

Potential Financial Impact of Social Care Finance Reforms

1. This summary outlines the key changes that will come as a result of the reforms and the estimated financial and resource impact on Health & Adult Social Care in Enfield to implement these reforms.

Key Changes:

2. **Fair cost of care exercise** – a market testing exercise must be completed with domiciliary care providers and care homes for older people and a report submitted to the Department of Health and Social Care by October 2022.
3. **Care Cap and Care Accounts** – a person with assessed eligible needs will be entitled to a Care Account from October 2023 which will monitor the contributions they pay every week (if any). No one will pay more than £86,000 towards the costs of their care in their lifetime. Once people hit the cap the local authority will become responsible for funding reasonable costs (as determined by the fair cost of care exercise). For people living in care homes £200 per week is excluded (accommodation costs).

Financial Implications

4. The Fair Cost of Care Exercise is expected to increase both residential/nursing and home care rates to reflect the current differential in rates paid by local authorities and self-funders and the financial impact will be identified through the market testing. Additional government support to fund FCC is £162m in 2022/23 rising to £600m from 2023/24. The allocation to LBE for 2022/23 is £0.877m and the grant conditions require that this is used to support the implementation and the move towards FCC in 2022/23.
5. There are four separate elements in respect of charging reform which will have a financial impact on local authorities:
 - An increase in the number of assessments, reviews, financial assessments and care management responsibilities to include eligible self-funders,
 - An increase in both the lower and higher financial assessment thresholds which affect when the public sector starts to pay for care and how much it contributes,
 - The introduction of the care cap which limits the amount that individuals might contribute towards their cap.
 - The implementation of Section 18 (3) of the Care Act for those in care homes. This means that self-funders can ask the local authority to commission care at local authority fee levels.
6. National Government funding to support Funding Reforms from October 2023 is £800m in 2023/24 rising to £1,400m in 2024/25. At this stage it is not clear how this total is made up in terms of the different aspects identified in paragraph 5 and no specific funding allocations have been made to individual authorities.

7. At this stage it is assumed that the cost of the Fair Cost of Care, Care Cap, Care Accounts and financial assessment thresholds, will be met through additional funding. There is a significant risk that this may not be the case, however, the actual net cost of the reform will depend on a number of factors which cannot be quantified at this stage:
- the outcome of the FCC Exercise in 2022,
 - further modelling of the impact of 2023/24 reforms for which additional data is required, and
 - the breakdown of national funding in terms of what this covers and indicative allocations to individual authorities.

Implementation Costs

8. The delivery of the changes from 2023/24 will require initial investment in both staffing and IT Systems. The cost and funding available to implement Care Cap and Care Accounts from October 2023 are currently estimated to be:

	Note	2022/23	2023/24	2024/25
		£m	£m	£m
Staffing	1	0.150	0.460	0.340
IT Systems	2	0.045	0.085	60
Estimated Cost		0.195	0.545	0.400
Implementation Funding – 22.23	3	0.104	-	-
Implementation Funding - 23.24	4	-	0.520	0.400
Net Cost	5	0.091*	*0.025	-

***Any costs not met by government funding will be funded from Adult Social Care reserves.**

Notes to Table:

- 1. Staffing** - With more people coming forward for their care accounts, Care Act assessments will need to be completed in advance of October 2023. This will for the most part, be people who are currently funding the costs of their own care themselves (self-funders). We have identified 720 current people receiving care in the community and in care homes but estimate this number could be as high as 1,250. This will require more staff to complete assessments, support plans and reviews as well as ongoing case management and financial assessments. We estimate that in order to meet this increase in numbers a further 6 qualified staff will be needed from April 2023 with a further 4 staff required the following year in 2024/25. From April 2023 we estimate a further 5 financial assessment staff will be required reducing to 3 the following year. The estimated cost of these staff (full year effect) will be £0.460m in 2023/24 reducing to £0.340m in 2024/25. There will be a smaller cost in 2022/23 as staff will need to be recruited ready for April 2023. This is likely to be a part year effect of 3 months between January 2023 and March 2023 so around £0.150m.

The impact on staffing will depend on the volume and timing of the demand for assessments but at this stage these represent the best estimates of cost. ADASS have shared a number of initial modelling assumptions based on estimated self-funder numbers, the number of assessments and reviews required and the estimated cost of a Social Worker per day. Based on 1,250 self-funders this modelling has indicated staff costs of £0.768m in 2023/24, reducing to £0.646m in 2024/25.

- 2. IT system development** – a new add-on will be needed to provide individuals with their care accounts. Work with the current provider, OLM, is underway. It is estimated that recurrent costs for this add-on will be around £60k per year with payments beginning in 2023/24. A contingency plan is also in place with an alternative provider. The cost for this option in 2022/23 is £45k with lower recurrent costs ongoing. With the contingency arrangement there will be additional costs to link this to the OLM system. Costs for this system integration are currently unknown.
- 3. 2022.23 Funding** - This initial tranche of implementation support funding is intended to support local authorities to begin planning and preparations for charging reform. This is primarily to support local authorities to undertake recruitment activities for assessment staff and ensure that they have dedicated internal resource to prepare to upgrade local IT systems to include care account functionality. The grant design offers flexibility to local authorities to use the funding as is best suited to their local planning.
- 4. 2023.24 Funding** - The 2022/23 implementation grant determination confirms that further implementation funding will be made available in 2023/24 and the government intends to consult on a proposed approach to distribution for this funding later this year. At this stage it is assumed that this will be sufficient to cover staff and IT cost identified.
- 5. Net cost** – it is currently unclear whether there will be further implementation funding made available in 2022/23. However, it is essential to assure that the necessary staff and systems are in place and ready to implement the changes required from April 2023. The estimated net cost of implementation of £0.046m (£0.091m if alternative IT Systems are required) will be met through Adult Social Care Budget Reserves.