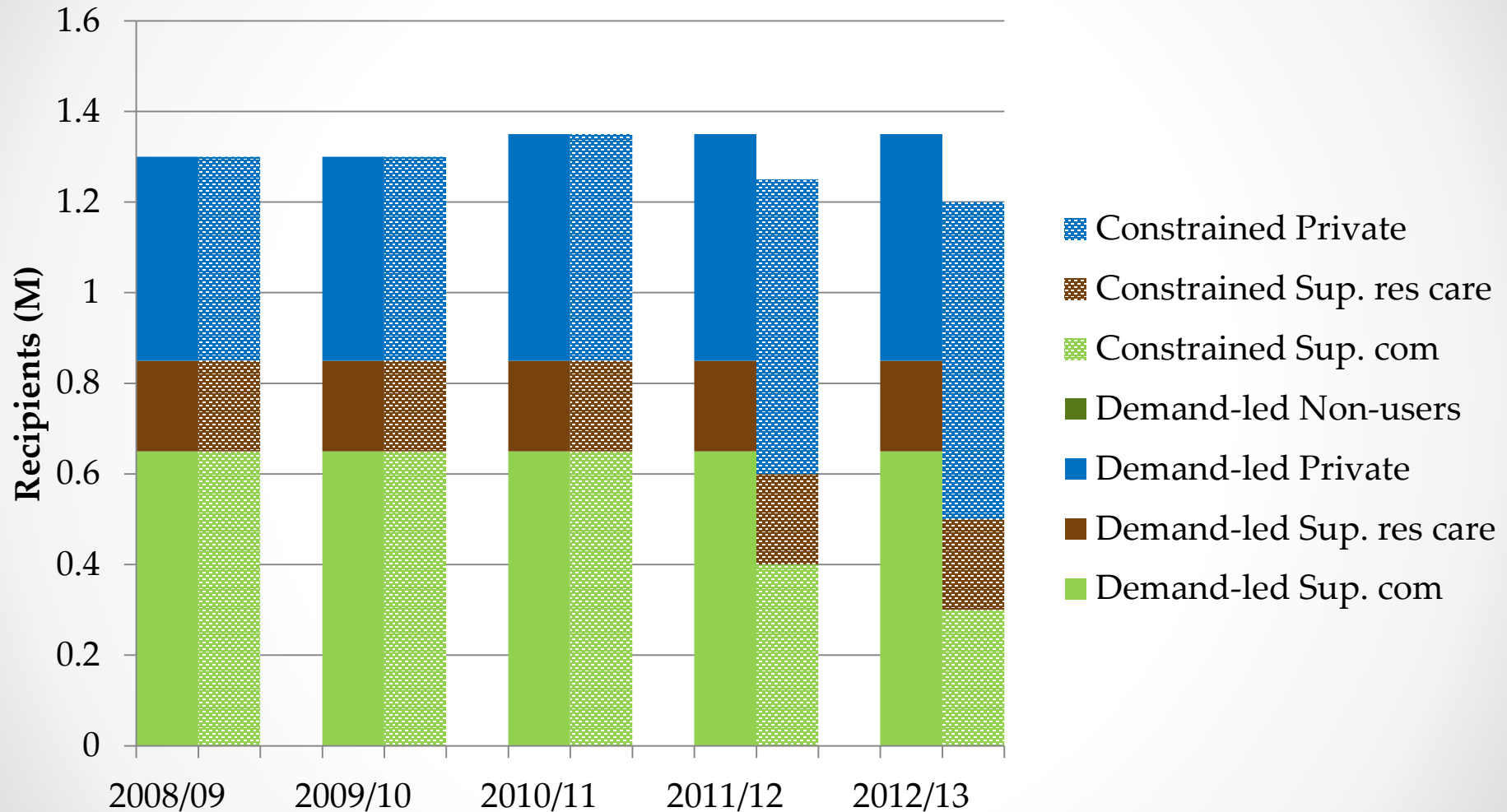
Impact on overall expenditure



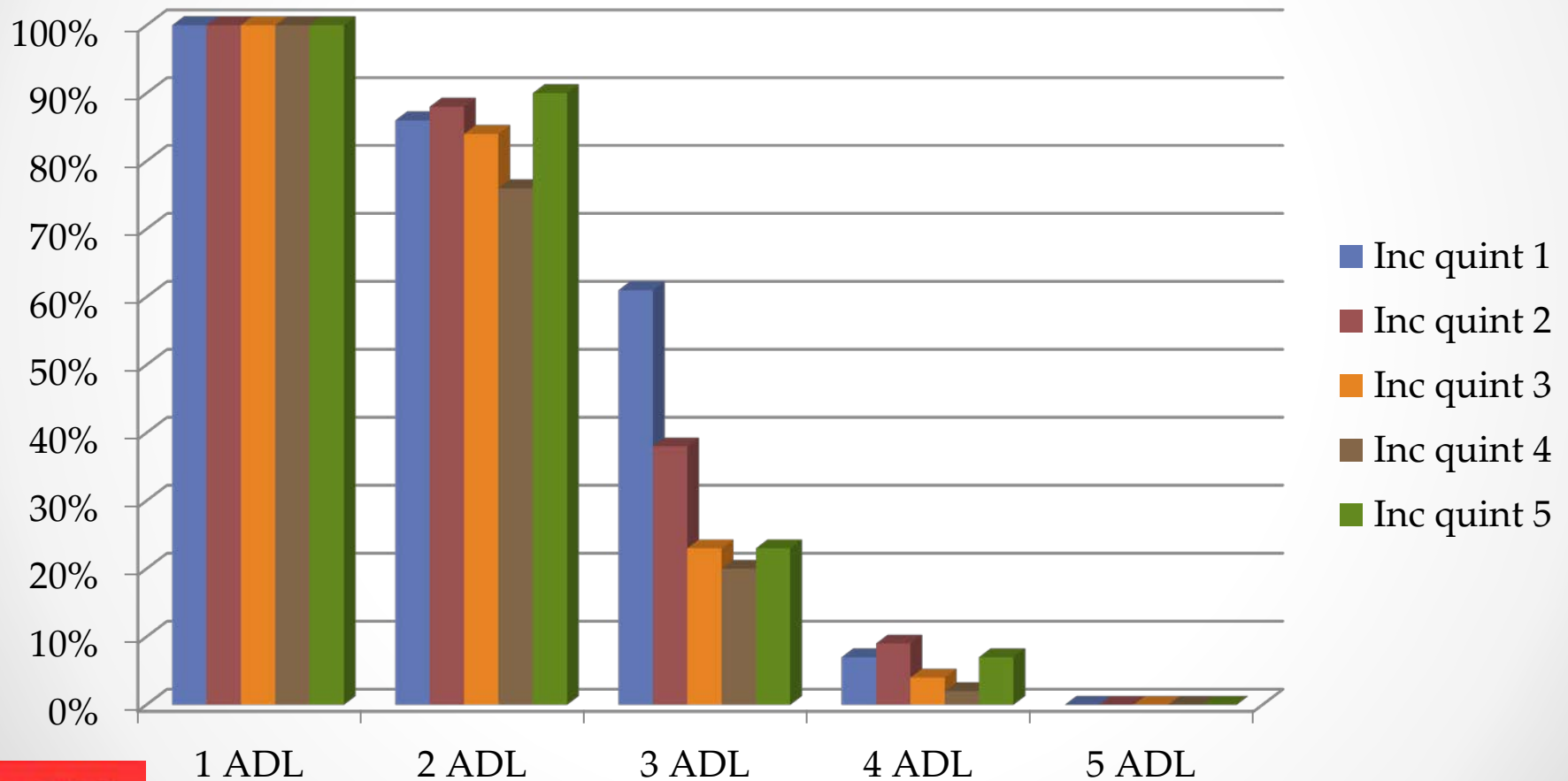
Impact on supported service users



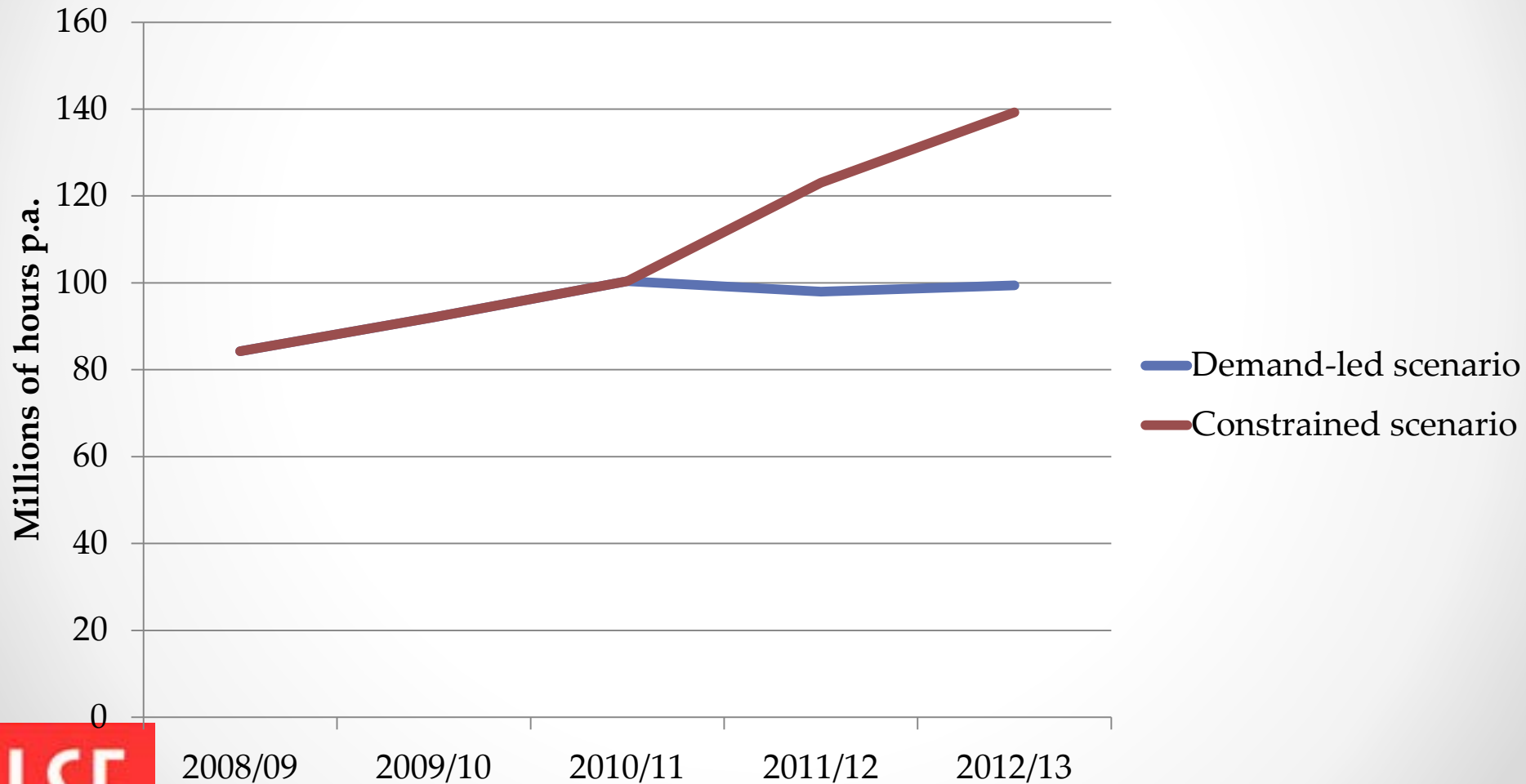
Impact on service users



Proportion affected in 2011/12 by need and wealth group



Unmet social care need among older people



Concluding remarks

- Results conditional on *key assumptions*:
 - Size of cuts
 - Strategies for dealing with them
 - Our understanding of behavioural effects (e.g. demand effects)
- **Local impact** will vary across local authorities
- Results suggest a very **significant impact on the number of individuals supported**, and particularly on the number supported in the community
- Although the withdrawal of state support leads to increases in private consumption, **unmet need** overall increases rapidly
- Range of **other outcomes** also important (e.g. health care, informal carers)

Appendices

Table 8.3. Estimated average increases in DELs, before and after specific commitments

	Average real growth, 2011–12 and 2012–13 (%)	
	PBR planned fiscal tightening	Faster fiscal tightening
TME	–0.1%	–0.7%
Memo: cumulative change	–0.2%	–1.4%
Memo: cut £/year by end year	–£1.1bn	–£9.8bn
DEL	–3.0%	–4.2%
Memo: cumulative change	–6.0%	–8.2%
Memo: cut £/year by end year	–£22.9bn	–£31.6bn
Meet overseas aid (ODA) target	+11.3%	+11.3%
‘Protect’ front-line NHS	0.0%	0.0%
Residual: DEL less ODA & NHS	–5.0%	–6.8%
Memo: cumulative change	–9.7%	–13.1%
Memo: cut £/year by end year	–£25.0bn	–£33.7bn
‘Protect’ front-line schools	+0.7%	+0.7%
‘Protect’ front-line 16-to-19 education	+0.9%	+0.9%
‘Protect’ front-line Sure Start	0.0%	0.0%
Residual: DEL less ODA, NHS, schools & Sure Start	–6.7%	–9.1%
Memo: cumulative change	–12.9%	–17.3%
Memo: £/year by end year	–£25.8bn	–£34.5bn

Sources: Authors’ calculations using HM Treasury. *Pre-Budget Report 2009*. December 2009. <http://www.hm->