CCN ANALYSIS

Adult Social Care Charging Reform

Analysing the costs of reforms and preparedness for implementation

Newton

July 2024

CCN
COUNTY COUNCILS NETWORK

About

CCN ANALYSIS

At the County Councils Network (CCN) one our core objectives as a national representative body is to deliver insights on the policy issues impacting our member councils, the communities they represent, and the wider local government sector.

CCN Analysis seeks to provide the latest data analysis on local economies, service demand, council finances and the wider public sector landscape, both within county areas and across England.

It contains commentary on what the latest trends mean for national and local policy making, and the implications for public services, businesses and communities across our 37 member council areas.

Newton

Newton partners with local government, health and central government to improve and innovate how public services are delivered. We work on some of the most challenging and complex policy and operational issues of the day, translating them into strategies and plans that deliver real world impact at pace. Our focus is always on delivering meaningful change and improved outcomes for the public sector and for citizens, whilst achieving measurable and sustainable operational and financial benefits. For over twenty years we've been putting 100% of our fees on the line to demonstrate our commitment to delivering change that results in a better future for our clients and the people they serve.

For this report, Newton have provided the updated projections on the costs of charging reforms and associated workforce requirements only. The methodology used builds on the programme of work undertaken in *Preparing for Reform* and published in June 2022. Policy commentary provided outside of section two are the views of CCN only.

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Manifesto For Counties

www.manifestofororcounties.co.uk

Executive Summary

In October 2025 reforms to how people pay for and arrange adult social care in England are due to come into force.

Delayed in November 2022, these encompass a new cap on care costs, a more generous and extended means-test and new duties under Section 18(3) of the Care Act.

The decision to proceed with the reforms will therefore be at the top of the in-tray for the new Labour government recently elected to office. While the Labour Party manifesto did not set out its intentions with regards to charging reforms, during the campaign the now Secretary of State for Health and Social Care stated that his party remained committed to the plans, including the current implementation date of October 2025.

Through a CCN survey of England's largest social care authorities and updated projections on the cost of these reforms over the next decade by Newton, this report provides insights to inform the new government's progress review and next steps on charging reform, alongside their wider programme of reform for social care.

THE CURRENT STATUS OF CHARGING REFORM

Charging reforms due to come into force from October 2025 include:

- **Care cap**: There will be a cap of £86k on the amount any individual can spend on their personal care over a lifetime.
- **Means testing:** The introduction of a more generous means test will mean that anyone with assets of less than £23,250 will not pay for their care at all, and anyone with assets between £23,250 and £100,000 will receive some assistance.
- **Fair cost of care:** Under previous plans, local authorities would be required to 'move towards' paying a 'fair cost of care'.
- **Care brokerage:** Implementing section 18(3) of the Care Act will mean that self-funders can request an assessment from their local authority.

CCN has, and continues to, support the principles underpinning the charging reforms contained in the Care Act and *Build Back Better*. Our survey of member councils show that the majority of county and unitary councils still support the principles of the different elements of reform.

However, while CCN and its member councils have consistently supported the principles behind the reforms, the network has reluctantly led calls for delays in their implementation, most recently in October 2022.

Alongside delaying the reforms until October 2025, the previous government made the necessary decision to repurpose £2.9bn (£1.2bn in 2023/24 and £1.7bn in 2024/25) of earmarked implementation funding over two years.

With council expenditure on adult social care rising by a further 10% (£2.2bn) in the last twelve months, the extent to which councils have become reliant on these additional resources to fund frontline adult social care delivery and offset permanently higher costs is evident in our survey.

However, while Labour, Conservatives and Liberal Democrats all committed to implementing charging reform from October 2025, no party set out in detail how it would pay for the reforms. This is despite, as the Institute for Fiscal Studies has shown, there currently being **no funding committed to the reforms** in Treasury spending plans. This is due to the repurposing of previous implementation funding and departmental spending limits being revised by the previous government.

Our survey also shows the potential adverse impact on existing adult social care services if the £1.7bn of repurpose funding was to end or be used to fund charging reforms instead from October next year.

When asked what the impact would be on service provision from a rerouting of existing funding;

- **42%** said it was highly likely they would need to reduce the number of care packages, with a further **9%** likely;
- **67%** said it was highly likely they would reduce preventative services, with a further **24%** likely;
- **61%** said it was highly likely to reduce or renegotiate fees to providers, with a further **27%** likely;
- **67%** said it was highly likely they would reduce discharge activity, with a further **33%** likely, and;
- **55%** said it was highly likely they would have to reduce workforce capacity, with a further **24%** likely.

Most worryingly, if funding was repurposed towards charging reform, our survey results show that eight in ten (80%) councils said it was either likely, or very likely, they would fail to meet their Care Act duties, with almost six in ten (57%) at risk of issuing a Section 114 notice if this funding was withdrawn.

REASSESSING THE COSTS OF CHARGING REFORM

Ever since the reforms where first proposed in 2011, CCN has undertaken significant research and advocacy to ascertain the impact of charging reform.

In 2022 CCN partnered with social care experts Newton to publish *Preparing for Reform,* which provided the first non-governmental modelling to explore the potential total costs and workforce requirements to implement the reforms.

Crucially, for the first time, this used bespoke postcode level wealth and asset data to help model the financial impact of the cap and means-test for each region, providing a decade long cost projection. Separate LaingBuission estimates on fair cost of care for CCN were also incorporated into the analysis.

Since Newton undertook their original analysis adult social care services and care providers have faced significant financial headwinds. Newton have therefore sought to update their analysis to reflect the realities of implementing the reforms from October 2025.

The headline findings show:

- **Means-test and cap:** the minimum total cumulative cost of the means-test and cap in England has risen **34%** since the original analysis, from **£13.9bn to £18.6bn**. CCN member councils account for 63% of the total minimum cumulative costs of the means-test and cap over the period. Regionally, councils in the South-East, South West and East of England combined account for 61% of the total minimum cumulative cost.
- **Workforce requirements:** the total number of new social work staff required to implement the reforms is **4,443**, with councils also requiring an additional **708** financial assessors. This compares to respective figures of 4,304 and 705 in the original 2022 analysis.
- **Operational impact:** costs relating to workforce requirements for the reforms have increased by 15% since the original analysis was undertaken, from a cumulative total of **£1.9bn to £2.2bn**. CCN member councils account for 59% of the total cumulative operational costs over the period.
- **Total financial impact:** the minimum total cumulative cost of charging reform in England, bringing together the means test, cap, fair cost of care and operational costs has risen 18% since the original analysis, from **£25.5bn to £30bn**.

WHAT IS THE IMPACT OF UNFUNDED REFORMS?

Due to the reprioritisation of earmarked resources and based on current government spending plans, **charging reforms to adult social care in England are currently unfunded**.

However, even if the incoming government was to provide additional implementation resources in line with the previous government's impact assessment, the shortfall in funding has significantly widened since the original analysis.

A like-for-like comparison with the costings in the impact assessment (£15.6bn) over the same number of years suggests **the minimum funding gap has increased to £14.4bn**. This is primarily driven over-time by an under-estimation by the previous government of those eligible for the extended means-test.

CCN member councils already anticipated a severe shortfall in funding in 2022 to implement the reforms. However, our survey unsurprisingly shows concerns over the impact of the shortfall in funding have only intensified:

- Some **97%** of councils said they were 'very concerned' about a shortfall in funding, with no council not concerned.
- Over **half of councils (54%)** said they were very concerned from a financial perspective by the prospect of increased demand from self-funders for arranging care packages under Section 18(3), with a further **40%** quite concerned.
- **Nine in ten councils (91%)** said that they were very concerned over an unfunded increase in provider fees.
- **Over seven in ten councils (72%)** said they were very or quite concerned over the sustainability of local care providers, with no council not concerned.
- **While over five in ten councils (57%)** were very or quite concerned over the impact on the NHS, with only two councils not concerned.

WHAT ARE THE OPERATIONAL IMPACTS?

While the financial impacts of the reforms are part of the challenge facing councils, the survey for this report shows that an equally pressing barrier to implementation in October 2025 is the workforce and operational impact:

- Some **63%** of councils in our survey were very concerned about recruiting additional staff to carry assessments, with a further **34%** quite concerned.
- **57%** in our survey said they were very concerned they did not have the IT, technological and infrastructure requirements, with a further **37%** quite concerned.
- Other concerns includes **83%** being very or quite concerned about how to engage providers over implementing a fair cost of care, with **49%** stating the same over a shortage of care placements.

HOW PREPARED ARE COUNCILS FOR OCTOBER 2025?

Taken together, these operational and financial risks result in **80%** of councils being very concerned, and a further **17%** quite concerned, that they do not have enough time to properly implement the reforms in the planned timescales.

Given this context, and the concerns over implementation, **nine in ten councils (86%) stated they were not well prepared to implement the reforms in October 25**, with 11% uncertain and just one council well prepared.

SHOULD CHARGING REFORMS BE DELAYED?

When asked what an incoming government would need to do to help councils prepare for the reforms and make them workable, it is unsurprising that **100%** of councils cited 'adequate' funding and **91%** 'funding to make the current system sustainable' as essential requirements.

Crucially, **eight in ten councils (80%) said a longer inception period beyond October 2025 was an essential condition to make the reforms workable**.

With councils strongly indicating they need more time to prepare and implement the reforms, our survey shows overwhelming support amongst councils for the implementation of reforms to be delayed beyond October 2025.

Overall, across all of the four main parts of the reforms, **nine in ten councils believe a delay of at least a year or more is needed**.

WHAT ARE COUNCILS PRIORITIES FOR ADULT SOCIAL CARE THIS PARLIAMENT?

Although our survey of member councils primarily focused on the implementation of charging reform, it also provides insights on what our member councils believe are the priorities for reform during this parliament.

Given the need to continue to stabilise the existing system, when asked in our survey which reforms are a high or low priority over the course of this parliament:

- Some **97%** of councils said ensuring that there is enough funding to deliver the same or more amount of social care services as delivered presently was a high priority;
- **Over nine in ten (94%)** said workforce retention and recruitment, including improved conditions and pay, was a high priority for the incoming government;
- Other reforms such as more investment in community health services **(85%)**, more extra care and supported housing **(91%)** and streamlining fragmented funding streams **(73%)** are also a high priority for councils.

But in contrast to this high prioritisation for policies that tackle the immediate challenges, other reforms proposed by the new Labour government and other political parties during the election campaign are either seen as a low priority or lacking in detail:

- The idea of introducing free personal home care, proposed by the Liberal Democrats, is only seen as a high-priority by **18%** of councils;
- Reflecting the wider results of this survey, the previous Conservative government policy of charging reform is seen as a high priority by **only a quarter of councils (24%).**
- The introduction of a national care service - central to the manifesto of the new Labour government - is regarded as a high priority by **less than one in ten councils (9%),** with 50% saying it was a low priority and 41% neutral.

CONCLUSIONS & PROPOSALS

It is widely acknowledged, including by councils, that the current system of paying for, and arranging, care remains unfair. As our survey shows, there is support for the principles that underpin the key elements of charging reform. However, with competing pressures on the system, **our research raises serious questions over the timescales and funding in place to implement charging reforms by October 2025**.

Our updated costing and workforce requirements with Newton only serves to further validate these conclusions, while our survey shows that the necessary decision by the previous government to delay reforms, political uncertainty and persistent financial and demand pressures means the October 2025 implementation timescale is now almost impossible to deliver against.

If these challenges were not enough, the funding that was in place to pay for the reforms no longer exists and would need to be found. Most fundamentally, Newton's analysis suggests that even if those resources still existed, the gap between the previous government's estimates and our projected costs has widened significantly.

The incoming government therefore inherits this situation. It does so within the context of acknowledging there is limited fiscal headroom and difficult decisions are required on what they prioritise for investment in public services.

Adult social care is not immune from these difficult choices, and it is imperative that decisions are taken that in the words of the new Secretary of State 'provide stability and certainty' for councils and providers.

With implementation of the reforms less that 15 months away, it is imperative that the new administration set out as early as possible their intentions on charging reform. **Given the findings of our research, we therefore urge the government to take the difficult but necessary decision to delay the reforms by at least a year or more.**

By doing so, the government can work with the sector to fully reassess the policy in the context of the challenges today, not a decade ago when these reforms were first proposed. Importantly, it can, as we have recommended, provide the necessary time to undertake a fully revised impact assessment.

We know this decision will be unpopular and disappointing for those that have campaigned for the introduction of these reforms. But failure to resolve the fundamental barriers to implementation outlined in this report could have devastating consequences for existing services.

Equally, this does not mean that local government, and in particular CCN member councils, are opposed to reform. **Far from it**.

In our *Manifesto for Counties*, we set out an ambitious set of reforms that can help tackle the challenges, and opportunities, facing adult social care and health.

These proposals are built upon a vision of establishing a preventive, people focused service, ensuring individuals are cared for in the home of their choice, enabled to live active lives, and supported by responsive services when they need them.

This requires recruiting and retaining a sufficient and appropriately skilled workforce; managing the transition away from traditional forms of residential care towards preventative forms of community-based care; investing in rapidly advancing technologies; and truly integrating services across health, housing, and public health.

Crucially, it must ensure that councils remain at the heart of a locally delivered service. This requires urgent clarity on what a national care service means in practice and ensuring structural reform does not become an unnecessary distraction.

Our survey overwhelming reinforces the conclusion that it is these reforms that are the priorities for our member councils this parliament and the ones they feel can make the most tangible difference to adult services.

This document concludes by setting the detailed proposals for adult services and health contained in our *Manifesto for Counties*.

INTRODUCTION

Reforming the way individuals pay for their adult social care needs has been a constant source of national focus.

It is widely acknowledged that the charging system in adult social care is unfair, with individuals facing the potential prospect of catastrophic care costs, limited financial support through the means-test, and a care market unsustainably cross-subsidised by private-payer income.

Successive governments have sought to address these challenges. The charging reforms contained in the Care Act Part 2 (2014) legislated for the introduction of a cap on care, extended and reformed means-test and new duties for local authorities to arrange care for those that currently arrange and fund their own services (self-funders).

With the implementation of these reforms paused in 2015, they were subsequently revived by the Conservative administration that took office in 2019 through its *Build Back Better* plan for charging reform. However, in November 2022, the government once again delayed the introduction of charging reforms until October 2025.

The decision to proceed with the reforms therefore will be at the top of the in-tray for the new Labour Government recently elected to office. While the Labour Party manifesto did not set out its intentions with regards to charging reforms, during the campaign the now Secretary of State for Health and Social Care stated that his party remained committed to the plans, including the current implementation date of October 2025.[1]

Since then, a week after taking office, the Secretary of State outlined[2] that he had asked officials in the Department for Health & Social Care to provide him with an update on progress and timescales for the delivery of charging reform.

With implementation work paused by both central and local government, and the resourcing and workforce challenges that led to the most recent delay only intensifying since, there is a pressing need for the new government to take an informed decision on the next stages of charging reform implementation.

As such, this report seeks to provide new insights to inform the new government's progress review and next steps on charging reform, alongside their wider programme of reform for adult social social care.

Through a wide-ranging survey, CCN asked England's largest councils their perspective on charging reforms; explored how prepared they are for implementation; investigated the operational and financial impacts; and ascertained their priorities for reform over the course of this parliament. The survey was completed by 35 out of 37 (95%) CCN authorities, and was conducted during late June 2024. The survey was completed by the Chief Executive or Director of Adult Social Services on behalf of the council's political leadership.

Alongside this, CCN has worked with Newton to update our ground-breaking analysis of the financial and operational impacts of the reforms, first published in May 2022: revising our cost estimates to reflect the new financial and demand landscape of today and providing an updated decade-long projection on implementation costs and workforce requirements.

Urging the government to make a swift and decisive decision on the next stages of reform, the report concludes by setting out a range of recommendations, building on the proposals contained in our *Manifesto for Counties*.

CCN ANALYSIS

PART 1:

The current status of charging reforms

WHAT ARE THE CHARGING REFORMS?

There has been much debate over the years on how to reform the way in which adult social care is delivered and funded. The debate has often focused on the funding and charging for adult care, and in particular, the prevention of individuals facing catastrophic care costs.

Building on the proposals contained in the Dilnot Review (2010) and reflecting the focus of national debate, successive governments have put forward charging reforms aimed at;

- Providing greater financial security for people who require care in their lifetime and the prevention of catastrophic care costs through a total cap on costs an individual can face;
- Limiting the personal financial contribution an individual must make towards their care through reforming and extending means-test thresholds;
- Ensuring a fairer rate for care is paid to care providers, to enable providers to sustainably offer a high quality of care;
- Providing more support from local authorities to those that currently arrange and fund their own care, ensuring they have the right to ask the local authority to arrange care on their behalf and in doing so access the same rates as the local authority.

The Coalition government put in place the legislative framework for introducing a new charging regime in England through the Care Act (Part 2) to achieve these aims. There was no agreement on how the introduction of this cap would be implemented in practice, and so the proposals were initially shelved in 2015.

However, the basis of the principle of a cap on the amount a person would be charged for their social care has remained strongly supported and was picked up by the new Conservative-led Government in 2019.

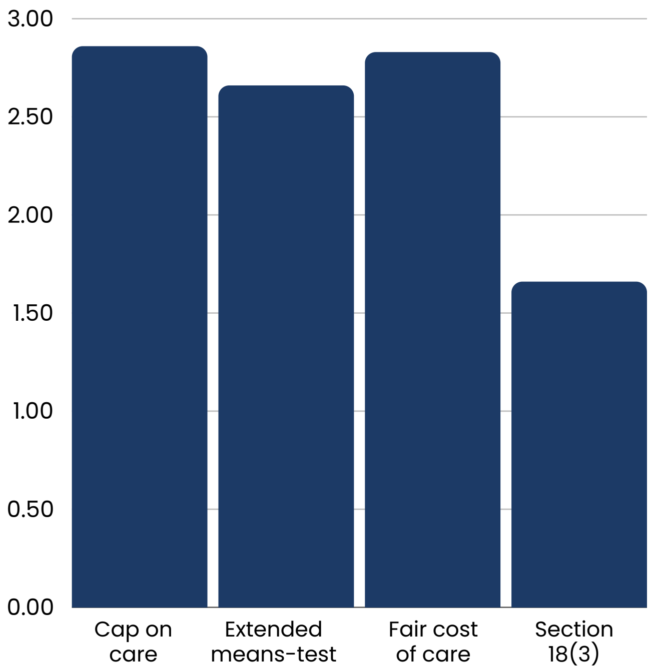
The *Building Back Better* plan for charging reform, published in September 2021, built on the original Coalition proposals with the aim of introducing reforms in October 2023. **The key aspects of the proposals are summarised in Box 1 below.**

HOW WELL SUPPORTED ARE THE REFORMS?

The different elements of charging reform, both individually and collectively, will have a unique impact on the county and unitary authorities that CCN represent.

When asked in our survey which aspects of charging reform will have the most impact on their council the cap, means-test and fair cost of care all scored very similar average rankings.

Figure 1 - Based on your knowledge of the reforms, which of the following key elements of charging reform will have the biggest impact on your local authority? (highest average score = highest average ranking)



SUMMARY BOX 1

Key components of charging reform

Care cap: There will be a cap of £86k on the amount any individual can spend on their personal care over a lifetime. The local authority will help individuals 'meter' towards the cap through a 'Personal Care Account' accounting for any money that they spend on care, based on the budget the local authority determines as appropriate for the level of eligible need, excluding any top-ups. Once this cap is reached, care will be funded by the local authority. This will mean that residents' personal contributions to the cost of their care will be limited, regardless of the level of wealth and assets they have. There will be key exclusions from 'care costs', which will not count towards the care cap, such as a £200 per week daily living cost (DLC).

Means testing: The introduction of a more generous means test will mean that anyone with assets of less than £23,250 will not pay for their care at all, and anyone with assets between £23,250 and £100,000 will receive some assistance. This compares to the current system whereby the local authority will only assist in part if a resident has assets of below £23,250 and will only contribute in full if they have assets of less than £14,000. Practically, the reform will be achieved by increasing the asset thresholds which determine when an individual contributes to the cost of their care. These thresholds are referred to as the Lower Capital Limit (LCL) and the Upper Capital Limit (UCL). The Minimum Income Guarantee (MIG) and Personal Expenses Allowance (PEA) will also be unfrozen, ensuring that individuals keep more of their own income. Where a person receives support from the state, the £86k cap will still apply to the individual's personal contribution.

Fair cost of care: Under previous plans, local authorities would be required to 'move towards' paying a 'fair cost of care'. This is intended to ensure that providers receive sustainable funding, to deliver high quality, consistent care.

Care brokerage: Implementing section 18(3) of the Care Act will mean that self-funders can request an assessment from their local authority. They will also be able to ask the local authority to source and broker their care for them. This should mean that self-funders start to pay the fair cost of care, if the local authority arranges their care. It is expected that, as a result, care providers will lose income from this cohort, who in most cases currently pay a higher rate, unless local authorities are resourced at a level which enables them to make up the shortfall through the fair cost of care exercise.

The reason our member councils feel significantly impacted by these reforms is not only because they are responsible for delivering half of all adult social care expenditure in England; their demographic and service user profile make them significantly more exposed to the key elements of charging reform.

In particular, the number of people who pay for their own services ('self-funders') will make a significant difference to the severity of the impact of charging reforms. ONS data shows that the average self-funder rate in residential care in England is 37%, but in CCN member councils it is 46%. Some 32 of CCN's 37 member councils have a self-funder rate above the national average, with 11 councils above 50%.

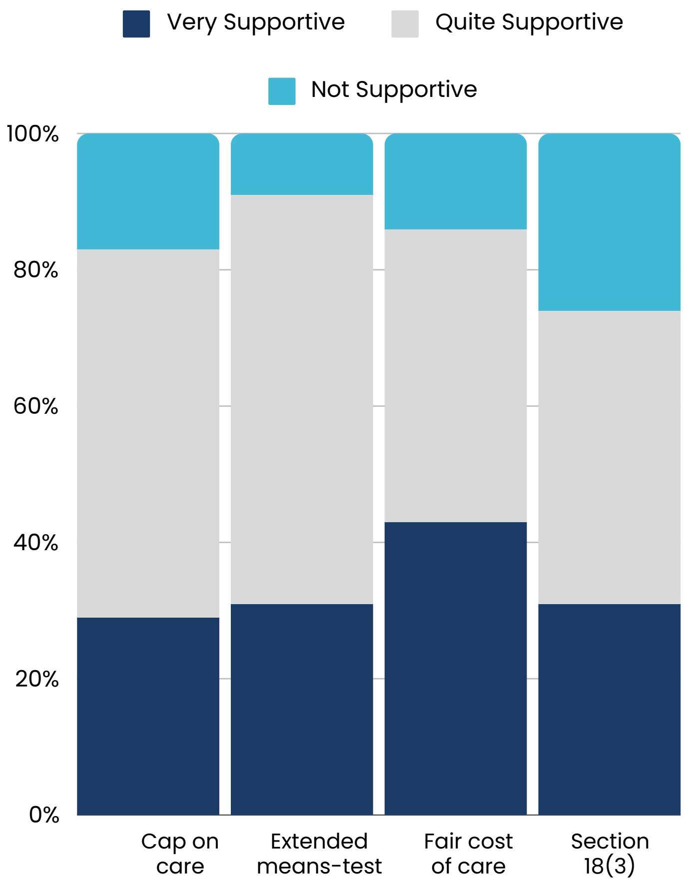
But despite the disproportionate impact, CCN has, and continues to, support the principles underpinning the charging reforms contained in the Care Act and *Build Back Better*. Our survey of member councils show that the majority of county and unitary councils still support the principles of the different elements of reform.

Figure 2 shows that on average across the different four key elements of reform, 34% of member councils were very supportive of the reforms, with 50% quite supportive and 16% not supportive. Overall, the extended means-test was the most supported element.

WHY WERE THE REFORMS DELAYED?

However, while CCN and its member councils have consistently supported the principles behind the reforms, the network has reluctantly led calls for delays in their implementation, most recently in October 2022. The principle rationale for calling for the delay was two fold.

Figure 2- How supportive of the main elements of charging reform are you in principle?



Firstly, CCN and its member councils have consistently maintained that the scale of financial and operational challenges charging reforms pose have been underestimated.

Looking back at October 2022, we asked councils to describe the shortfall between anticipated funding, workforce requirements and care sector capacity to implement the reforms. The results show that based on previous resource allocations, 91% of councils described their shortfall in funding to implement the cap and means-test as 'severe', with 86% describing the gap in funding to implement a fair cost of care as severe.

Figure 3 - Based on any previous estimates on the impact of charging reforms on your authority, how would you describe the shortfall between anticipated funding, workforce requirements and care sector capacity to implement these reforms?

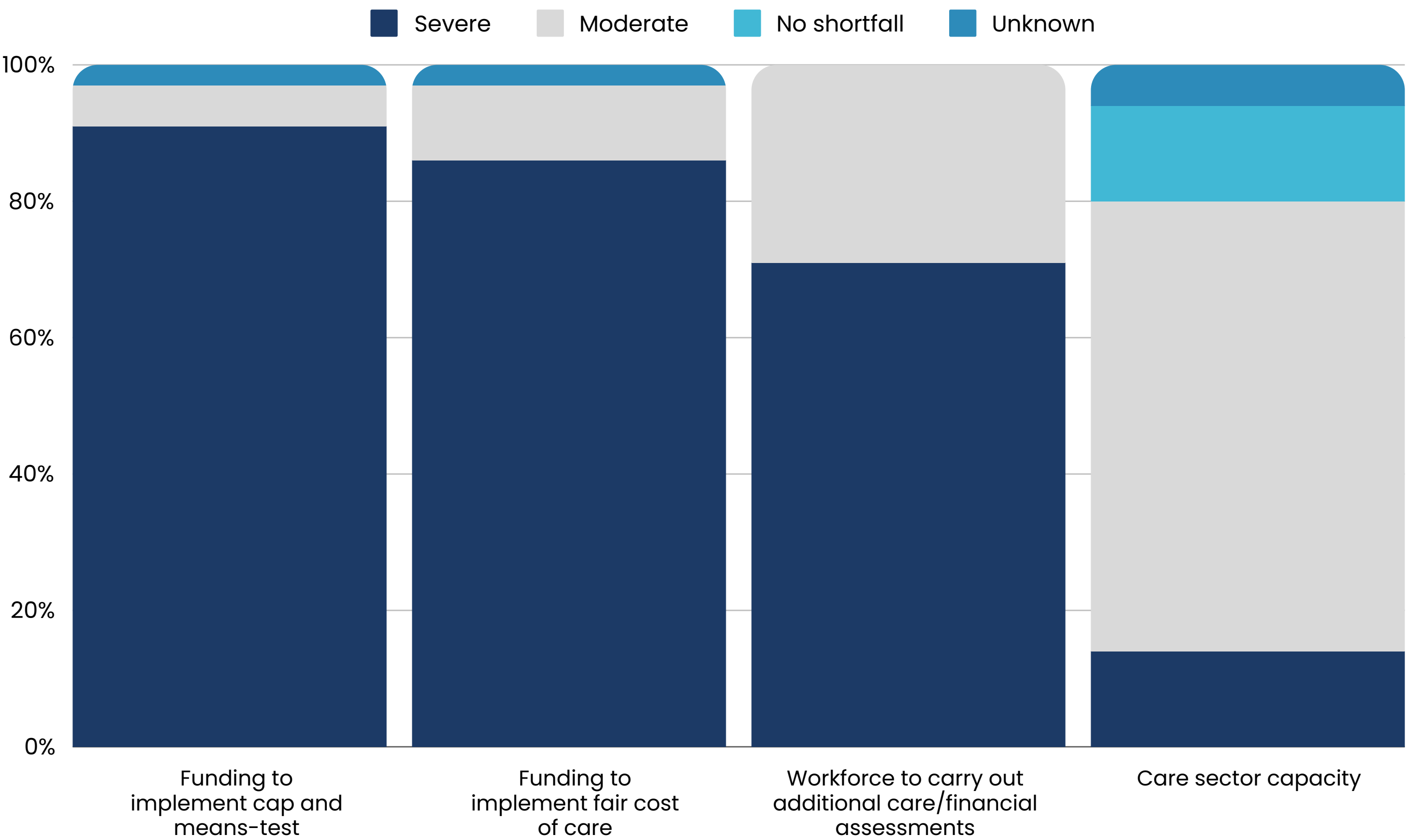
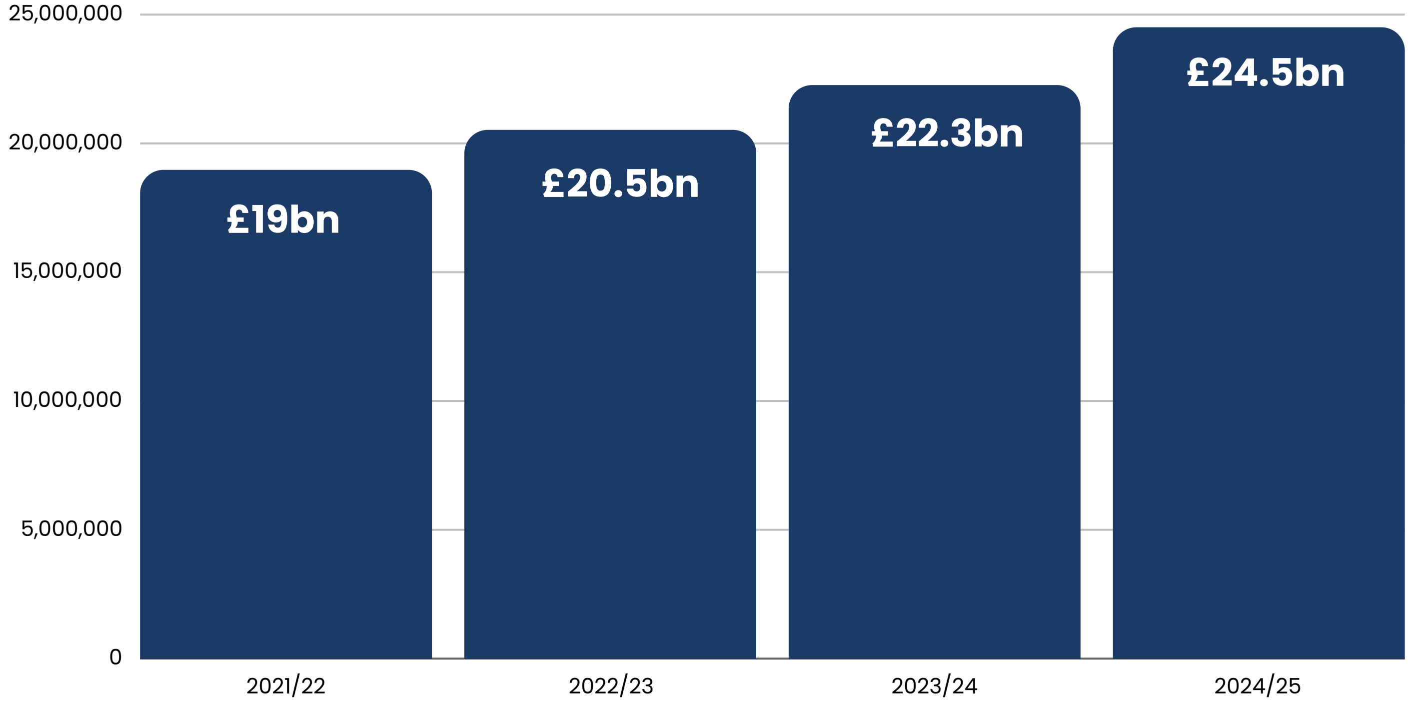


Figure 4 - Total adult social care spending in England (RO 2021/22 & 2022/23, RA 2023/24 & 2024/25, DLUHC)



Alongside resource constraints, 71% described the shortfall in workforce capacity to carry out additional assessments as severe, with 29% moderate. Moreover, only 14% of councils said there was enough capacity in the care sector to successfully implement the reforms.

As the next chapter will go onto detail, the shortfalls in funding and workforce capacity that were evident at the time of the 2022 delay have only intensified since.

Secondly, in October 2022, councils were facing unprecedented financial pressures as a result of historically high inflation and post-pandemic demand.

At the time CCN warned that as a result of these pressures, council spending on adult social care would need to grow £3.7bn - more than double the expected rate.[3] Spending data shows that these predictions proved to be correct, with Figure 4 above showing council spending on adult social care rising from £19bn in 2021/22 to an estimated £22.3bn in 2023/24.

With uncertainty over whether the reforms were fully funded, serious concerns over workforce capacity, and with councils facing historically high inflationary and demand-led pressures, CCN called for the reforms to be pushed back and the resources earmarked for implementation to be repurposed to meet existing cost pressures in the system: a position ultimately supported by the then government.

Alongside delaying the reforms until October 2025, the previous government made the necessary decision to repurpose £2.9bn (£1.2bn in 2023/24 and £1.7bn in 2024/25) of earmarked funding over two years.

ARE THE REFORMS CURRENTLY FUNDED?

During the election campaign, while Labour, the Conservatives and Liberal Democrats all committed to implementing charging reform from October 2025, no party set out in detail how it would pay for the reforms. This is despite the funding for the reforms being repurposed, and any intention to implement the reforms coming with new spending commitments above and beyond current Treasury spending plans.

Why is this the case?

Following the "plan for health and social care" published in Autumn 2021, the 2021 Spending Review (SR) provided additional public spending for the period 2022-23 to 2026-27 for this plan on top of the previous assumed overall spending envelopes. This was allocated specifically to DHSC and DLUHC for the period 2022-23 to 2024-25, but was not allocated to specific departments for the period beyond the end of the SR. It is assumed that spending would have been split between the Department for Health & Social Care and the (then) Department for Levelling, Housing & Communities.

However, when the roll out of charging reforms from October 2023 was delayed to October 2025, analysis by the Institute for Fiscal Studies (IFS)[4] of Treasury documents confirmed two things:

- as previously outlined, councils were allowed to retain the funding earmarked for reforms in 2023-24 and 2024-25 for existing service pressures, and;
- funding included in SR 2021 for 2025-26 and 2026-27 was rolled into the overall 1% a year real-terms increases in RDEL for the next SR period.

IFS analysis has shown how those 1% increases would likely require cuts to some services if a future Labour government wanted to meet pledges on NHS long-term workforce plan, childcare, aid and defence. That's before considering considering whether charging reforms also would need to be funded from within this increase in departmental spending.

As a result of this, the IFS concluded in its report, *What is the outlook for English council funding,*[5] published during the election:

'Paying for any of these plans [including charging reform] would require some combination of tax rises, higher borrowing or cuts to other areas of public spending. The limited tax-raising powers available to councils, who cannot borrow to cover day-to-day spending, mean that if central government did not fully cover the costs of social care reform, councils would need to cut back other spending.'

In short, as David Phillips, head of local government finance at the IFS commented in the lead up to the election '*whilst at one stage funding was set aside*[6] *for social care reform....that isn't there now*'. With council expenditure on adult social care rising by a further 10% (£2.2bn) in the last twelve months, the extent to which councils have become reliant on these additional resources to fund frontline adult social care delivery and offset permanently higher costs is evident in our survey.

When asked what councils had spent their share of the additional £2.9bn of repurposed resources on within their core budgets (Figure 5 below), some 86% said offsetting inflationary costs, 77% meeting increased demand for services, and 91% said increasing care fees paid to providers.

In addition, over half of councils (54%) said they had commissioned an increased number of care packages, while 46% said they had invested in activity to improve delayed transfers of care.

Our survey also shows (Figure 6 below) the potential adverse impact on existing adult social care services if the £1.7bn of repurposed funding was to end or be used to fund charging reforms instead from October next year.

When asked what the impact would be on service provision from a rerouting of existing funding;

- 42% said it was highly likely they would need to reduce the number of care packages, with a further 9% likely;
- 67% said it was highly likely they would reduce preventative services, with a further 24% likely;
- 61% said it was highly likely to reduce or renegotiate fees to providers, with a further 27% likely;
- 67% said it was highly likely they would reduce discharge activity, with a further 33% likely, and;
- 55% said it was highly likely they would have to reduce workforce capacity, with a further 24% likely.

Most worryingly, if funding was repurposed towards charging reform, our survey results show that eight in ten (80%) councils said it was either likely, or very likely, they would fail to meet their Care Act duties, with almost six in ten (57%) at risk of issuing a Section 114 notice if this funding was withdrawn.

As the next section of this report will show, even if the reforms were to be funded at the levels previously envisaged, there is compelling evidence to show that the costs of charging reform were, and continue to be, grossly underfunded.

Figure 5 - Charging reforms were delayed in October 2022, with funds earmarked for the reforms instead re-routed to councils' adult social care budgets. What did you spend this money on?

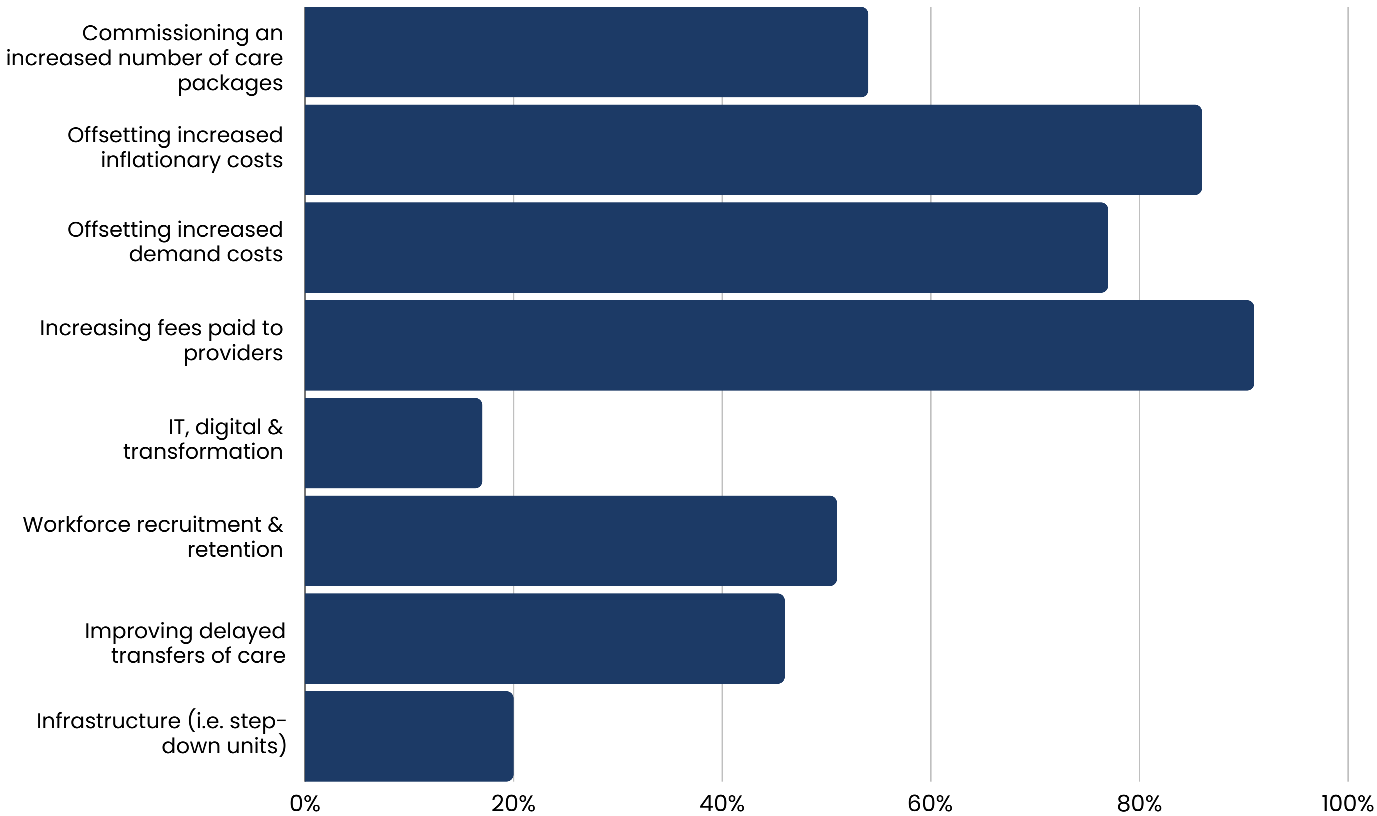
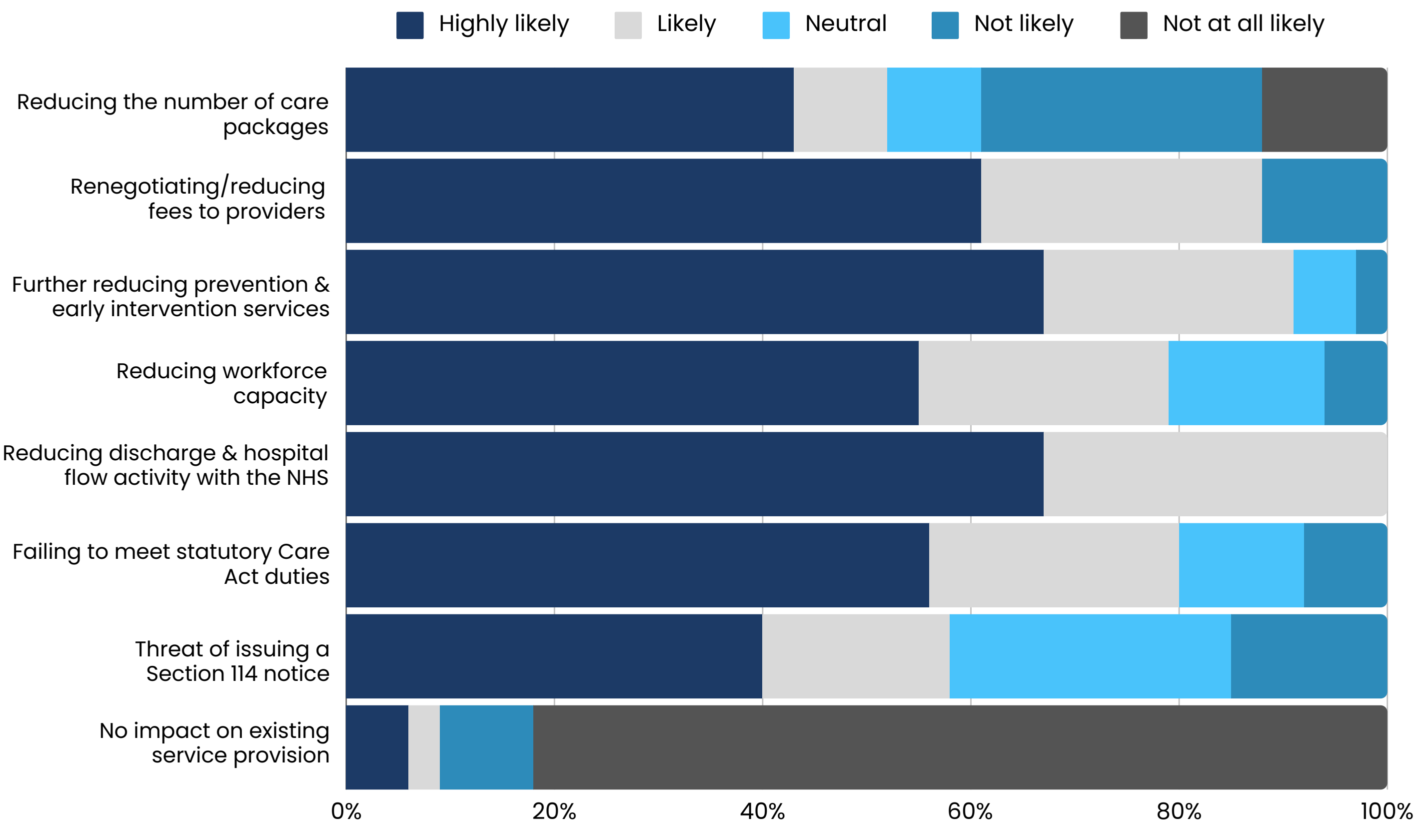


Figure 6 - If an incoming government did not provide additional funding to implement the reforms and instead used £1.7bn of repurposed funding in the current financial year for implementation of charging reforms, what would be the impact on your existing service provision?



Newton

PART 2:

Reassessing the financial and operational impact

Background

Ever since the reforms where first proposed in 2011, CCN has undertaken significant research and advocacy to ascertain the impact of charging reform.

In 2022 the network published research undertaken by LaingBuisson for CCN. This analysed the financial implications of introducing a fair cost of care and provided an assessment of market sustainability ahead of new duties being enacted to allow self-funders to ask local authorities to arrange care on their behalf through Section 18(3).[7]

Building on this research, CCN partnered with social care experts Newton to publish *Preparing for Reform*,[8] which provided the first non-governmental modelling to explore the potential total costs of the reforms, alongside the workforce requirements to implement them.

Crucially, for the first time, this used bespoke postcode level wealth and asset data to help model the financial impact of the cap and means-test for each region. LaingBuission's estimates on fair cost of care were also incorporated into the analysis.

The results of this modelling, alongside the incorporation of the findings by LaingBuisson, showed that the reforms in England would cost a minimum of £25.5bn over the next decade, and potentially as high as £28.6bn. This compared to the then government estimate of £15.6bn, with the majority of unfunded costs falling in county areas due to their significantly greater share of self-funding care users.

Updated cost estimates

The cost estimates produced by Newton remain the only independent, non-governmental analysis of the impact of charging reform in England. Importantly, unlike official government estimates, using bespoke postcode level wealth and asset data, Newton were able to estimate the reforms impact on a regional basis.

While the original data and methodology used to estimate the costs of the reforms were different to the approach undertaken in the previous government's Impact Assessment,[9] Newton's methodology was rigorously tested and discussed with the Department for Health & Social Care throughout its development and ahead of publication.

As explored earlier in this report, since Newton undertook their original analysis adult social care services and care providers have faced significant financial headwinds. Not only has inflation permanently increased the core costs of delivering services, alongside workforce overheads, councils have witnessed significant growth in demand for services and increased fee rates above inflation. These factors will have an important impact on the costs of implementing the different elements of charging reform from October 2025, in particular the extended means-test, cap on care, and associated operational overheads.

Newton have therefore sought to update their analysis to reflect the realities of implementing the reforms from October 2025. In the timescales available, it was not possible to reassess the wealth and assets data underpinning the main part of the analysis. However, incorporating more recent economic, social care and workforce data, they have been able to re-baseline their forecasts so they represent a more accurate reflection of actual costs over the next decade.

The key elements of the updated analysis are as follows:

- **Social care net spend:** Including CPI inflation uplift to 2024 rates of social care net spend used within the analysis;
- **Social care client numbers**: updating demand forecasts using data on requests for assessments and number of clients accessing long-term support.
- **Workforce requirements and costs**: updating data on the number of social workers and average social worker salary growth.

Data sources used in the analysis are summarised in Appendix 1. Taken together, these updates result in new cost estimates for the over-65 means test and cap, alongside operational costs and workforce impact. Newton have not attempted to update cost projections for working age adults, recognising they are small compared to older adult costs and the original report adopted DHSC cost estimates. These are therefore excluded from the updated analysis.

Equally, Newton have not uplifted the costs estimates* by LaingBuisson in relation fair cost of care that were incorporated into the original report. This is to recognise that some funding has been provided to councils to meet recent inflationary pressures in provider fees and 'move towards' a fair cost of care, despite the reforms being paused.

An overview of the approach to the modelling and key assumptions used by Newton in the original report is provided in Box 2. Further technical detail can be found in the 2022 report.

*The estimate of a fair cost of care has been taken at the 'mid-point' of LangBuisson's analysis, beginning in 2023/24, and relate only to residential care.

SUMMARY BOX 2
Summary of Newton Methodology

Extended means-test

To be able to estimate the impact of the new means test for local authorities, the objective was to build a picture of the distribution of chargeable assets belonging to residents in England who are likely to need care (and are over the age of 65). To do so, the starting point was to look at the asset distribution across England's whole population, including savings, house values, and other assets held, before drawing out the over 65 cohort. Using data supplied by CACI, for each postcode, 25 data fields were gathered and analysed, including individuals' savings, income, investments, and house value, along with factors such as if a house is owned, and if individuals live in couples or alone. Together this data provided the basis to assess chargeable assets.

Not all assets are considered chargeable within this calculation, since there are specific rules relating to whether property value is included. The current rule is that where the individual remains living in their own home, or a close relative or family member remains living in that home, including a spouse, partner, former partner, civil partner, child under 18, or any family member aged over 60, the value of the property is disregarded. This rule is not changing as a result of planned reforms.

Newton's analysis was therefore based on 'chargeable assets' which seeks to account for this disregard of house value. The following methodology has been used to approximate the housing disregard, with each factor being calculated per postcode, and the average nationwide figures shown below:

- The house value is only included for residential or nursing care, not the community (40% of the care population).
- The house value is only included where the property is owned by the individual.
- It is only the individual's proportion of the property which is considered chargeable (42% of the care population).

- The house value is only included where the individual does not live 'in a couple' (varied between 25% and 51% in the lower and upper scenarios).

This results in the house value being disregarded between 87% and 91% of the time. The assumption about living 'in a couple' rather than being married, is a key distinction, and allows for a broader range of situations where the house value is disregarded to be accounted for (i.e., where there is a partner, civil partner or former partner remaining in the house, as well as if a spouse remains at home).

Further analysis then adjusted this picture to consider the lower relative wealth of the population who receive social care support. This was done by comparing the full distribution of wealth to data provided by Office of National Statistics for the wealth and assets of the care population, and by sampling locally. This resulted in the wealth and assets data being scaled down by 50%, to provide a proxy for the care population.

The total impact of the new means test for older adults (65+) is estimated as:

- The proportion of people receiving full local authority support to increase from 38%-40% to 65%.
- The proportion of people receiving some level of local authority support to increase from 65% to 93%.
- The average contribution from the local authority for those between the LCL and the UCL to decrease from 70% of care costs, to between 49% and 59% of care costs, taking into account the modelled income of individuals between the LCL and the UCL.

Cap on care costs

In order to understand the percentage of older adults who will reach the cap on care, an initial assumption has been made that only self-funders (i.e. those paying 100% of their own care costs) will reach the cap. Anyone with assets below the UCL is highly unlikely to receive care for long enough to reach the £86k cap.

This analysis therefore assumes that an individual must have more than £186,000 in assets so as to not be at all impacted by the means test. Following this assumption, the likelihood of having a sufficiently long care duration has been calculated, assuming older adult care durations are normally distributed. These two factors combine to indicate that, for the upper scenario, 3.7% of older adults will reach the cap on care and for the lower scenario, 5.3% of older adults will reach the cap on care.

Operational costs

There are three key assumptions that support this part of the analysis:

- 100% of people entitled to local authority funding (i.e., with wealth and assets below the £100,000 UCL) will come forward for financial and needs assessments and care management.
- 80% of self-funders will come forward for a financial and needs assessment to open a care account (aligned to the Impact Assessment assumptions).
- 50% of self-funders will come forward to access care brokerage (aligned to the assumptions used in the LaingBuisson report on the fair cost of care).

In order to estimate the additional workforce required, three steps have been taken:

- The current workforce is scaled for the increased number of people under the UCL who will be receiving care management support.
- The workforce to carry out the additional assessments and reviews for those people who pay for their own care has been calculated assuming a member of staff can carry out either 3.5 assessments per week or five reviews.
- The workforce to carry out the financial assessments assumes a member of staff can carry out three financial assessments per week

Means-Test and Cap

The updated analysis shows that the minimum total cumulative cost of the means-test and cap in England has risen 34% since the original analysis, from £13.9bn to £18.6bn. Total costs under the higher scenario could reach £20.9bn (Table 2) over the period. Table 3 below breaks down the total cumulative impact of the means-test and cap, showing the extended means-test accounts for 84% of total costs.

The results show in the lower scenario costs will increase annually from £347m in 2025/26 to £4.3bn by 2033/34. As shown in Table 3, CCN member councils account for 63% of the total minimum cumulative costs of the means-test and cap over the period. Regionally, councils in the South-East, South West and East of England combined account for 61% of the total minimum cumulative cost.

Table 1: Lower scenario for the financial impact of the extended means-test and cap by region (older adults 65+ only):

Region	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	Cumulative Total
North East	£11m	£33m	£60m	£92m	£114m	£120m	£124m	£128m	£132m	**£576m**
North West	£34m	£104m	£186m	£287m	£356m	£377m	£390m	£402m	£415m	**£1,805m**
Yorkshire and The Humber	£27m	£83m	£149m	£229m	£284m	£301m	£311m	£321m	£331m	**£1,440m**
East Midlands	£15m	£47m	£85m	£131m	£163m	£172m	£178m	£184m	£189m	**£824m**
West Midlands	£21m	£66m	£118m	£182m	£226m	£239m	£247m	£255m	£263m	**£1,144m**
East of England	£45m	£138m	£248m	£382m	£475m	£503m	£520m	£536m	£552m	**£2,404m**
London	£29m	£90m	£161m	£248m	£308m	£326m	£338m	£348m	£359m	**£1,562m**
South East	£110m	£339m	£608m	£936m	£1,162m	£1,231m	£1,273m	£1,313m	£1,353m	**£5,889m**
South West	£56m	£172m	£308m	£474m	£588m	£622m	£644m	£664m	£684m	**£2,978m**
England	**£347m**	**£1,072m**	**£1,924m**	**£2,961m**	**£3,676m**	**£3,892m**	**£4,024m**	**£4,153m**	**£4,278m**	**£18,622m**

Figure 7: Comparison between 2022 and 2024 total cumulative cost in England for lower and higher scenario for the financial impact of the extended means-test and cap (older adults 65+ only)

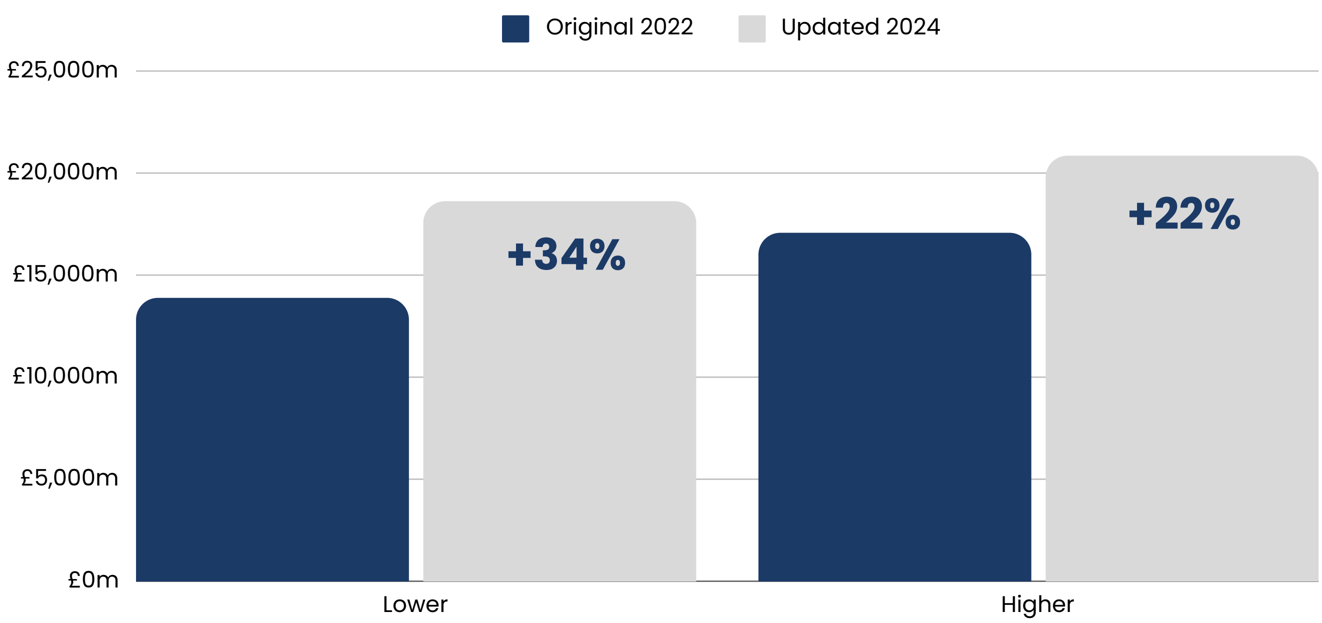


Table 2: Higher scenario for the financial impact of the extended means-test and cap by region (older adults 65+ only):

	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	Cumulative Total
North East	£11m	£35m	£62m	£92m	£112m	£117m	£121m	£125m	£128m	**£569m**
North West	£38m	£116m	£204m	£305m	£370m	£387m	£400m	£412m	£425m	**£1,883m**
Yorkshire and The Humber	£30m	£94m	£165m	£247m	£299m	£313m	£323m	£333m	£343m	**£1,521m**
East Midlands	£17m	£52m	£92m	£138m	£167m	£175m	£181m	£186m	£192m	**£850m**
West Midlands	£23m	£71m	£124m	£185m	£225m	£235m	£243m	£251m	£258m	**£1,144m**
East of England	£52m	£161m	£283m	£423m	£514m	£538m	£555m	£572m	£590m	**£2,613m**
London	£58m	£180m	£317m	£473m	£574m	£601m	£621m	£640m	£659m	**£2,922m**
South East	£125m	£385m	£678m	£1,013m	£1,229m	£1,286m	£1,328m	£1,369m	£1,410m	**£6,252m**
South West	£62m	£191m	£336m	£502m	£609m	£637m	£658m	£678m	£699m	**£3,097m**
England	**£416m**	**£1,285m**	**£2,260m**	**£3,379m**	**£4,099m**	**£4,290m**	**£4,429m**	**£4,567m**	**£4,704m**	**£20,852m**

Table 3: Lower and higher scenario of the total cumulative cost of the extended means-test and cap broken down, LA Type and England (older adults 65+ only)

	Lower Scenario			Higher Scenario		
LA Type	**Older Adult Means Test**	**Older Adult Cap**	**Total**	**Older Adult Means Test**	**Older Adult Cap**	**Total**
CCN	£10,004m	£1,876m	£11,881m	£12,587m	£1,254m	£13,840m
Met Borough	£1,799m	£337m	£2,136m	£1,960m	£195m	£2,156m
London	£1,297m	£243m	£1,541m	£1,484m	£148m	£1,631m
Non-CCN Unitary	£2,580m	£484m	£3,064m	£2,932m	£292m	£3,224m
England	**£15,681m**	**£2,941m**	**£18,622m**	**£18,963m**	**£1,889m**	**£20,852m**

In considering the operational impact for local authorities in England of charging reform, additional costs and workforce requirements will be driven by:

- The increased financial and needs assessments, care management, and brokerage responsibilities for those residents who will now receive local authority funding for their care (with up to £100,000 of assets).
- The increased financial and needs assessment workload for those self-funders seeking to open a care account.
- The increased financial and needs assessments, reviews, and brokerage workload for self-funders seeking to access care brokerage via section 18(3) of the Care Act.

The updated analysis by Newton shows that the total number of new social work staff required to implement the reforms is 4,443, with councils also requiring an additional 708 financial assessors. This compares to respective figures of 4,304 and 705 in the original 2022 analysis.

Table 6 shows that costs relating to workforce requirements for the reforms have increased by 15% since the original analysis was undertaken, from a cumulative total of £1.9bn to £2.2bn.

As shown in Table 5, CCN member councils account for 59% of the total cumulative operational costs over the period. Regionally, councils in the South-East, South West and East of England combined account for 56% of the total minimum cost.

Table 4: Total number of social workers and financial accessors required, England and Regions (older adults 65+ only)

	No. Social Work Staff	No. Financial Assessors
North East	135	16
North West	420	66
Yorkshire and The Humber	406	67
East Midlands	264	45
West Midlands	222	37
East of England	742	98
London	589	41
South East	1,172	250
South West	493	88
England	**4,443**	**708**

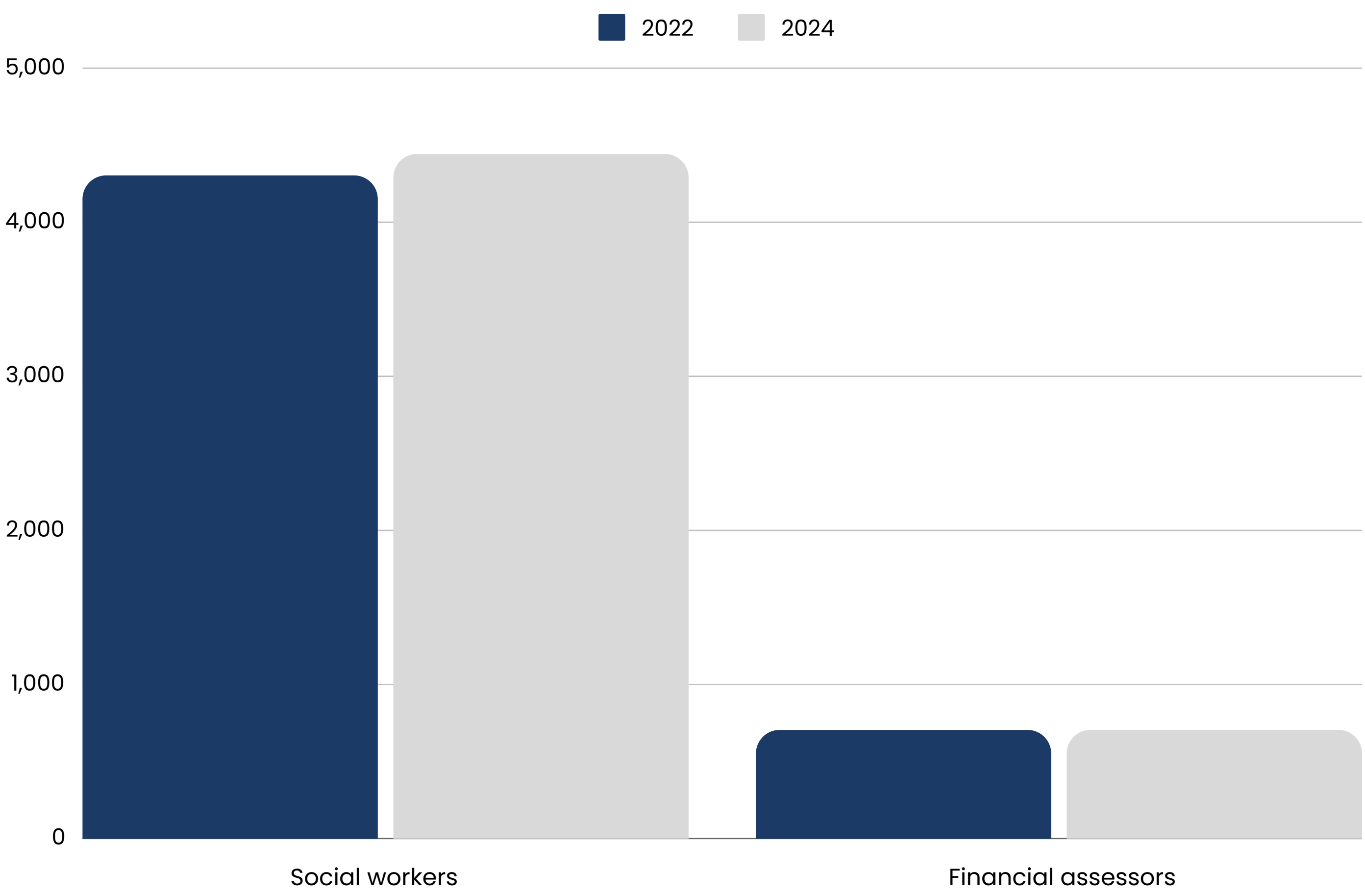
Table 5: Total number of social workers and financial accessors required and total cumulative operational costs, LA Type (older adults 65+ only)

LA Type	No. Social Work Staff	No. Financial Assessors	Total Cumulative Operational Cost
CCN	2,589	496	£1,294m
Met Borough	557	83	£271m
London	589	41	£284m
Non-CCN Unitary	708	88	£343m
England	**4,443**	**708**	**£2,192m**

Table 6: The financial impact of operational costs by region and nationally (older adults 65+ only)

	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	Cumulative Total
North East	£7m	£8m	£8m	£8m	£8m	£8m	£9m	£9m	£9m	**£54m**
North West	£30m	£31m	£32m	£33m	£34m	£35m	£36m	£37m	£38m	**£225m**
Yorkshire and The Humber	£27m	£28m	£29m	£30m	£31m	£32m	£33m	£34m	£35m	**£203m**
East Midlands	£16m	£16m	£16m	£17m	£17m	£18m	£19m	£19m	£20m	**£115m**
West Midlands	£15m	£15m	£16m	£16m	£17m	£17m	£18m	£18m	£19m	**£110m**
East of England	£46m	£48m	£49m	£50m	£52m	£54m	£55m	£57m	£59m	**£343m**
London	£35m	£36m	£37m	£38m	£39m	£40m	£41m	£43m	£44m	**£258m**
South East	£84m	£86m	£89m	£91m	£94m	£97m	£100m	£103m	£106m	**£622m**
South West	£35m	£36m	£37m	£38m	£39m	£41m	£42m	£43m	£44m	**£260m**
England	**£295m**	**£304m**	**£313m**	**£322m**	**£332m**	**£342m**	**£352m**	**£363m**	**£374m**	**£2,192m**

Figure 8: Comparison between 2022 and 2024 total number of social workers and financial accessors required, England (older adults 65+ only)



Total financial impact

The updated analysis shows that the minimum total cumulative cost of charging reform in England, bringing together the means test, cap, fair cost of care and operational costs has risen 18% since the original analysis, from £25.5bn to £30bn.

Total cumulative costs under the higher scenario could reach £32.2bn over the period. The results show in the lower scenario costs will increase annually from £1.9bn in 2025/26 to £6.2bn by 2033/34.

Figure 9: Comparison between 2022 and 2024 total cumulative financial impact, England (older adults 65+ only)

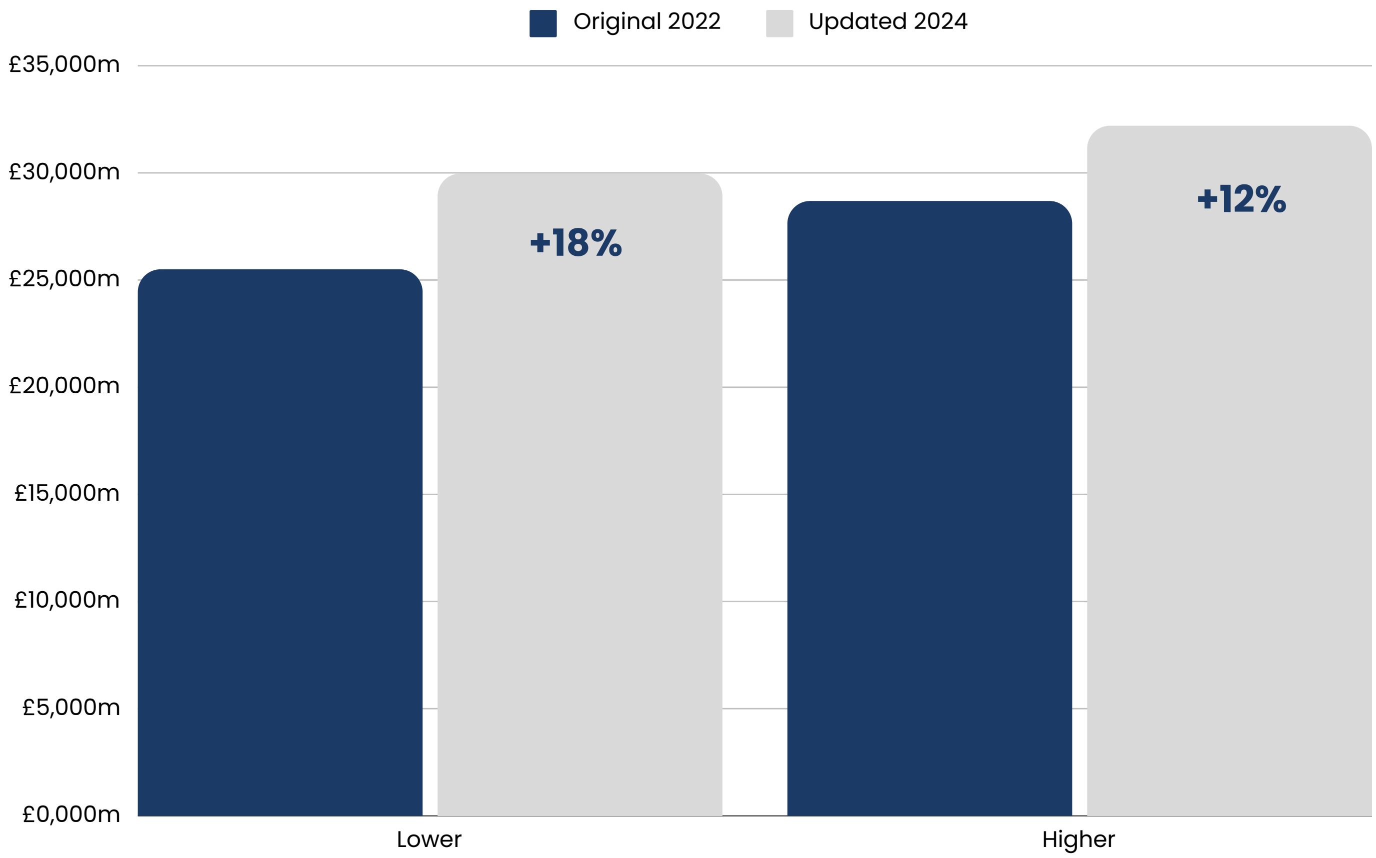


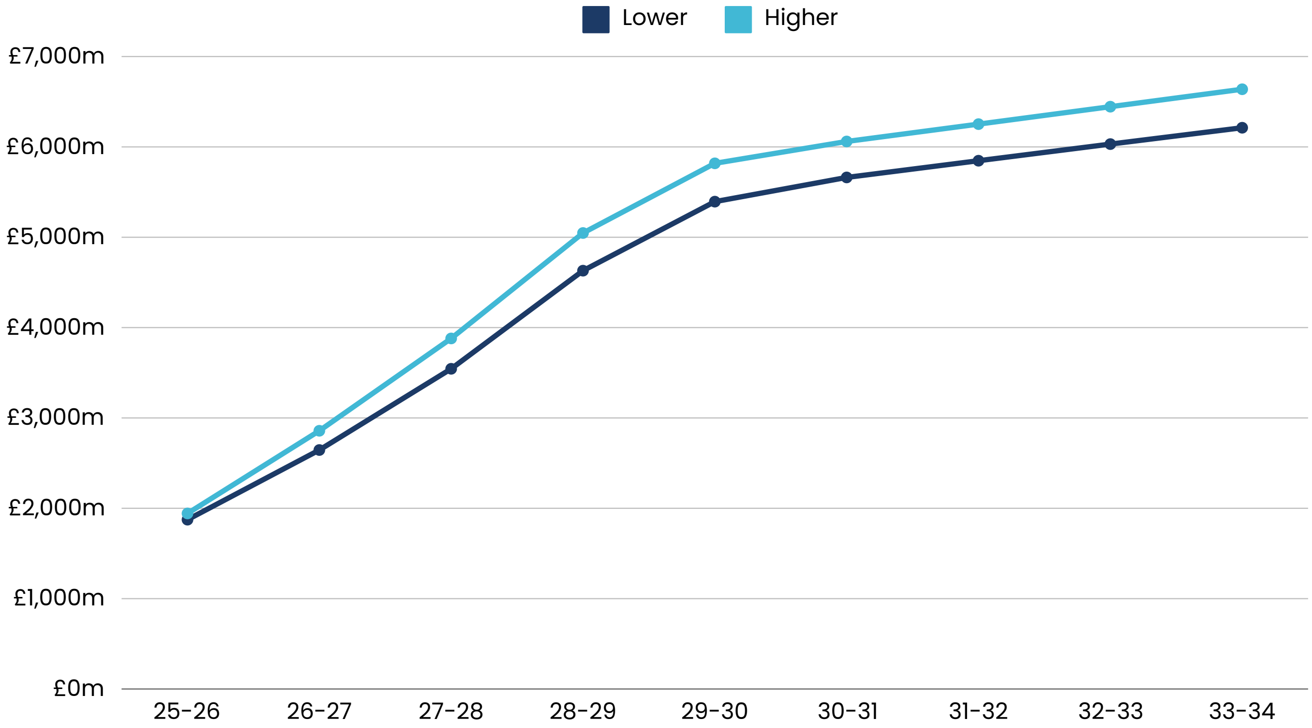
Table 7: Lower scenario total financial impact, England (older adults 65+ only):

	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	Cumulative Total
Older Adults (65+) Means Test & Cap	£347m	£1,072m	£1,924m	£2,961m	£3,676m	£3,892m	£4,024m	£4,153m	£4,278m	**£18,622m**
Operational Spend	£295m	£304m	£313m	£322m	£332m	£342m	£352m	£363m	£374m	**£2,192m**
Fair Cost of Care Spend (Residential care only)	£1,232m	£1,269m	£1,307m	£1,346m	£1,386m	£1,428m	£1,471m	£1,515m	£1,560m	**£9,156m**
England	**£1,874m**	**£2,645m**	**£3,544m**	**£4,630m**	**£5,394m**	**£5,662m**	**£5,847m**	**£6,031m**	**£6,212m**	**£29,970m**

Table 8: Higher scenario total financial impact, England (older adults 65+ only):

	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	Cumulative Total
Older Adults (65+) Means Test & Cap	£416m	£1,285m	£2,260m	£3,379m	£4,099m	£4,290m	£4,429m	£4,567m	£4,704m	**£20,852m**
Operational Spend	£295m	£304m	£313m	£322m	£332m	£342m	£352m	£363m	£374m	**£2,192m**
Fair Cost of Care Spend (Residential care only)	£1,232m	£1,269m	£1,307m	£1,346m	£1,386m	£1,428m	£1,471m	£1,515m	£1,560m	**£9,156m**
England	**£1,943m**	**£2,858m**	**£3,880m**	**£5,047m**	**£5,818m**	**£6,060m**	**£6,252m**	**£6,445m**	**£6,638m**	**£32,200m**

Figure 10: Comparison between lower and higher total financial impact over time



SUMMARY BOX 3
Explaining the range

The range is driven by varying two critical assumptions in the methodology:

- Treatment of the housing disregard: there is a lack of clear available data regarding the likelihood of the older adult care population to live in a couple. The lower scenario takes data from the English Longitudinal Study of Ageing and the Census, to estimate 25% of the the older adult care population are married, and 75% are not. The upper scenario takes the average of the older adult population at large, to estimate that 51% of the population do not live in a couple. This means the house value is disregarded between 87% and 91% of the time.

- Treatment of Income for people between the LCL and the UCL: Depending on how the income guidance is interpreted, differing conclusions can be drawn about what is considered chargeable income. Therefore, two different calculation methods are used to provide estimates of this, which result in a 49% local authority contribution for the means-tested population in the lower scenario, and 59% in the upper scenario.

CCN

ANALYSIS

PART 3:

Where next for charging reform?

WHAT ARE COUNCILS FINANCIAL CONCERNS?

The previous chapter has explored the financial impact of charging reform in England using updated cost estimates by Newton. It shows that the minimum cost of the most expensive part of the reforms - the cap and extended means-test - have increased by over a third since the original analysis was undertaken, while overall, the total financial impact has risen by almost a fifth.

These costs are driven primarily by the permanently higher costs that councils now face in the cost of delivering adult social care services as a result of the historically higher inflation experienced over the previous two years, alongside anticipated increased demand for services.

As outlined earlier in this report, due to the reprioritisation of earmarked resources and based on current government spending plans, the charging reforms to adult social care in England are currently unfunded.

However, even if the incoming government was to provide additional implementation resources in line with the previous government's impact assessment, the shortfall in funding has significantly widened since the original analysis.

A like-for-like comparison with the costings in the impact assessment (£15.6bn) over the same number of years suggests the minimum funding gap has increased to £14.4bn. This is primarily driven over-time by an under-estimation by the previous government of those eligible for the extended means-test.

CCN member councils already anticipated a severe shortfall in funding in 2022 to implement the reforms, based on their own local analysis and the original report by Newton.

However, our survey for this report , unsurprisingly, shows concerns over the impact of the shortfall in funding have only intensified.

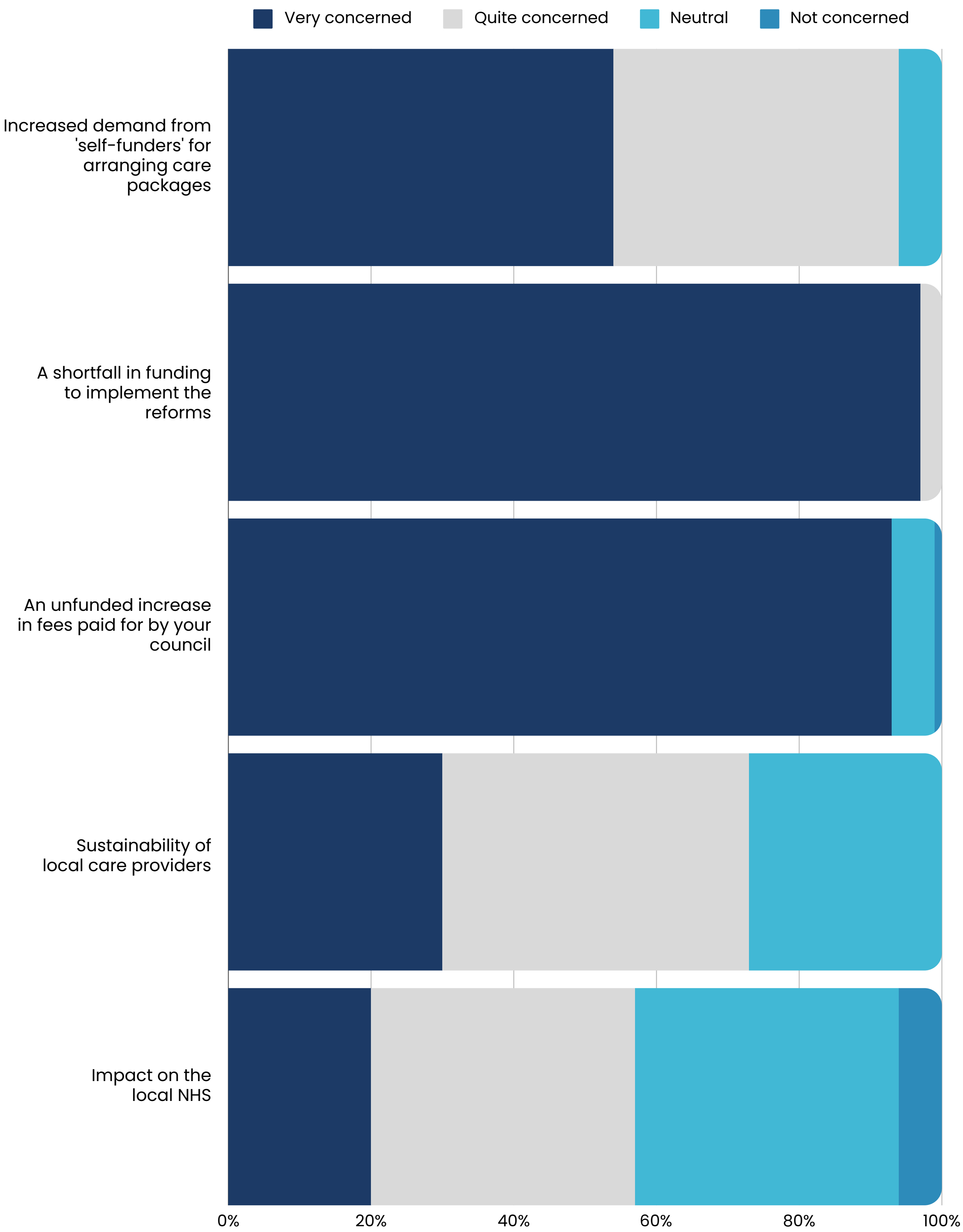
Figure 11 below shows that when asked from a financial perspective, what were the main concerns councils had about the implementation of charging reform, some 97% of councils said they were 'very concerned' about a shortfall in funding, with no council not concerned.

The wider financial impacts of a shortfall in funding and the direct and indirect impacts of policies such as a fair cost of care and Section 18(3) are also evident.

Over half of councils (54%) said they were very concerned from a financial perspective by the prospect of increased demand from self-funders for arranging care packages under Section 18(3), with a further 40% quite concerned. As a result of this policy, and the full introduction of fair cost of care, nine in ten councils (91%) said that they were very concerned over an unfunded increase in provider fees.

The survey also demonstrates the knock-on impact for the wider health and social care sector. Over seven in ten councils (72%) said they were very or quite concerned over the sustainability of local care providers, with no council not concerned. While over five in ten councils (57%) were very or quite concerned over the impact on the NHS, with only two councils not concerned.

Figure 11 - From a Financial perspective, what are the main concerns you have about the implementation of charging reform?



WHAT ARE COUNCILS OPERATIONAL CONCERNS?

Nonetheless, while the financial impacts of the reforms are part of the challenge facing councils, an equally pressing barrier to implementation in October 2025 is the workforce and operational impact.

Ahead of the October 2022 delay, preparations for the reforms had begun under the previous administration, including the publication of operational guidance[10] and the launching of 'trailblazer' authorities to pilot the impact. It was also initially expected that there would be a six-month lead in period to the reforms, with councils beginning to undertake additional assessments in April 2023, ahead of a go-live date of October.

But, when the two-year delay to the reforms was announced, all national and local preparations ceased. Trailblazer pilots were ended, with no findings from these shared with councils. The development of sector-wide technological solutions to support councils to undertake assessments and manage care accounts were not forthcoming.

Importantly, concerns over the workforce that were present at the time of the delay in 2022 have only intensified since.

Newton's updated analysis shows that the increase in the total number of social workers and financial assessors requirement to carry out the reforms is only 3% compared to the original analysis. It is also important to recognise that the analysis assumes the operating model does not change, and that the processes, systems, and ways of working continue as they do currently.

However, even if the technological solutions and investment was forthcoming to reduce workforce requirements, the recruitment of potentially several thousands of staff to carry out hundreds of thousands of assessments each year must be placed within the context of an on-going recruitment and retention crisis in social care.

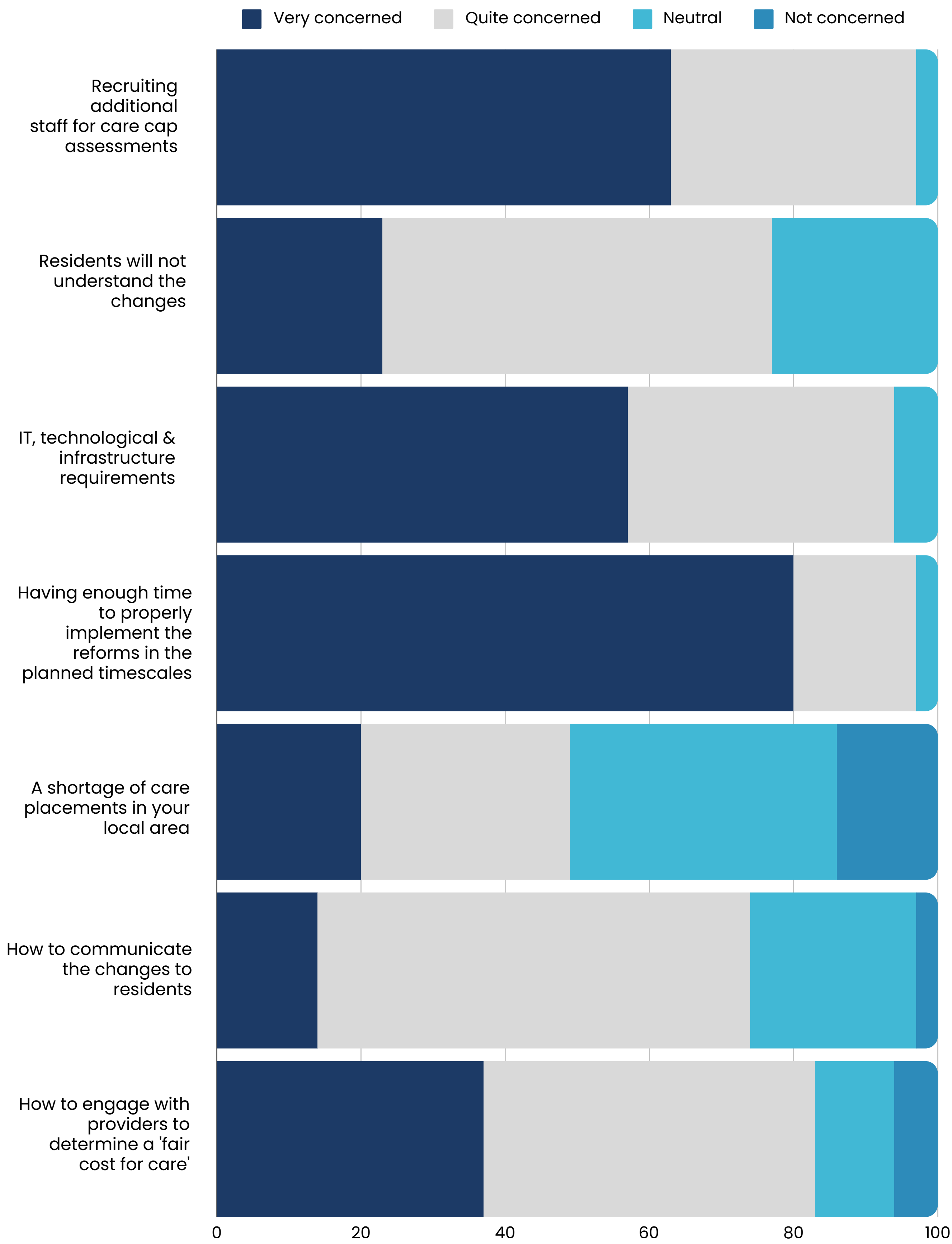
Nationally, there is 1,900 social worker vacancies in England,[11] while there are over 120,000 vacancies in the wider social care sector - with 64,000 in CCN member council areas.[12]

It is little wonder, therefore, that when asked from an operational perceptive what the main concerns were about implementation, some 63% of councils in our survey were very concerned about recruiting an additional staff to carry assessments, with a further 34% quite concerned.

Demonstrating concern that, currently, there are not the technological solutions to overcome these recruitment challenges, 57% in our survey said they were very concerned they did not have the IT, technological and infrastructure requirements, with a further 37% quite concerned. Other concerns includes 83% being very or quite concerned about how to engage providers over implementing a fair cost of care, with 49% stating the same over a shortage of care placements.

More widely from an implementation perceptive, some 60% were concerned about how to communicate the reforms to residents, and as a result, 54% were quite concerned and further 23% very concerned residents would not understand the changes.

Figure 12 - From a operational perspective, what are the main concerns you have about the implementation of charging reform?



HOW PREPARED ARE COUNCILS FOR OCTOBER 2025?

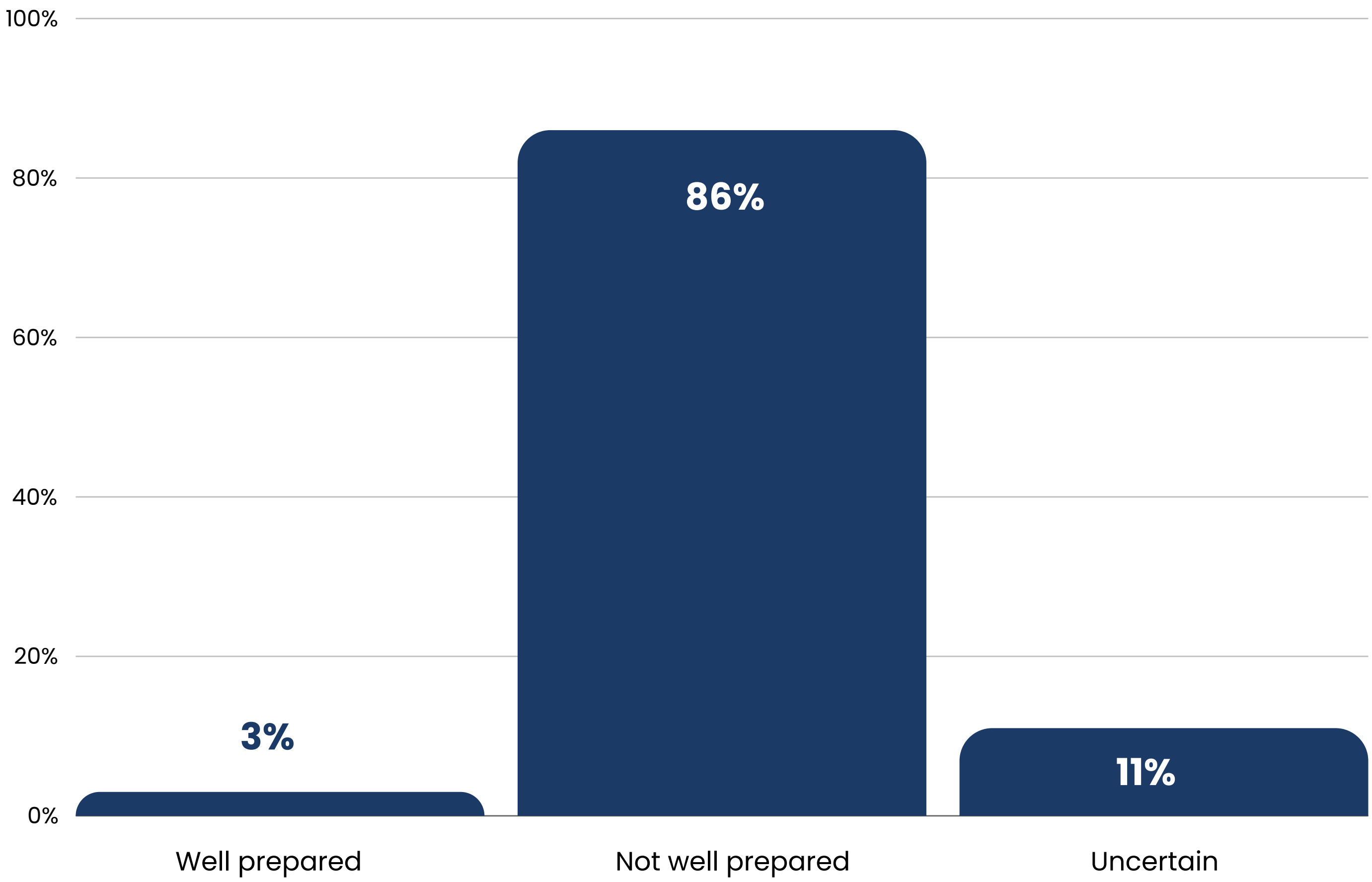
Taken together, these operational and financial risks result in 80% being very concerned, and a further 17% quite concerned, that they do not have enough time to properly implement the reforms in the planned timescales.

Moreover, as qualitative responses to our survey show (Box 4), councils have understandably switched their focus to the immediate pressures within the system.

Given this context, and the concerns over implementation outlined previously in this section, our survey asked councils how prepared they felt they were for the introduction of charging reforms from October 2025.

The results in Figure 13 below show that nine in ten councils (86%) stated they were not well prepared, with 11% uncertain and just one council well prepared.

Figure 13 - How well prepared do you think your local authority is to implement the reforms by October 2025?



SUMMARY BOX 4 - Qualitative responses
How prepared are councils?

'Due to the uncertainty of government timescales and the competing priorities of our finances and inspection preparedness, much of our planning for implementation has been paused.'
(Director of Adult Social Care)

'We have project plans and implementation plans in place in preparation for the previous planned implementation of the reforms. These plans have not been reviewed and updated. The context has changed, people have moved on locally, October 2025 is only 15 months away and government guidance will need to be published.'
(Chief Executive)

'We think we are probably as well prepared as most other authorities, but we don't think October 2025 is a realistic timetable for changes as disruptive as even the 2022 charging reform proposals would be. We also have serious doubts about the risk of unintended consequences from any approach to charging reform based on the Dilnot model, because of the difficulty of adjusting that model in the light of experience.'
(Director of Adult Social Care)

'A significant amount of work and planning was undertaken about two years but this was mothballed when the reforms were delayed - especially as no additional funding was available to support any continued implementation.'
(Director of Adult Social Care)

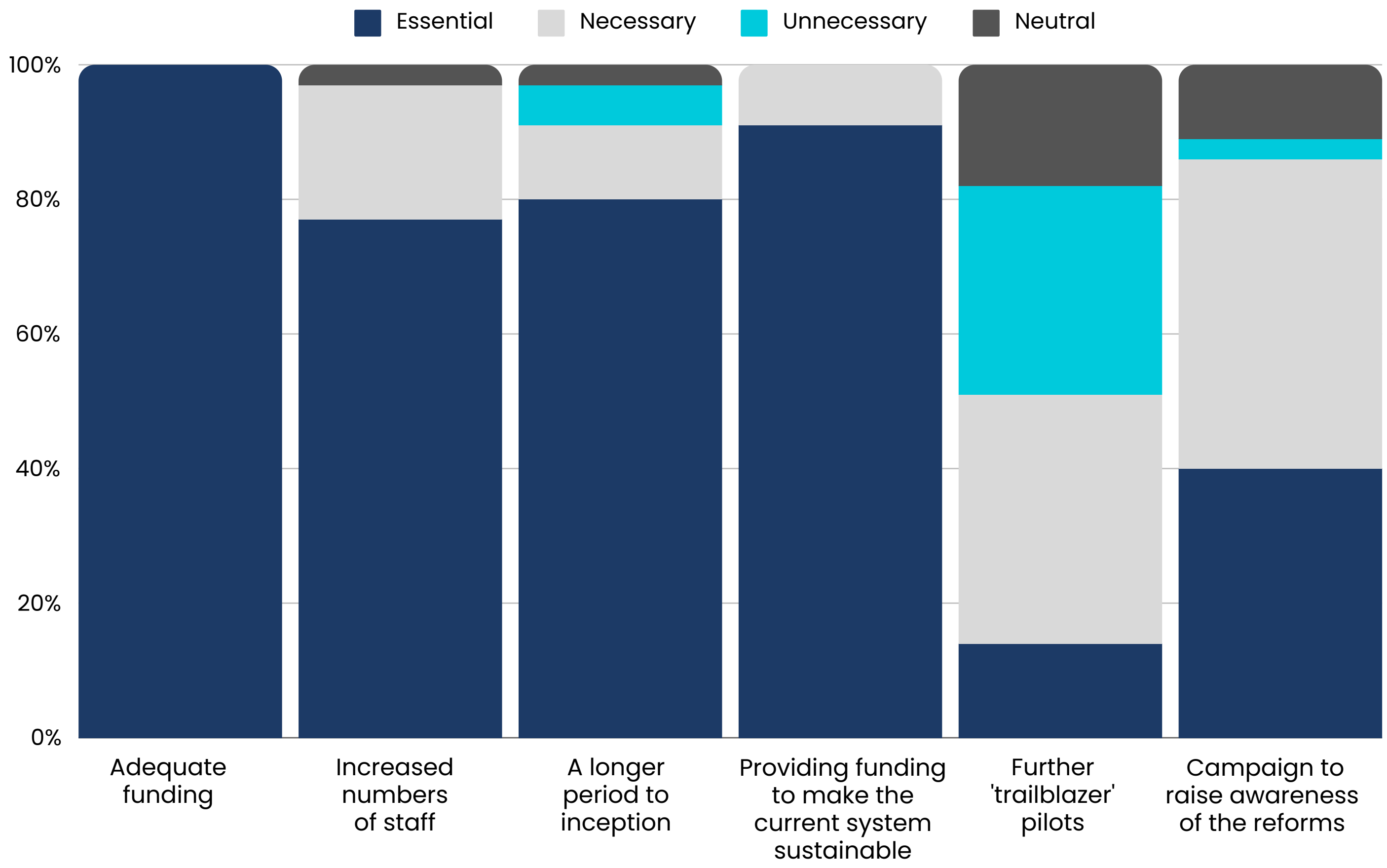
'The technical preparation of policy and processes is well prepared. However, the financial position of the Council and Adult Social Care has deteriorated significantly and in that context our self-assessment of readiness for implementation is poor.'
(Director of Adult Social Care)

'Following the government's announcement to delay the planned adult social care charging reforms until October 2025, the council has not focused on preparing for the implementation and instead has focused on dealing with current pressures in funding and workforce challenges, particularly given the uncertainty around the likelihood of the implementation of reforms.'
(Chief Executive)

'Work on the reforms has been put on hold given the local authority's prime and sole focus on balancing the budget where funding levels currently fall below inflation.'
(Chief Executive)

There has been no indication that these reforms will be going ahead in October 2025 and whilst we are continuing to progress a major programme of work implementing digital tools including electronic financial assessments supported self assessments, e-brokerage for staff and customers and a customer finance portal to provide some readiness for reforms, much of this work is at an early stage and we are not well prepared to implement reforms by October 2025.
(Director of Adult Social Care)

Fixture 14 - What would make the reforms workable?



SHOULD CHARGING REFORMS BE DELAYED?

When asked what an incoming government would need to do to help councils prepare for the reforms and make them workable (Figure 14), it is unsurprising that 100% of councils cited ‘adequate’ funding and 91% ‘funding to make the current system sustainable’ as essential requirements.

Crucially, eight in ten councils (80%) said a longer inception period beyond October 2025 was an essential condition to make the reforms workable.

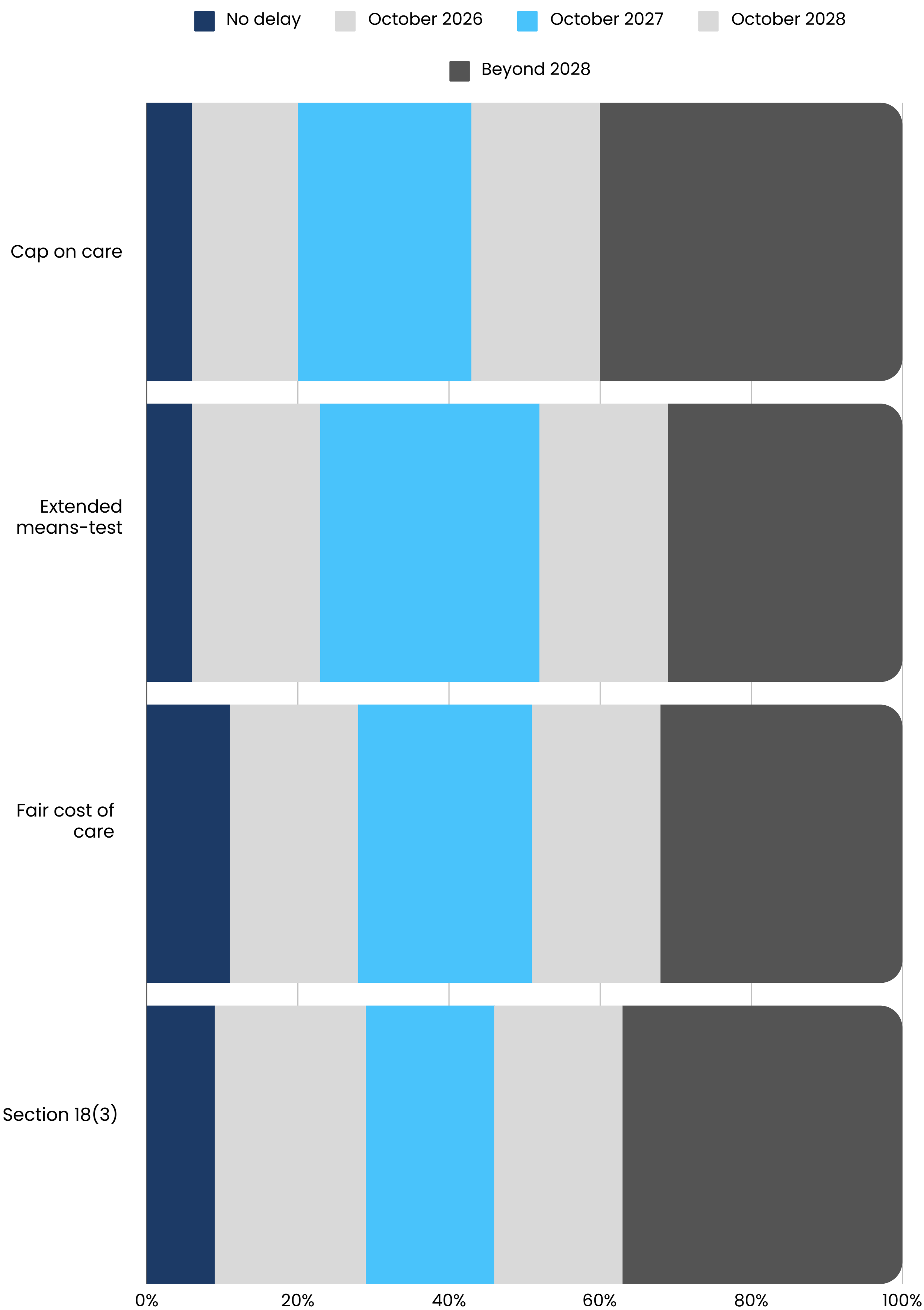
With councils strongly indicating they need more time to prepare and implement the reforms, our survey shows overwhelming support amongst councils for the implementation of reforms to be delayed beyond October 2025.

Figure 15 below shows;

- **Cap on care**: 57% believe the reforms should be delayed to 2028 or later, with 37% by 12 or 24 months.
- **Extended means-test**: 38% believe the reforms should be delayed to 2028 or later, with 46% by 12 or 24 months.
- **Fair cost of care**: 38% believe the reforms should be delayed to 2028 or later, with 40% by 12 or 24 months.
- **Section 18(3)**: 54% believe the reforms should be delayed to 2028 or later, with 37% by 12 or 24 months.

Overall across all of the four main parts of the reforms, **nine in ten councils believe a delay of at least a year or more is needed**.

Figure 15 - Would you be supportive of delaying the implementation of any or each of the below reforms beyond October 2025? If so, by how long?



WHAT ARE COUNCILS PRIORITIES FOR ADULT SOCIAL CARE THIS PARLIAMENT?

Although our survey of member councils primarily focused on the implementation of charging reform, it also provides insights on what our member councils believe are the priorities for reform during this parliament.

The services provided through adult social care have rightly attracted social and political attention as a result growing financial and demand challenges.

CCN's recent analysis has shown that per-person spend on adult social care in county areas has increased by 50%: going from £237 per person in 2013/14 to £357 per person in 2023/24.[13] The number of requests for services is at all-time high, with 955,000 requests for services in counties last year. Underpinning this has been a persistent workforce challenge, with an estimated 64,000 vacancies in the sector within county areas.

Given the need to continue to stabilise the existing system, when asked in our survey which reforms are a high or low priority over the course of this parliament (Figures 16 & 17 below) some 97% of councils said ensuring that there is enough funding to deliver the same or more amount of social care services as delivered presently was a high priority.

Equally, recognising the acute workforce challenge and the need to tackle its root causes, over nine in ten (94%) said workforce retention and recruitment, including improved conditions and pay, was a high priority for the incoming government. Other reforms such as more investment in community health services (85%), more extra care and supported housing (91%) and streamlining fragmented funding streams (73%) are also seen as a high priority for councils.

Support for policies that tackle these root causes of the challenges in social care are also reflected in the high prioritisation for tackling existing waiting lists and assessment times (80%) and improving delayed discharges and hospital hand over times (57%).

But in contrast to this high prioritisation for policies that tackle the immediate challenges, other reforms proposed by the new Labour government and other political parties during the election campaign are either seen as a low priority or lacking in detail.

The idea of introducing free personal home care, proposed by the Liberal Democrats, is only seen as a high-priority by 18% of councils, while reflecting the wider results of this survey, the previous Conservative government policy of charging reform is seen by as a high priority by only a quarter of councils (24%).

And, the introduction of a national care service - central to the manifesto of the new Labour government - is regarded as a high priority by less than one in ten councils (9%), with 50% saying it was a low priority and 41% neutral.

Figure 16 - Over the course of the next Parliament, which of the following reforms are a high or low priority?

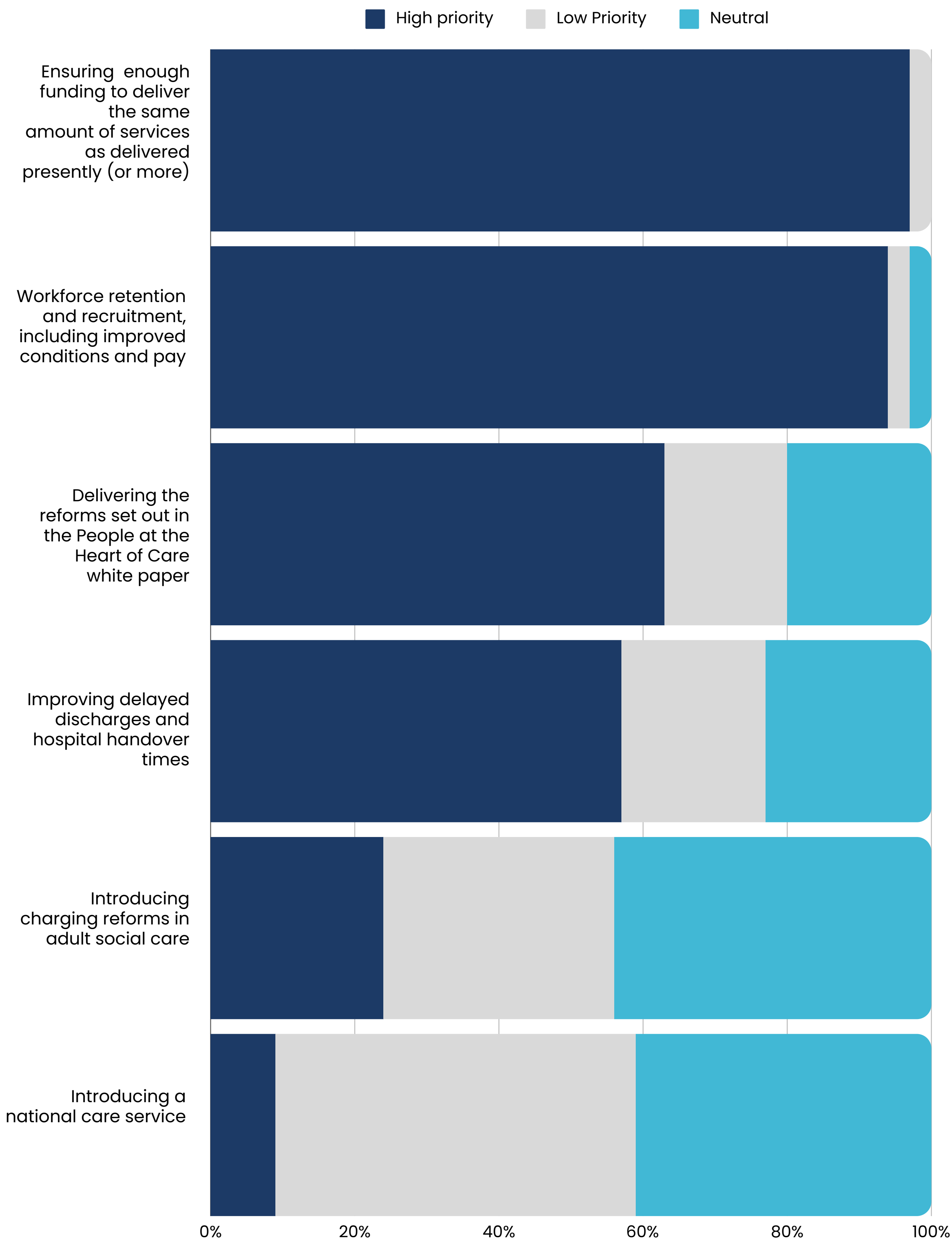
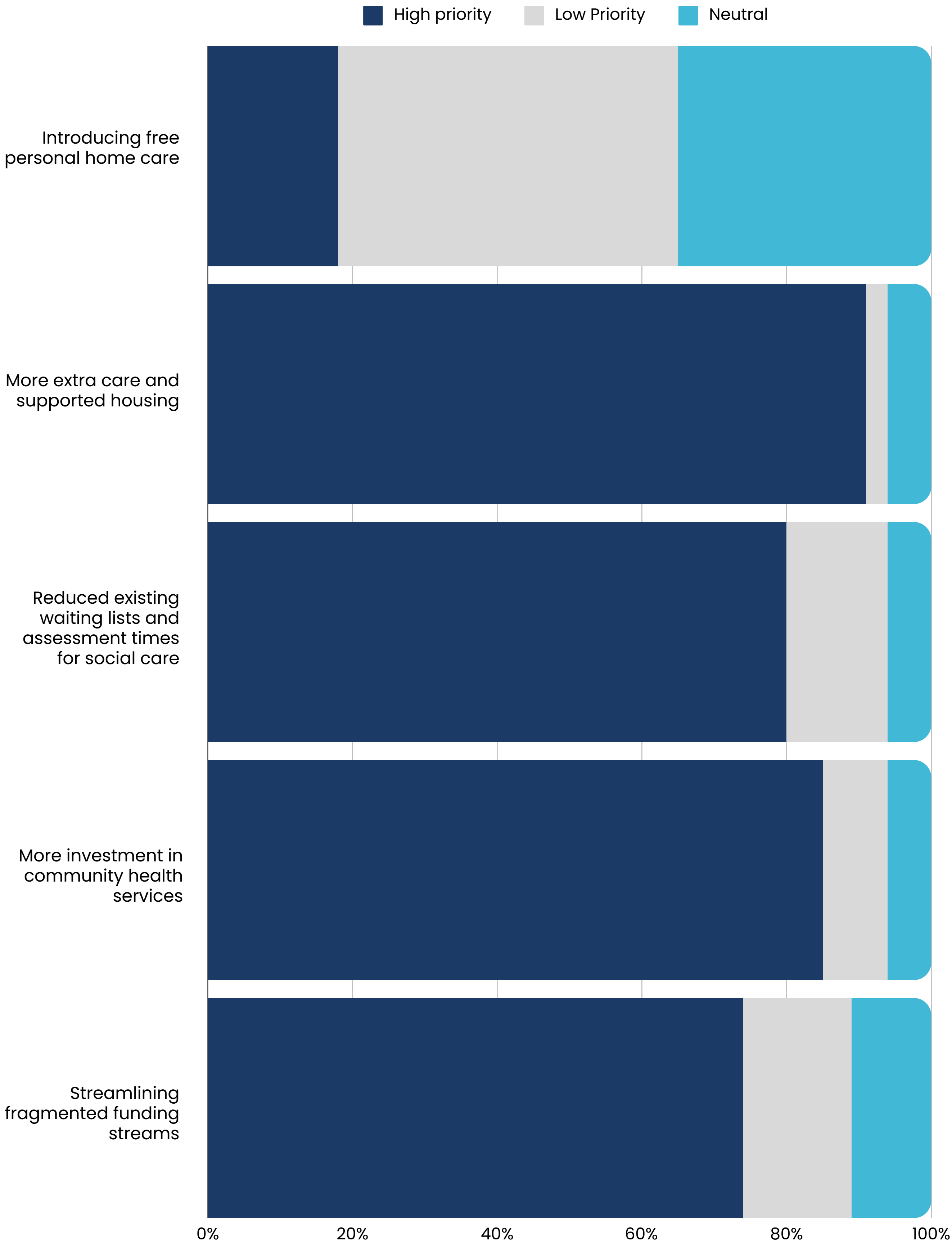


Figure 17 - Over the course of the next Parliament, which of the following reforms are a high or low priority?



CCN ANALYSIS

PART 4:

Conclusion and proposals

CONCLUSIONS

Adult services, which encompass support for both older and working age adults, have never been more in the spotlight, nor more important to our society. They can be a truly transformative, with timely and well-resourced services ensuring that some of the most vulnerable people in our communities are cared for, while aiding them to live independent and fulfilling lives.

However, adult social care, like many local government services, have faced a decade of strain: austerity during the early to mid 2010s was followed by the pandemic and cost of living crisis, while the needs of the most vulnerable - particularly of working age adults - have become more complex.

Care services therefore remain at a cross-roads: facing unprecedented financial and demand pressure as we head into this new parliament.

It is widely acknowledged, including by councils, that the current system of paying for, and arranging, care remains unfair. As our survey shows, there is support for the principles that underpin the key elements of charging reform.

However, with competing pressures on the system, our research raises serious questions over the timescales and funding in place to implement charging reforms by October 2025.

While well intended and broadly supported, CCN has consistently warned previous governments that they have underestimated the financial and operational impact these reforms would have on the social care system, particularly in county and rural areas.

Our updated costing and workforce requirements with Newton only serves to further validate these conclusions, while our survey shows that the necessary decision by the previous government to delay the reforms, political uncertainty and persistent financial and demand pressures means the October 2025 implementation timescale is now almost impossible to deliver against.

If these challenges were not enough, the funding that was in place to pay for the reforms no longer exists and would need to be found. Most fundamentally, Newton's analysis suggests that even if those resources still existed, the gap between the previous government's estimates and our projected costs has widened significantly.

The incoming government therefore inherits this situation. It does so within the context of acknowledging there is limited fiscal headroom and difficult decisions are required on what they prioritise for investment in public services. Adult social care is not immune from these, and it is imperative that decisions are taken that in the words of the new Secretary of State that 'provide stability and certainty' for councils and providers.[14]

With implementation of the reforms less that 15 months away, it is imperative that the new administration set out as early as possible their intentions on charging reform. **Given the findings of our research, we therefore urge the government to take the difficult but necessary decision to delay the reforms by at least a year or more.**

By doing so, the government can work with the sector to fully reassess the policy in the context of the challenges today, not a decade ago when these reforms were first proposed. Importantly, it can, as we have recommended, provide the necessary time to undertake a fully revised impact assessment.

We know this decision will be unpopular and disappointing for those that have campaigned for the introduction of these reforms. But failure to resolve the fundamental barriers to implementation outlined in this report could have devastating consequences for existing services.

Equally, this does not mean that local government, and in particular CCN member councils, are opposed to reform. **Far from it**.

It was recognised by all political parties during the election campaign that adult social care requires both investment and reform, and the landmark Care Act (2014) and recent White Paper, *People At The Heart of Care*, contained proposals that have been widely welcomed across the sector. However, the reality is that the ambitions of these reforms have never been fully realised.

The necessary and fundamental shift towards community-based, preventative services envisaged within the Care Act has been limited by funding constraints and hospital discharge policies. The growing needs of working-age adults requiring care – which represent half of spending in counties – are consistently overlooked, with these challenges only set to escalate if, as anticipated, the growing number of younger people with special educational needs and disabilities transition into adult services over the coming decade.

At the same time, reforms aimed at tackling the workforce crisis have failed to address low pay, poor working conditions and an over reliance on overseas recruitment, which continues to restrict the capacity of the system.

In our *Manifesto for Counties*,[15] we set out an ambitious set of reforms that can help tackle these challenges.

These proposals are built upon a vision of establishing a preventive, people focused service, ensuring individuals are cared for in the home of their choice, enabled to live active lives, and supported by responsive services when they need them.

This requires recruiting and retaining a sufficient and appropriately skilled workforce; managing the transition away from traditional forms of residential care towards preventative forms of community-based care; investing in rapidly advancing technologies; and truly integrating services across health, housing, and public health.

Crucially, it must ensure that councils remain at the heart of a locally delivered service. This requires urgent clarity on what a national care service means in practice and ensuring structural reform does not become an unnecessary distraction.

Our survey overwhelming reinforces the conclusion that these reforms are the priorities for our member councils this parliament and the ones they feel can make the most tangible difference to adult services.

By giving councils the right powers, while investing in and reforming health and care services, county authorities can work in tandem with government to ensure a sustainable and high-quality system for the long-term. Separate CCN research with Newton has shown that by doing so, some 18% of the 60,000 adults in publicly funded care homes could be better supported independently in the community, while 90,000 more individuals every year could access more effective short-term care.[16]

This wouldn't just mean better outcomes but reduced costs and improved productivity right across the health and care system.

Manifesto For Counties

Our proposals for adult services & health

www.manifestoforcounties.co.uk

Sustainable & Fair Funding

A long-term, sustainable funding settlement, distributed according to today's needs

- All existing funding levels for adult social care services must be retained and baselined in council budgets, including all funding provided through the dedicated social care grant and Improved Better Care Fund (iBCF). A review, and where possible, consolidation of different fragmented funding streams should be undertaken alongside providing greater long-term certainty.
- The operation of the iBCF should be reviewed, ensuring that the fund is primarily directed by councils towards investment in preventative and community based adult social care services rather than supporting acute costs across the NHS.
- Clarify the future approach to pooled funding and grant allocations between councils and Integrated Care Boards (ICBs), ensuring that all funding dedicated to adult social care is routed directly through local authorities, with greater flexibility to allocate funding to local needs.
- Commit to meeting all increased spending need in adult social care over the course of the parliament through central government funding. Additional investment must be prioritised on expanding the availability of care packages for those most in need and enabling investment in community-based, preventative services.
- The government should seek to consult on, and implement, an updated Adult Social Care Relative Needs Formula, building on and updating independent proposals put forward by the Personal Social Services Research Unit at the University of Kent.

Social Care Charging Reform

Clarity on the future of charging reform, and a review of the timetable for implementation and funding

- In the lead up to the general election, political parties should clearly set out whether they intend to implement charging reforms currently delayed until October 2025. This includes the introduction of a cap on care costs, extended means and allowing self-funders to ask the local authority to arrange their care via Section 18(3) of the Care Act.
- If an incoming government intends to implement charging reforms, it must consider delaying implementation by at least a further 12 months to October 2026 in order to:
- Undertake a revised impact assessment to ascertain the full extent the costs of implementing the reforms over the next decade, alongside workforce requirements.
- Commit to fully fund the reforms through a separate dedicated funding settlement and establish a new distribution formulae.
- Re-establish the 'trailblazer' pilots to fully test the take-up and implementation of reforms.
- Provide additional support to ensure local authorities have the right project and change management capacity and capability.
- Urgently consult on the distribution of Fair Cost of Care (FCoC) funding and undertake a full assessment of market sustainability plans to better understand the level of funding required for councils to deliver FCoC, alongside the implementation of Section 18(3).

Care System Reform

Keeping adult social care a local service, while progressing system reform

- Priority must be given to a long-term plan for investing in meeting existing needs and progressing wider system reform, focused on stabilising the market, rebuilding prevention, developing community services and addressing barriers to housing with care. This should build on, and fully realise, the ambitions of Part 1 of the Care Act.
- The government must ensure that councils remain at the heart of delivering services locally and structural changes to the delivery adult social care are avoided. Any establishment of new national bodies to oversee the delivery and standards of care services must be fully consulted upon by an incoming government to ensure councils retain flexibility to meet local needs.
- Work with councils to deliver the principles of the optimised model outlined in CCN's report, The Future of Adult Social Care, prioritising investment in preventative short-term services, community-based care, and older people's housing.
- Equal parity must be given to the needs of working age adults in considering future reform and investment in adult social care. A particular focus of a future government should be on the additional demand likely to be placed on adult social care services as a result of the increase in the number of children on Education, Health and Care Plans (EHCPs) as they transition to adult services.
- A national approach to 'what works' in adult social care should be developed and communicated in a systematic way to ensure the sector understands the evidence-based interventions that can drive down cost and maximise independence.

Workforce

Improving the retention and recruitment of care workers

- Support the social care sector to address the fundamental underlying issues which impact on the recruitment and retention of care workers, one which genuinely improves pay and conditions and recognises specific challenges in county and rural areas. Any reforms or strategies must be fully funded by central government.
- Through pay and conditions reform, the government should seek to reduce the widespread reliance on overseas recruitment in the care sector, while tackling challenges with visas and improving joint working and early-stage vetting between the Home Office, the Care Quality Commission and councils around licences for care providers.
- Urgently invest in a national recruitment and workforce development strategy for local authorities and care providers.

Housing & Care

Putting housing at the centre of social care reform

- Make housing one of the fundamental priorities within comprehensive social care reform, underpinned by clear national prioritisation and funding.
- Anticipate and implement the forthcoming recommendations from the national Older People's Housing Taskforce.
- Develop a national approach to promote and incentivise a broader range of supported housing for working age adults, including the generation of younger people with special educational needs and disabilities moving into adulthood.
- Develop a national career pathway for the housing with care workforce as part of a national social care workforce plan.
- Reform the regulatory and funding frameworks and spatial planning requirements for accessible housing and housing with care, to enable more adults to live in a home of their choice at any age, as an alternative to 24/7 residential or nursing care review.

Integrated Care Systems & Hospital Discharge

Reforming ICSs and optimising the model of hospital discharge to improve patient flow

- Develop mechanisms to strengthen local, rather than national, lines of accountability with clear arrangements for oversight of major decisions between Integrated Care Boards (ICBs) and local authorities, as a minimum covering budget allocations and significant service reconfiguration.
- Ensure that ICS boundaries are co-terminous with upper-tier local authorities, including a more defined role of 'Place' in local delivery and establishing place-based partnerships.
- Review ICB membership annually with a particular focus on ensuring appropriate local authority and adult social care representation.
- Minimise delays to simple hospital discharges requiring no adult social care (Pathway 0) as a national priority and bring national focus to attendance and admissions avoidance by increasing the scope of preventative work able to be conducted within adult social care and public health.
- Focus additional funding for hospital discharge on expanding home-based reablement, immediate care and home-based recovery – and specifically the NHS community nursing and therapy workforce required for this – rather than short-term care bed capacity.
- Develop good practice and capability development for system strategic commissioning arrangements, such as intermediate care or demand and capacity planning, and reform information and data-sharing governance and standards.

Public Health

Maintaining a prevention focused, local system of public health services

- Retain, and build on, public health as a core function of local authorities, recognising the success of the transition of these statutory duties to councils.
- Work with the Office for Health Improvement and Disparities to develop and publish a health disparities white paper to help tackle the wider determinants of health.
- Review and assess the level of public health grants given to local authorities to effectively discharge their duties in this vital area, including consulting on, and implementing, a new formula for distributing allocations.
- Ensure public health is placed at the heart of all strategies relating to adults and children's social care recognising that the best way of reforming these systems would be by reducing present record levels of demand.
- Consider the impact of the rise in children and young people with mental health issues, not only ensuring their needs are met in the existing system, but also considering what the future impact on adult social care services may be.
- Develop and broaden the welcome focus on expanding substance misuse treatment to include more support and funding for housing interventions.
- Take a more imaginative approach, combining a cross-country national plan and practical measures, to supporting unpaid carers to continue caring; have lives of their own; be able to access support and breaks; and to be able to retain, or return to, employment.

Inspection, Regulation & Unfunded Burdens

A proportionate and fully funded approach to inspection and regulation

- Review the present range of statutory duties and discretionary services expected to be delivered by local authorities related to adult social care to assess whether they have enough funds to conduct these.
- Ensure that any policy or regulatory changes are fully assessed for their financial impact on local authorities – including indirect market costs - and local authorities receive no new unfunded burdens.
- Review the lessons learnt from the recent introduction of Care Quality Commission Adult Social Care Assurance inspections, ensuring they fully take into account resource constraints of local authorities when assessing the effectiveness of local authority adult social care delivery.
- Work with councils and care providers to review the regulatory system for care provision, particularly with a view to developing new models of 24/7 nursing home care which reflect changing needs and workforce supply.

Footnotes

1. https://www.bbc.co.uk/iplayer/episode/m0020bbt/sunday-with-laura-kuenssberg-how-do-we-fix-social-care

2. https://www.youtube.com/watch?v=-mqEezqSeHk

3. https://www.countycouncilsnetwork.org.uk/councils-call-on-prime-minister-to-deliver-on-her-promise-to-provide-more-funding-for-social-care/

4.Institute for Fiscal Studies - What is the outlook for English council funding (June 2024)

5. Ibid, p. 20

6. https://www.bbc.co.uk/news/articles/cw44del3pd7o

7. LaingBuisson - Impact Assessment of the Implementation of Section 18(3) of the Care Act 2014 and Fair Cost of Care (March 2022)

8. Newton - Preparing for Adult Social Care Reform (May 2022)

9. Department of Health and Social Care - Social Care Charging Reform Impact Assessment, January 2022

10. https://www.gov.uk/government/consultations/operational-guidance-to-implement-a-lifetime-cap-on-care-costs

11. The workforce employed by adult social services departments in England (skillsforcare.org.uk)

12. https://www.manifestoforcounties.co.uk/adult-services-health

13. https://www.countycouncilsnetwork.org.uk/councils-call-for-honest-discussion-on-what-they-should-be-expected-to-deliver-as-new-data-reveals-local-authorities-spend-two-thirds-of-their-budgets-on-care-services/

14. https://www.bbc.co.uk/iplayer/episode/m0020bbt/sunday-with-laura-kuenssberg-how-do-we-fix-social-care

15. https://www.manifestoforcounties.co.uk/

16. Newton/CCN - The Future of Adult Social Care (2021)

Appendix 1

Summary of Data Sources

Means test & cap

Salt Spend

- Updated to: Table 17: Net Current Expenditure on long and short term care, by care type and age band, year on year comparison, 2020-21 to 2021-22

SALT Client Numbers

- Updated to: Table 34: Number of clients accessing long term support during the year, by age band and support setting, 2021-22

Inflation

- Uplift on 21-22 spend with CPI to 2024 (see here): 2022 = 9.1%, 2023 = 7.3%

Operational Spend

Local Authority Workforce Data

- Updated to: Table 2. Number of adult social services filled posts by main service group, job role group and job role, Skills for Care's workforce estimates as at September 2023.

SALT ASC Requests for Support – 65+

- Updated to: Table 11: Number of requests for support received from new clients aged 65 and over, by what happened next, 2022-23

SALT ASC Requests for Support – 18-64

- Updated to: Table 10: Number of requests for support received from new clients aged 18 to 64, by what happened next, **2022-23**

Avg. Social work Salaries

- 6% Growth 22-23 according to Skills for Care The workforce employed by adult social services departments in England, applied for 22-23 and 23-24

CCN

THE VOICE OF COUNTIES

CCN is the voice of England's counties. Representing the local authorities in county areas, the network is a cross-party organisation which develops policy, commissions research, and presents evidence-based solutions to issues on behalf of the largest grouping of councils in England.

In total, the 20 county councils and 17 unitary councils that make up the CCN represent 26 million residents, account for 39% of England's GVA, and deliver high-quality services that matter the most to local communities.

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County Councils Network

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