

By David Foster

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Adult social care funding in England



Summary

- 1 How adult social care is funded
- 2 Funding pressures
- 3 Specific funding for adult social care since 2016/17

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Summary

In 2023/24, local authorities in England [spent £23.3 billion on adult social care](#) (net current expenditure). This represents the biggest area of council spending after education.

Funding pressures

Several factors contribute to funding pressures on adult social care, including:

- **Local government finances:** the National Audit Office has highlighted that [“local authority finances are under significant pressure” and “this pressure impacts on the funding available for adult social care.”](#)
- **Demographic pressures:** the number of older people (the group most likely to need social care) is rising faster than the population as a whole. There is also increased demand for care from working age adults. The Health Foundation has estimated an additional [£8.3 billion will be required by 2032/33 just for adult social care to keep up with growing demand.](#)
- **Increases in the National Living Wage:** the Nuffield Trust has estimated that [the 6.7% increase to the NLW in 2025/26 will cost the adult social care sector around £1.85 billion.](#)
- **Increasing costs of care:** rising costs due to increased complexity of needs has been [ranked as the biggest area of concern in terms of financial pressures by directors of adult social services.](#)

In addition, at the [Autumn Budget 2024](#), the government announced changes to employer National Insurance contributions (NICs) from April 2025, including an increase in the employer NICs rate from 13.8% to 15%. The Nuffield Trust has estimated this will [cost independent social care employers around £940 million in 2025/26](#), although there is some uncertainty around this estimate.

Additional funding for 2025/26

There is no national government budget for adult social care in England; most publicly funded social care is financed through local government revenue.

Over recent years, the local government finance settlement has included an increasing amount of ring-fenced funding for adult social care.

Significant additional funding was made available for adult social care in 2023/24 and 2024/25, a substantial part of which came from redirecting funding originally intended for social care reform to support current provision.

The [local government finance settlement 2025/26](#) confirmed the following funding for adult social care:

- an additional £880 million for the Social Care Grant (for adult and children's social care). The grant will be [worth around £5.9 billion in 2025/26](#)
- local authorities with social care responsibilities will be able to set an adult social care precept of up to 2%. The government said this would make available around £650 million.
- a £2.64 billion Better Care Grant, which will be pooled as part of the [Better Care Fund](#). This grant was made by combining two grants from 2024/25: the £2.14 billion improved Better Care Fund and the £500 million Discharge Fund
- £1.05 billion for the [Market Sustainability and Improvement Fund](#)

The settlement also includes £515 million of funding for councils to support with the costs associated with the increase in employer NICs across all service areas.

While stakeholders welcomed the additional funding announced for adult social care in 2025/26, [concerns were raised that it would be absorbed by the increases in the National Living Wage and increases to employer NICs](#). The Association of Directors of Adult Social Services has suggested there “remains a [funding gap of over £1bn for adult social care to even stand still next year.](#)”

The King's Fund stated that successive governments had failed to fully fund increases in the National Living Wage and this had ultimately led to “fewer people accessing publicly funded long-term care as local authorities try to balance their books”. It said this trend was broken in 2023/24 due to “a significant increase in local authority spending power”, but warned it [could return unless the government fully reimburses additional costs faced by providers](#).

The government has said it “[considered the cost pressures facing adult social care](#)” as part its wider consideration of local government spending.

1 How adult social care is funded

This briefing provides information on funding for publicly funded adult social care services in England. Information on funding support for individuals with care needs, including more information on the eligibility criteria, is provided in the Library briefing on [paying for adult social care in England](#).¹

1.1 Paying for publicly funded social care

There is no national government budget for adult social care in England. Instead, most publicly funded social care is financed through local government revenue. This revenue comes from central government funding through the local government finance settlement, and locally raised revenue from business rates, council tax and income from fees and charges. Individual local authorities then determine how much is allocated to social care.

Over recent years, the government has provided an increasing amount of ring-fenced funding for adult social care. The most substantial element of this funding is the Social Care Grant for adult and children's social care, worth around £5 billion in 2024/25 and £5.9 billion in 2025/26.² Between 2022/23 and 2024/25, around 60% of the Social Care Grant was spent on adult social care. However, the proportion of the grant spent on adult social care varies greatly between individual councils, from 0% to 100%.³

If a person's care needs are assessed as being primarily due to health needs, the NHS will meet the full cost of both their health and social care needs

under [NHS Continuing Healthcare](#) **Social care precept**

Since 2016/17, local authorities with social care responsibilities have been able to increase council tax by an additional percentage amount (historically 1-3% in a given year) above the [referendum threshold](#). This is referred to as the social care precept. The money raised through the precept is required to be spent exclusively on adult social care.⁴

¹ Commons Library briefing CBP-1911, [Paying for adult social care in England](#).

² DLUHC, [Social Care Grant table: final local government finance settlement 2024 to 2025](#), 5 February 2024; MHCLG, [Social Care Grant allocations table: final local government finance settlement 2025 to 2026](#), 3 February 2026.

³ ADASS, [ADASS Spring Survey 2024](#), p13.

⁴ [HC Deb 25 November 2015 cc1363-1364](#).

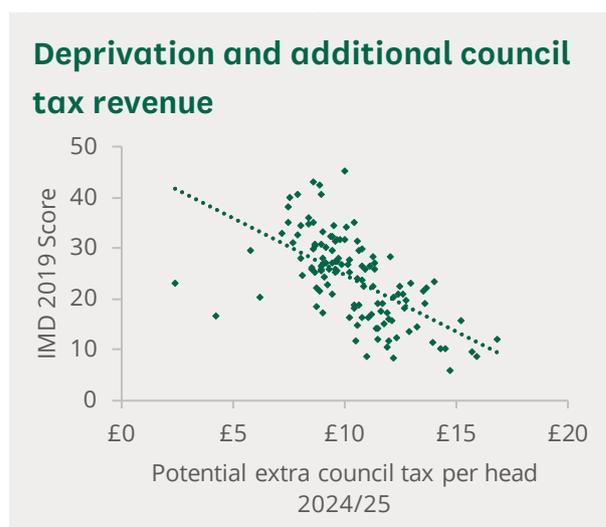
Impact of the social care precept

The impact of the social care precept varies across the country, depending on how much council tax a local authority can raise and how much it needs to spend on adult social care.

The figure below shows the relationship between the potential additional council tax local authorities could raise from the social care precept in 2024/25 and the average Index of Multiple Deprivation (IMD) 2019 score for each authority.

There is a statistically significant negative correlation between these two variables, meaning that authorities with higher levels of deprivation tend to have a lower potential amount per head to raise from the social care precept.⁵

A portion of the Social Care Grant is allocated as 'equalisation' funding to help mitigate the varying ability of local authorities to raise revenue through the social care precept. Authorities with high social care need and low council tax raising ability receive a higher proportion of equalisation funding than those with low need and strong tax bases.⁶



Sources:

MHCLG: [Council tax levels set by local authorities in England 2024 to 2025](#) and MHCLG: [English Indices of Deprivation 2019](#).

1.3

Better Care Fund

The Better Care Fund is a pooled budget shared by local authorities and the NHS, intended to incentivise the integration of health and social care services. It includes, among other components, a minimum contribution from the NHS, worth around £5 billion in 2024/25 and £5.6 billion in 2025/26.⁷

⁵ For commentary, see Levelling Up, Housing and Communities Committee, [Long-term funding of adult social care](#) (PDF), 4 August 2022, HC 19, 2022-23, para 66.

⁶ NAO, [Reforming adult social care in England](#), November 2023, para 2.13.

⁷ DLUHC and DHSC, [2023 to 2025 Better Care Fund policy framework](#), 5 April 2023; DHSC and MHCLG, [Better Care Fund policy framework 2025 to 2026](#), 30 January 2025. The NHS also funds some social care services for those with significant health-related care needs. Further information on this is available on the NHS website at: [NHS continuing healthcare](#).

Integrated Care Boards and local authorities are required to set out how they plan to use the pooled funding in jointly agreed Better Care Fund Plans signed off by Health and Wellbeing Boards. This includes setting out how specified national conditions will be met. Further information is provided in the Better Care Fund policy frameworks for [2023 to 2025](#) and [2025 to 2026](#).⁸

The Better Care Grant

Since 2017/18, the government has provided an improved Better Care Fund grant to local authorities, which must be pooled as part of the Better Care Fund and used to support social care activity. The grant was worth around £2.14 billion in 2024/25.⁹ For 2025/26, the grant will be combined with £500 million of discharge funding and renamed as the Better Care Grant.¹⁰ It will be worth £2.64 billion.¹¹

1.4 How much does the government spend on adult social care?

Net local authority expenditure on adult social care in 2023/24 was £22.3 billion.¹² Net expenditure excludes capital charges and expenditure which is offset by income from other sources, such as contributions from care users or from the NHS. Around half (53%) of local authority net expenditure on adult social care in 2023/24 was on adults aged 18-64.¹³

Net local authority expenditure is useful for understanding how much of adult social care is funded from local authority resources. However, to estimate the total cost to the public purse of adult social care services it is necessary to also consider spending by the NHS on social care. In 2023/24, planned net expenditure on social care services by the NHS was £2.9 billion.¹⁴ This gives an estimate of total net public expenditure on adult social care in 2023/24 of around £25.2 billion.

Publicly funded social care makes up only a minority of the total value of care provided to adults in England. It has been estimated, for example, that around £8.3 billion was spent on self-funded care in 2020 and the National

⁸ DLUHC and DHSC, [2023 to 2025 Better Care Fund policy framework](#), 5 April 2023.

⁹ MHCLG, [Improved Better Care Fund Grant Determination 2024 to 2025](#), 15 April 2024.

¹⁰ MHCLG, [Consultation: provisional local government finance settlement 2025 to 26](#), 3 February 2025.

¹¹ MHCLG, [Better Care Fund policy framework 2025 to 2026](#), 30 January 2025.

¹² DLUHC, [Local authority revenue expenditure and financing 2023/24 - Table 1a, revenue outturn summary](#), 8 October 2024.

¹³ NHS Digital, [Adult Social Care Activity and Finance Report, England](#), 2023-24, table 20.

¹⁴ NHS Digital, [Appendix C – Expenditure on adult social care, 2009-10 to 2023-24 - NHS England Digital](#).

Audit Office (NAO) estimated the replacement cost of all informal care in 2016/17 was £100 billion.¹⁵

¹⁵ National Audit Office, [Adult social care at a glance](#), July 2018; NAO, [Reforming adult social care in England](#), November 2023, para 1.3.

2 Funding pressures

Some stakeholders suggest funding pressures contribute to several challenges faced by adult social care, including:

- [unmet or under-met need](#) (PDF)¹⁶
- [high care costs for individuals](#)¹⁷
- [difficulties investing in preventative services](#)¹⁸
- [delays in accessing support](#)¹⁹
- [concerns around the quality of some provision](#)²⁰
- [difficulties attracting and retaining staff](#)²¹
- [instability in some care markets](#) (PDF)²²

These issues can also have a knock-on effect on health services, for example, by [contributing to hospital discharge delays](#).²³ It should be noted, however, that the reverse can also be true, with issues in the health service increasing pressure on social care.²⁴

This section briefly examines some of the factors contributing to funding pressures in the sector. These can broadly be categorised as pressures on local government funding, growing demand, and increasing costs.

¹⁶ Age UK, [2 million older people now have some unmet need for social care](#), 26 September 2024; Policy Research Unit in Adult Social Care, [Need and unmet need among older people in the community](#) (PDF), December 2021, p16; NAO, [Local government financial sustainability](#), February 2025, paras 2.8-2.9; CQC, [The state of health care and adult social care in England 2023/24](#), 25 October 2024, pp39-40.

¹⁷ NAO, [Reforming adult social care in England](#), November 2023, paras 1.12-1.13.

¹⁸ ADASS, [ADASS Autumn Survey 2024](#), 8 November 2024, p12; ADASS, [ADASS Spring Survey 2024](#), August 2024, p38.

¹⁹ ADASS, [ADASS Spring Survey 2024](#), August 2024, pp30-32.

²⁰ NAO, [Local government financial sustainability](#), February 2025, paras 2.12.

²¹ Commons Library briefing CBP-9615, [Adult social care workforce in England](#); CQC, [The state of health care and adult social care in England 2023/24](#), pp46-48.

²² DHSC, [Evidence review for Adult Social Care Reform](#) (PDF), December 2021, pp58-62; NAO, [Reforming adult social care in England](#), November 2023, paras 1.10-1.11; ADASS, [ADASS Spring Survey 2024](#), August 2024, pp21-22; CQC, [The state of health care and adult social care in England 2023/24](#), pp51-54.

²³ DHSC, [Independent investigation of the NHS in England](#) September 2024, pp5 & 22-24; CQC, [The state of health care and adult social care in England 2023/24](#), 25 October 2024, pp41-43.

²⁴ ADASS, [ADASS Spring Survey 2024](#), August 2024, pp45-55.

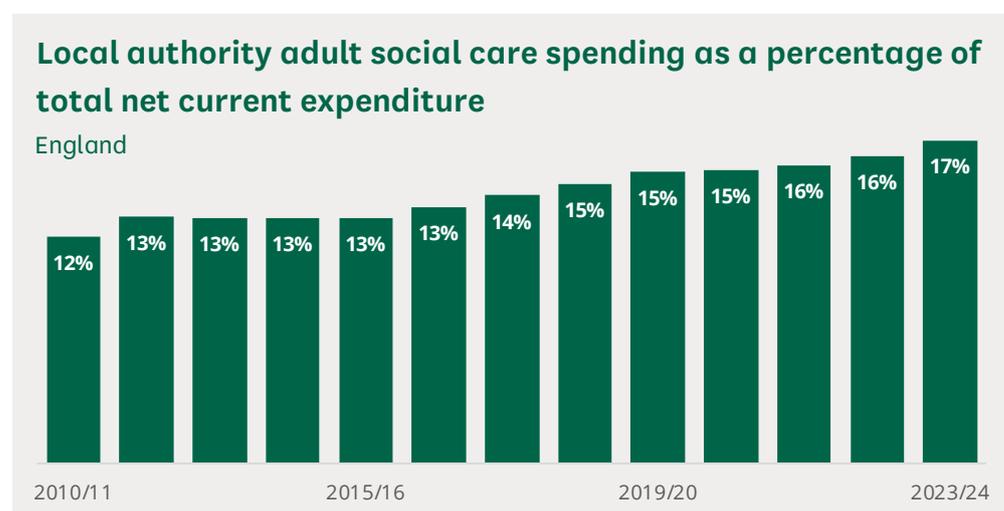
2.1

Local government funding

A local authority's adult social care budget is set in the context of its overall financial position. Demand for local authority services has grown for many services, including, for example, special educational needs and support for looked after children.²⁵ The National Audit Office has said that “local authority finances are under significant pressure” and “this pressure impacts on the funding available for adult social care.”²⁶

Local authority revenue spending data shows that total net current expenditure fell by 19% in real terms between 2010/11 and 2023/24. Over the same period, local authority net expenditure on adult social care increased by 16% in real terms, from £20.1 billion to £23.3 billion (in 2023/24 prices).²⁷

As a result, the proportion of local authority expenditure used for adult social care has increased from around 12% in 2010/11 to 17% in 2023/24.



Source: [MHCLG Local authority revenue expenditure and financing](#)

While spending on adult social care has increased since 2010, demand has also grown (see sections below). The Health Foundation has estimated that adult social care spending per age-adjusted population will be at least 5% lower in 2024/25 compared with 2009/10.²⁸

The Nuffield Trust has suggested that funding failing to keep pace with growing need has resulted in councils overspending their adult social care budgets.²⁹ In its Autumn Survey 2024, ADASS stated that 81% of local

²⁵ NAO, [Local government financial sustainability](#), p8.

²⁶ NAO, [Reforming adult social care in England](#), November 2023, para 1.9.

²⁷ [MHCLG Local authority revenue expenditure and financing](#) and HMT [GDP deflators October 2024](#)

²⁸ Health Foundation, [Social care funding: Three key questions about funding in England](#), September 2024. See also, Institute for Fiscal Studies, [Adult social care in England: what next?](#), October 2024, pp11-12.

²⁹ Nuffield Trust, [Social care and the budget: stabilisation for long-term reform](#), 29 October 2024.

authorities were on course to overspend their adult social care budgets in 2024/25, up from 72% in 2023/24. It estimated the total projected overspend in 2024/25 would be £564 million, down from £586 million in 2023/24.³⁰

In its Spring Survey 2024, ADASS said over a third (37%) of local authorities said they would be using one-off funding, for example council reserves, to fund their adult social care base budgets in 2024/25. It commented that the “use of reserves, which is one-off funding which does not have to be paid back, is an unsustainable way to fund budget pressures going forward”.³¹

The Institute for Fiscal Studies has highlighted several trends in adult social spending between 2014/15 and 2022/23, including:

- spending on working age adults grew faster than that on adults aged 65+
- the number of care recipients aged 18-64 grew roughly in line with the population in that age group. However, the number of long-term care recipients aged 65+ fell by 10% even through the 65+ population grew by 12%. The IFS suggests this “reflects the tightening of eligibility criteria”
- Spending per person aged 18-64 and spending per care recipient aged 18-64 grew by similar magnitudes (around 15%). For adults aged 65+, spending per person (for the overall 65+ population) stayed almost constant while spending per recipient grew by 24%.³²

1 In-year savings

In its Spring Survey 2024, ADASS said local authorities planned to make £903 million in savings from their adult social care budgets in 2024/25, equating to 4% of net adult social care budgets. The £903 million savings required for 2024/25 were the highest reported since 2016/17. However, only 15% of directors said they were fully confident of delivering the planned savings.³³

In its Autumn Survey 2024, ADASS said planned savings were expected to increase to £1.4 billion in 2025/26. It commented that this would make it “even harder for councils to make the investment needed in workforce, prevention and unpaid carers, all of which are crucial to improving health and social care in the longer-term.”³⁴

³⁰ ADASS, [ADASS Autumn Survey 2024](#), 8 November 2024, pp7-9.

³¹ ADASS, [ADASS Spring Survey 2024](#), August 2024, pp9-10.

³² Institute for Fiscal Studies, [Adult social care in England: what next?](#), October 2024, pp11-14.

³³ ADASS, [ADASS Spring Survey 2024](#), August 2024, pp18-20.

³⁴ ADASS, [ADASS Autumn Survey 2024](#), 8 November 2024, pp6-9.

2.2

Increasing demand

Older people are much more likely to need adult social care services. As a result, average per person (not per recipient) spending on adult social care increases significantly with age, particularly after the age of 70.³⁵

The population of older adults in England has grown substantially over the last decade. Census data shows that while the overall population in England grew by 7% between 2011 and 2021, the number aged 85 or over rose by 16%.³⁶

As set out in section 1.4 above, around half of local authority adult social care spending is on working age adults. Working age adults tend to have more severe needs that require more expensive care packages. This explains why half of spending is on working age adults despite this age group making up less than half of adult social care recipients.

The proportion of adults aged under 65 with a disability has risen in recent years. This is driven by a combination of better diagnosis of learning disabilities, increased longevity, and higher survival rates of premature babies.³⁷

An ageing population and rising demand from working age adults have placed increased demand on publicly funded social care. [ADASS' annual Spring Survey 2024](#) said £0.9 billion of additional funding would be required in 2024/25 to meet the same level of need as in the previous year due to the increasing number of people needing social care. This equated to 4.5% of adult social care budgets for the year. Over half (53%) of the demographic pressure on budgets related to people aged 18 to 64.³⁸

Projections of future demand for social care

As the population continues to age, demand for social care is expected to continue increasing. Based on recent trends, demand from working age adults is also expected to continue growing.³⁹

The government commissions the Care Policy and Evaluation Centre (CPEC) at the London School of Economics (LSE) to produce projections of the long-term demand and cost of adult social care services in England. Its latest report, published in December 2020, projected:

³⁵ Institute for Fiscal Studies, [Adult social care in England: what next?](#), October 2024, pp18-20.

³⁶ Office for National Statistics, [Population and household estimates, England and Wales - Office for National Statistics \(ons.gov.uk\)](#).

³⁷ DHSC, [Evidence review for Adult Social Care Reform](#) (2MB, PDF), December 2021, pp34-37; Institute for Fiscal Studies, [Adult social care in England: what next?](#), October 2024, pp21-22.

³⁸ ADASS, [Spring Survey 2024](#), August 2024, p16.

³⁹ DHSC, [Evidence review for Adult Social Care Reform](#) (2MB, PDF), December 2021, p24; Institute for Fiscal Studies, [Adult social care in England: what next?](#), October 2024, pp20-22.

- around 29% more adults aged 18 to 64 will need care in 2038 compared with 2018.
- around 57% more adults aged 65 and over will need care in 2038 compared with 2018

Based on current patterns of care and the current funding system, it projected that the cost of providing publicly funded care for adults aged 18 to 64 will rise by 90% between 2018 and 2038. The estimated increase for adults aged 65 and over was 98%.

While finding that CPEC's approach is appropriate, the NAO has stressed that caution should be exercised over the projections as, among other things, they are based on assumptions about future socioeconomic and demographic trends and relate to the current social care funding system. For example, a sensitivity analysis carried out by CPEC projected that, if there are no real increases in the unit cost of providing care, the cost of publicly funded care for all adults will rise by 39% compared to the base projection of 93%.⁴⁰

2.3 Workforce costs

Staffing costs make up the majority of care providers' costs. As such costs increase, this can lead to pressure on local authorities to increase the fee rates they pay to providers.⁴¹ In ADASS's Autumn Survey 2024, several directors expressed concerns about the affordability of higher wages for care workers.⁴²

National Living Wage

From April 2025, the National Living Wage (NLW) will rise from £10.42 per hour to £12.21 per hour, a 6.7% increase. This follows 9.8%, 9.7% and 6.6% increases in 2024, 2023 and 2022 respectively.⁴³

Skills for Care, the workforce development and planning body for adult social care in England, has noted that, while care worker pay has increased at a faster rate since the introduction of the NLW, the NLW also creates challenges by increasing the wage bill for many social care employers.⁴⁴

⁴⁰ Care Policy and Evaluation Centre, [Projections of Adult Social Care Demand and Expenditure 2018 to 2038 \(185KB PDF\)](#), December 2020, as summarised in NAO, [The adult social care market in England](#), 25 March 2021, paras 3.2-3.9.

⁴¹ King's Fund, [Social care 360](#), 3 March 2025.

⁴² ADASS, [ADASS Autumn Survey 2024](#), 8 November 2024, p8.

⁴³ Gov.uk, [National Minimum Wage and National Living Wage rates](#).

⁴⁴ Skills for Care, [The state of the adult social care sector and workforce in England](#), October 2024, p103.

The Local Government Association has estimated that increases to the NLW increased adult social care expenditure by £1.4 billion in 2023/24 and £1.6 billion in 2024/25.⁴⁵

The Nuffield Trust estimates that the 6.7% increase to the NLW in 2025/26 will cost the adult social care sector around £1.85 billion.⁴⁶

Employer National Insurance Contributions (NICs)

At the [Autumn Budget 2024](#), the Chancellor, Rachel Reeves, announced changes to employer National Insurance contributions (NICs). From 6 April 2025.⁴⁷

- the employer NICs rate will increase from 13.8% to 15%
- the threshold above which employer NICs is paid (the Secondary Threshold) will reduce from £9,100 a year to £5,000 a year

The Chancellor said she wanted to “protect smaller companies” from these changes and so also announced changes to the Employment Allowance from April 2025.

The Employment Allowance is a deduction from the total amount of payable employer NICs. It is currently only available to employers whose employer NICs liability was lower than £100,000 in the previous tax year. The current deduction available is £5,000.

From April 2025, the deduction amount will increase from £5,000 to £10,500. In addition, the £100,000 employer NICs bill threshold above which the allowance is no longer available will be removed.

The Nuffield Trust has estimated that changes to employer NICs will cost independent sector social care employers around £940 million in 2025/26.⁴⁸ However, it is worth noting that in the absence of specific pay data for social care employees, the Nuffield Trust estimate uses average pay figures and makes assumptions regarding the average hours of full and part-time workers. The authors acknowledge that:

In reality, there will be a distribution of working patterns among this group. For instance, if a lot of people work low hours, and currently fall under the existing E[mployer] NIC threshold, the total ENI bill for part-time workers will be lower than our calculation.⁴⁹

⁴⁵ LGA [Autumn Budget and Spending Review Submission 2024](#).

⁴⁶ Nuffield Trust, [Will the Autumn Budget push the social care sector beyond breaking point?](#), 22 November 2024.

⁴⁷ HC Deb [30 October 2024](#), c818; HM Treasury, [Autumn Budget 2024 \(PDF\)](#)

⁴⁸ Nuffield Trust [Social care providers at risk of collapse as analysis reveals cost to sector of employer national insurance hike](#).

⁴⁹ Nuffield Trust [Will the Autumn Budget push the social care sector beyond breaking point?\(PDF\)](#)

On 25 February 2025, the House of Lords agreed an amendment to the National Insurance Contributions (Secondary Class 1 Contributions) Bill 2024-25 that would exempt social care providers from the increases to employer NICs.⁵⁰ At the time of writing a date had not yet been set for when the Commons will consider Lords amendments to the bill.

Fair pay agreement

In its manifesto for the 2024 general election, the Labour Party said it would establish a collective Fair Pay Agreement which “will set fair pay, terms and conditions, along with training standards” in adult social care.⁵¹

As part of this, the [Employment Rights Bill](#), which is currently progressing through Parliament, provides for the establishment of an Adult Social Care Negotiating Body to negotiate pay in the sector. Further information is provided in section 4.4 of the [Library briefing on the adult social care workforce](#).⁵²

It is anticipated that a Fair Pay Agreement will lead to an increase in wages in the sector. The IFS adds that it seems likely that “if the government wishes to avoid the introduction of a Fair Pay Agreement leading to reductions in care quality or care provision, additional funding for local authorities will be required.”⁵³

How much extra funding may be required depends on the details of any future agreement. Skills for Care has estimated that introducing a sector minimum wage set at one pound above the National Living Wage would cost the public finances around £2 billion a year.⁵⁴

2.4

Increasing costs of care

As well as increasing overall demand, local authorities have said they are seeing a rise in complex cases in adult social care.⁵⁵ This includes a particular rise in young people with complex needs, including mental health needs.⁵⁶

In ADASS’s Spring Survey 2024, directors of adult social services ranked increased costs due to increased complexity of needs as the main area of concern in terms of financial pressures for 2024/25.

⁵⁰ [HL Deb 25 February 2025, cc1594-1615](#); Local Government Lawyer, [Lords vote to exempt social care from NIC hike](#), 26 February 2025.

⁵¹ Labour Party, [Change: Labour Party manifesto 2024](#), June 2024, pp100-101.

⁵² Commons Library briefing CBP-9615, [Adult social care workforce in England](#).

⁵³ IFS, [Adult social care in England: what next?](#), October 2024, p31.

⁵⁴ Skills for Care, [A Workforce Strategy for Adult Social Care in England](#), July 2024, pp31-32.

⁵⁵ NAO, [Local government financial sustainability](#), 28 February 2025, para 2.4.

⁵⁶ ADASS, [ADASS Autumn Survey 2024](#), 8 November 2024, p8.

The survey report explained:

It is well documented that people are living longer and with more complex conditions, including dementia, frailty and multi-morbidity, which in turn means that more people are likely to need adult social care to support them to live the lives they want to lead.

It added that short-term factors were also “driving up the complexity of care needed in the community, including discharging people more rapidly from hospital and long waits for other services such as NHS care and housing resulting in worsening health and loss of independence.”⁵⁷

2.5 How much funding does social care need?

Several organisations have estimated the size of the social care ‘funding gap’ based on the available resources on the one hand and demand and cost pressures on the other.⁵⁸ However, estimates vary according to the methods and data used, and the assumptions made.

Organisations are also often measuring different things when they calculate the funding required. As the Levelling Up, Housing and Communities Committee explained in its August 2022 report on the long-term funding of adult social care:

Estimates of the longer-term funding gap in adult social care vary and this is because each estimate measures different factors such as: meeting demographic pressures; restoring quality to 2010 levels; meeting unmet need; improving pay and conditions for staff; and paying providers a fair price for care.⁵⁹

In September 2023, the Health Foundation [projected how much additional adult social care funding would](#) be required in 2032/33 under four scenarios:

- to meet future demand: £8.3 billion. Spending would need to increase by around 3.4% a year in real terms between 2021/22 and 2032/33.
- to meet future demand and improve access to care: £11.6 billion. Spending would have to increase by around 4.3% a year in real terms between 2021/22 and 2032/33.
- to meet future demand and cover the full cost of care: £14.6 billion. Spending would need to increase by around 5.1% a year in real terms between 2021/22 and 2032/33.

⁵⁷ ADASS, [ADASS Spring Survey 2024](#), August 2024, pp14-15 and 25-26.

⁵⁸ Health and Social Care Committee, [Social care: funding and workforce \(590KB PDF\)](#), 22 October 2021, HC 206 2019-21, pp13-15.

⁵⁹ Levelling Up, Housing and Communities Committee, [Long-term funding of adult social care \(PDF\)](#), 4 August 2022, HC 19, 2022-23, para 28.

- to meet future demand, improve access to care and cover the full cost of care: £18.4 billion. Spending would have to increase by around 6% a year in real terms between 2021/22 and 2032/33.⁶⁰

The Office for Budget Responsibility has also projected that UK-wide public spending on adult social care would need to increase by around 3.1% per year in real-terms over the next decade to meet demand pressures and rising costs. The IFS notes that this would see spending rise from 1.3% of national income in 2023/24 to around 1.5% in 2033/34, and 1.9% in 2053/54.

The IFS noted that the OBR's estimates:

are projections rather than predictions: they are estimates of how much spending might be needed to meet the growth in demand and maintain the system as it is. It is possible that future governments will decide not to keep pace with demand; they could decide to reduce or increase the generosity of the system. The point is, more money will be required just for adult social care to stand still.⁶¹

2.6 Further reading

The following links provide further information and commentary on adult social care funding:

- King's Fund, [Social care 360](#), March 2025
- Association of Directors of Adult Social Services, [ADASS Autumn Survey 2024](#), November 2024
- Institute for Fiscal Studies, [Adult social care in England: what next?](#), October 2024.
- NHS Digital, [Adult Social Care Activity and Finance Report, England, 2023-24](#), October 2024
- Health Foundation, [Social care funding](#), September 2024
- Association of Directors of Adult Social Services, [ADASS Spring Survey 2024](#), August 2024

⁶⁰ Health Foundation, [Adult social care funding pressures](#), 25 September 2023.

⁶¹ IFS, [Adult social care in England: what next?](#), October 2024, pp2 and 22-23.

3 Specific funding for adult social care since 2016/17

Significant extra funding has been provided specifically for adult social care (or adult social care and children’s social care) since 2016/17. This funding has been additional to the general un-ringfenced revenue funding provided to local authorities, some of which is spent on social care. This section provides an overview of this additional funding.

3.1 Specific funding between 2016/17 and 2019/20

As set out in section one above, the extra funding made available has included the introduction of the social care precept from 2016/17 and the improved Better Care Fund grant from 2017/18 (now called the Better Care Grant).

Funding between 2016/17 and 2019/20 was also provided via short-term ring-fenced grants, comprising:

- an Adult Social Care Support Grant, worth £240 million in 2017/18 and £150 million in 2018/19⁶²
- £240 million in both 2018/19 and 2019/20 to help alleviate winter pressures on the NHS⁶³
- a Social Care Support Grant, worth £410 million in 2019/20, to support both adult and children’s social care⁶⁴

3.2 2020/21

At the Spending Round 2019, the government announced it would provide local authorities with an additional £1 billion grant for adult and children’s

⁶² Department for Communities and Local Government and the Rt Hon Sajid Javid MP, [Oral statement to Parliament: Provisional local government finance settlement 2017 to 2018](#), 15 December 2016; [Written statement HCWS451 \[Local Government Finance\] 6 February 2018](#).

⁶³ HM Treasury, [Budget 2018](#), HC 1629, 29 October 2018, paras 5.15-5.16.

⁶⁴ HM Treasury, [Budget 2018](#), HC 1629, 29 October 2018, pp5.15-5.16.

social care (with local authorities to determine how to split the allocation between the two).⁶⁵

It also announced the rolling-over of existing social care grants of £2.5 billion into the 2020/21 financial year. This comprised:

- £1.8 billion for the improved Better Care Fund.
- the £240 million Winter Pressures Grant. The ring-fence was removed from the funding and it was rolled into the improved Better Care Fund.
- the £410 million Social Care Support Grant, which was added to the extra £1 billion and renamed the Social Care Grant (for adult and children's social care).⁶⁶

At the March 2020 Budget, the government said the additional £1 billion for adult and children's social care would be provided in every year of the then Parliament.⁷¹

2 Covid-19 funding

Over the course of 2020/21, £4.6 billion of additional un-ringfenced funding was provided to local authorities to help them respond to financial pressures caused by the Covid-19 pandemic across all service areas, including adult social care.⁶⁷ An additional £1.55 billion of un-ringfenced funding was provided in 2021/22.⁶⁸

Additional ring-fenced funding for adult social care was also provided, including to support infection control and rapid testing in adult social care services.⁶⁹

Further information is available in sections 3 and 5.3 of the Library briefing: [Coronavirus: Adult social care key issues and sources](#).⁷⁰

⁶⁵ HM Treasury, [Budget 2018](#), HC 1629, 29 October 2018, pp5.15-5.16.

⁶⁶ King's Fund, [Five numbers to sum up the Spending Round for health and social care](#), 6 September 2019; MHCLG, [Local Government Finance Settlement 2020-21: Technical consultation \(356KB PDF\)](#), October 2019, p9.

⁶⁷ DHSC/ MHCLG news story, [£2.9 billion funding to strengthen care for the vulnerable](#), 19 March 2020; MHCLG, [Government pledges extra £1.6 billion for councils](#), 18 April 2020; MHCLG, [Comprehensive new funding package for councils to help address coronavirus pressures and cover lost income during the pandemic](#), 2 July 2020; [HCWS333](#), 2 July 2020; [HC Deb 12 October 2020](#), c24; [HCWS535](#), 22 October 2020.

⁶⁸ HM Treasury, [Spending Review 2020 \(2MB PDF\)](#), November 2020, paras 4.10 & 6.65.

⁶⁹ DHSC, [£7 billion for NHS and social care for COVID-19 response and recovery](#), 18 March 2021; DHSC, [Adult Social Care Infection Control and Testing Fund: local authority circular](#), 29 March 2021.

⁷⁰ As above.

⁷¹ HM Treasury, [Budget 2020](#), 12 March 2020.

Local authorities were able to levy a 2% social care precept in 2020/21 and the improved Better Care Fund grant was worth £1.8 billion.⁷²

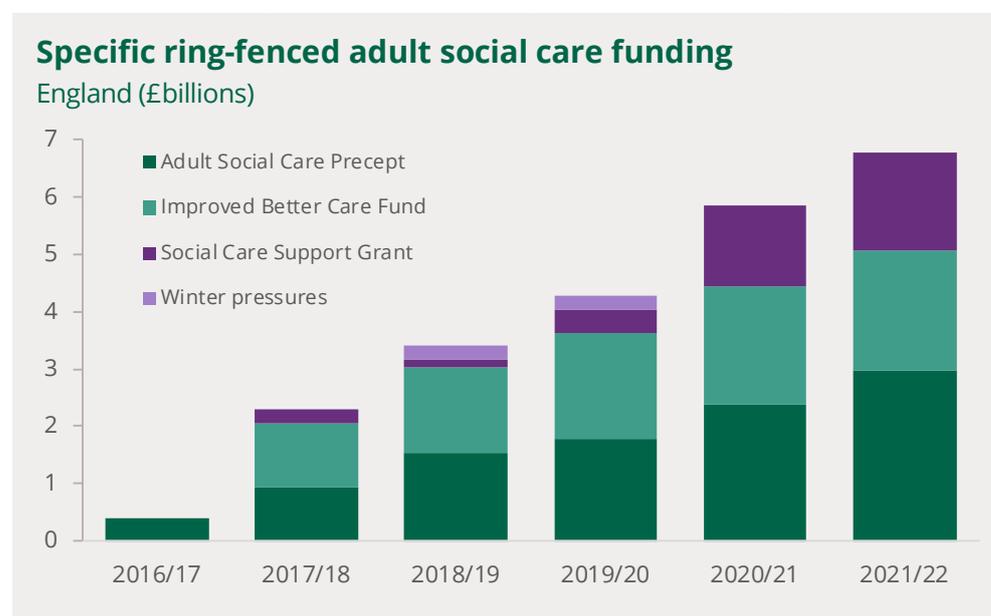
3.3

2021/22

At the Spending Review 2020, the government announced £300 million for the Social Care Grant, in addition to the £1.41 billion carried over from the previous year (the grant was worth £1.71 billion in 2021/22).⁷³

Local authorities could levy a 3% social care precept over 2021/22 and 2022/23. They could decide to use all 3% in 2021/22, split it over the two years, or use it all in 2022/23.⁷⁴

The improved Better Care Fund grant was worth £2.1 billion in 2021/22.⁷⁵



Notes: Adult Social Care Precept figures for 2016/17 to 2020/21 are published figures from the 2020/21 local government finance settlement. The 2021/22 figure is a House of Commons Library estimate based on 2020/21 figures combined with an addition £610 million ASC Precept as outlined in MHCLG, Council tax levels set by local authorities in England 2021/22. From 2019/20 the Social Care Support Grant can be used for both adults and children’s services. From 2020/21 winter pressures funding is included in the Better Care fund.

Source: Ministry of Housing, Communities and Local Government, [Core spending power final local government finance settlement 2020/21](#) (Supporting Information), 4 February 2021.

⁷² MHCLG Local Government Finance Statistical Release, [Council tax levels set by local authorities in England 2020 to 2021](#), 30 July 2020; , [Better Care Fund: policy statement 2020 to 2021](#), 3 December 2020.

⁷³ HM Treasury, [Spending Review 2020](#), November 2020, paras 4.29 & 6.66-6.67; [HCWS764](#), 4 February 2021; HCLG, [Social Care Grant allocations 2021 to 2022](#), 17 December 2020.

⁷⁴ MHCLG Local Government Finance Statistical Release, [Council tax levels set by local authorities in England 2020 to 2021](#), 30 July 2020, p8; MHCLG Local Government Finance Statistical Release, [Council tax levels set by local authorities: England 2021/22](#), 25 March 2021, p7.

⁷⁵ DLUHC and DHSC, [2021 to 2022 Better Care Fund policy framework](#), October 2021.

3.4

2022/23

Funding for social care reform

In September 2021, the government announced plans to substantially increase funding for health and social care over the next three years (2022/23 to 2024/25), to be funded by a new tax, the Health and Social Care Levy.⁷⁶ Further information is available in the [Library briefing on the Health and Social Care Levy](#).⁷⁷

£5.4 billion of revenue from the levy was planned to be used to support reform of adult social care in England between 2022/23 and 2024/25.⁷⁸ Of this:

- £3.6 billion was to be used to reform how people pay for adult social care, including introducing a cap on care costs (charging reforms). Further information on the proposed reforms is available in the Library briefing: [Introducing a cap on care costs](#).⁷⁹
- £1.7 billion would be used to support wider system reform.⁸⁰

In September 2022 the government announced that the Health and Social Care Levy would be cancelled, but it maintained the funding levels set out in 2021.⁸¹

In the context of the growing cost pressures facing adult social care, at the [Autumn Statement 2022](#) the Chancellor announced the charging reforms, which were initially proposed to be implemented from October 2023, would be delayed until October 2025. However, he said the funding would be maintained within local government “to allow local authorities to provide more care packages.”⁸²

In July 2024, the Labour government [announced the charging reforms would be cancelled](#), along with several other projects.⁸³

Further information on the re-prioritisation of the funding originally intended for social care reform is provided in the following sections.

⁷⁶ [HC Deb 7 September 2021, cc153-181](#).

⁷⁷ Commons Library briefing, [Health and Social Care Levy](#).

⁷⁸ HM Treasury, [Autumn Budget and Spending Review 2021](#), HC 822, October 2021, para 4.8.

⁷⁹ Commons Library briefing CBP-9315, [Introducing a cap on care costs](#).

⁸⁰ HM Treasury, [Autumn Budget and Spending Review 2021](#), HC 822, October 2021, para 4.8.

⁸¹ HM Treasury, [National Insurance increase reversed](#), 22 September 2022; NAO, [Reforming adult social care in England](#), November 2023, para 2.6.

⁸² [HC Deb 17 November 2022, c850](#); NAO, [Reforming adult social care in England](#), November 2023, paras 2.2-2.4.

⁸³ [HC Deb 29 July 2024, cc1044-1037](#).

Specific funding in 2022/23

In addition to the then expected £5.4 billion of funding for adult social care reform (see section above), for 2022/23:

- local authorities with social care responsibilities were able to levy a social care precept of up to 1%.⁸⁴ In addition, authorities that did not use the full 3% precept in 2021/22 (see above) could use up the remaining amount, up to a further 3%.⁸⁵
- The Social Care Grant was increased by £636 million, taking the total value of the grant to £2.35 billion.⁸⁶
- The improved Better Care Fund was increased to £2.14 billion (an increase of £63 million).⁸⁷

Funding for hospital discharge

In Our Plan for Patients, published on 22 September 2022, the government announced it would create a £500 million Adult Social Care Discharge Fund to “support discharge from hospital into the community and bolster the social care workforce, to free up beds for patients who need them.”⁸⁸

£300 million was given to integrated care boards (ICBs) to improve bed capacity and £200 million was given to local authorities to “bolster the social care workforce, increasing capacity to take on more patients from hospitals.”⁸⁹ Local authorities and ICBs were expected to pool the funding into the Better Care Fund.⁹⁰

On 9 January 2023, the government announced it would provide an additional £200 million – on top of the £500 million Adult Social Care Discharge Fund – to allow the NHS to immediately buy short term care placements in care homes or other settings to speed up hospital discharge. The funding was intended to pay for a maximum of four weeks of care per patient until the end of March 2023.⁹¹

⁸⁴ HM Treasury, [Autumn Budget and Spending Review 2021](#), HC 822, October 2021, para 4.59; [PQ6454](#), 27 October 2021.

⁸⁵ DLUHC, [Council Tax levels set by local authorities in England 2022 to 2023](#), last updated 18 May 2022.

⁸⁶ Department for Levelling Up, Housing and Communities, [Social Care Grant final allocations 2022 to 2023](#), 7 February 2022.

⁸⁷ DHSC, [Better Care Fund policy framework: 2022 to 2023](#), last updated 21 November 2022.

⁸⁸ DHSC, [Our plan for patients](#), 22 September 2022.

⁸⁹ DHSC, [Details of £500 million discharge fund](#), 17 November 2022.

⁹⁰ DHSC, [Adult Social Care Discharge Fund](#), last updated 5 January 2023.

⁹¹ DHSC, [Up to £250 million to speed up hospital discharge](#), 9 January 2023.

3.5

Funding in 2023/24 and 2024/25

At the Autumn Statement 2022, the government announced it would make available up to £2.8 billion in 2023/24 and £4.7 billion in 2024/25 to help support adult social care and hospital discharge.

This included £1 billion of new grant funding in 2023/24 and £1.7 billion in 2024/25. This new grant funding comprised:

- £600 million in 2023/24 and £1 billion in 2024/25 to help get people out of hospital and into care settings (the [Discharge Fund](#)).⁹² Local authorities received £300 million of this funding in 2023/24 and £500 million in 2024/25. The funding had to be pooled as part of the Better Care Fund.⁹³
- £400 million in 2023/24 and £683 million in 2024/25 to be distributed through a grant ringfenced for adult social care.⁹⁴ This funding was combined with £162 million for each year rolled over from the [Market Sustainability and Fair Cost of Care Fund](#) (provided as part of the planned charging reforms) and allocated as the [Market Sustainability and Improvement Fund \(MSIF\)](#). For 2024/25, £205 million of workforce funding was added to the MSIF (see below).⁹⁵

The remaining funding comprised:

- £3.1 billion reallocated from the budget for charging reform (see section 3.4 above), to be allocated through the Social Care Grant for adult and children's social care (£1.3 billion in 2023/24 and £1.9 billion in 2023/24).⁹⁶
- up to £1.7 billion which could be raised through the social care precept. The Autumn Statement said local authorities would be able to set a precept of up to 2% per year in 2023/24 and 2024/25.⁹⁷

⁹² DLUCG, [Adult Social Care Market Sustainability and Improvement Funding allocations 2023 to 2024](#), 19 December 2022; MHCLG, [Discharge Fund Grant Determination 2024 to 2025](#), 15 April 2024.

⁹³ DLUHC, [Provisional local government finance settlement 2023 to 2024: consultation](#), 19 December 2022, para 5.4.1.

⁹⁴ HM Treasury, [Autumn Statement 2022](#), CP 751, November 2022, para 2.38.

⁹⁵ DLUCG, [Adult Social Care Market Sustainability and Improvement Funding allocations 2023 to 2024](#), 19 December 2022; DLUHC, [Consultation: provisional local government finance settlement 2024 to 2025, 5 February 2024](#), paras 5.1.1 and 5.5.1; DHSC, [Market Sustainability and Improvement Fund 2024 to 2025](#), 3 May 2025.

⁹⁶ HM Treasury, [Autumn Statement 2022](#), CP 751, November 2022, paras 2.38 & 5.62; DLUHC, [Social Care Grant allocations 2023 to 2024](#), 19 December 2022.

⁹⁷ HM Treasury, [Autumn Statement 2022](#), CP 751, November 2022, paras 5.25; DLUHC, [Local government finance policy statement 2023-24 to 2024-25](#), 12 December 2022; NAO, [Reforming Adult social care in England](#) (PDF), 10 November 2023, HC 184, figure 3, p27.

The improved Better Care Fund grant remained at £2.14 billion in 2023/24 and 2024/25.⁹⁸

Additional workforce funding

As set out in section 3.4 above, the funding for adult social care reform between 2022/23 and 2024/25 included £1.7 billion for wider system reform. Further details on the planned allocation of this funding was set out in a white paper published in December 2021, [People at the Heart of Care](#), and a subsequent policy paper published in April 2023, [Next steps to put People at the Heart of Care](#).⁹⁹

However, the April 2023 policy paper noted £600 million of the funding committed for wider system reform remained to be allocated.¹⁰⁰ On 28 July 2023, the government announced that £570 million of the unallocated funding would be provided to local authorities through a new [Market Sustainability and Improvement Fund – Workforce Fund](#), worth £365 million in 2023/24 and £205 million in 2024/25.

Local authorities could choose to use the ringfenced funding to:

- increase fee rates paid to adult social care providers
- increase adult social care workforce capacity and retention
- reduce adult social care waiting times.¹⁰¹

For 2024/25, the funding was combined with the Market Sustainability and Improvement Fund (see above), taking the [total value of that grant to £1.05 billion](#).¹⁰² In October 2024, the government published [research examining the extent to which the funding had led to an increase in fee rates paid to providers](#).¹⁰³

The remaining £30 million of unallocated funding was provided to local authorities with the aim of improving social care capacity and hospital discharge rates. Local authorities “in the most challenged integrated care

⁹⁸ DLUHC and DHSC, [2023 to 2025 Better Care Fund policy framework](#), 5 April 2023; MHCLG, [Improved Better Care Fund Grant Determination 2024 to 2025](#), 15 April 2024.

⁹⁹ DHSC, [People at the Heart of Care: adult social care reform white paper](#), 1 December 2021; DHSC, [Adult social care system reform: next steps to put People at the Heart of Care](#), 4 April 2023.

¹⁰⁰ DHSC, [Adult social care system reform: next steps to put People at the Heart of Care](#), 4 April 2023, p3.

¹⁰¹ DHSC, [Market Sustainability and Improvement Fund - Workforce Fund](#), 28 July 2023; DHSC, [£600 million social care winter workforce and capacity boost](#), 28 July 2023; DHSC, [Adult social care winter letter 2023 to 2024](#), 28 July 2023.

¹⁰² DLUHC, [Consultation: provisional local government finance settlement 2024 to 2025, 5 February 2024](#), paras 5.1.1 and 5.5.3; DHSC, [Market Sustainability and Improvement Fund 2024 to 2025](#), 3 May 2024.

¹⁰³ DHSC, [Market Sustainability and Improvement Fund 2024 to 2025: care provider fees](#), 7 October 2024.

systems” were invited to submit proposals for part of the funding, which was increased to £40 million in September 2023.¹⁰⁴

In its [November 2023 report on reforming adult social care in England](#) (PDF), the National Audit Office noted that £1.01 billion of the £1.7 billion originally committed to wider system reform had been “reallocated...to other adult social care priorities”, including the £600 million set out above.¹⁰⁵ Further information is provided in the Nuffield Trust article: [What has happened to the funding earmarked for social care reform?](#)

Additional funding for 2024/25

Following its consultation on the provisional local government finance settlement, in January 2024 the government announced it would provide an additional £500 million for the Social Care Grant in 2024/25.¹⁰⁶

The additional funding meant the Social Care Grant was worth £5 billion in 2024/25.¹⁰⁷

Commentary

The government said it expected local authorities to use the additional funding announced at the Autumn Statement 2022 “to go beyond meeting inflationary pressures...to deliver tangible improvements in adult social care services” which “should address discharge delays, social care waiting times, low fee rates, and workforce pressures.”¹⁰⁸ It estimated that the additional funding would allow the social care system to deliver 200,000 more care packages over 2023/24 and 2024/25.¹⁰⁹

Analysis carried out by the Department of Health and Social Care found that, at a national level, the amount by which local authorities planned to increase spending on adult social care in 2023/24 would exceed the department’s estimate of what was needed to meet cost pressures. There was, however, significant variation between local authorities.¹¹⁰

¹⁰⁴ DHSC, [£200 million to boost NHS resilience and care this winter](#), 14 September 2023; [HCWS1027 \[NHS and Social Care System: Preparation for Winter\]](#), 14 September 2023; NAO, [Reforming Adult social care in England](#) (PDF), 10 November 2023, HC 184, para 2.18.

¹⁰⁵ NAO, [Reforming Adult social care in England](#) (PDF), 10 November 2023, HC 184, paras 2.15 to 2.18 and figure 5.

¹⁰⁶ DLUHC, [Provisional local government finance settlement 2024 to 2025 consultation: summary of responses](#), 5 February 2024; DLUHC, [Government announces a further £600 million boost for councils](#), 24 January 2024.

¹⁰⁷ DLUHC, [Social Care Grant table: final local government finance settlement 2024 to 2025](#), 5 February 2024.

¹⁰⁸ DLUHC, [Provisional local government finance settlement 2023 to 2024: consultation](#), 19 December 2022, para 5.1.2.

¹⁰⁹ [HC Deb 17 November 2022, c850](#).

¹¹⁰ NAO, [Reforming adult social care in England](#), November 2023, paras 2.10 to 2.14.

Stakeholders welcomed the additional funding announced at the Autumn Statement 2022 and subsequently, but concerns were raised that the funding was still not sufficient.¹¹¹

It was also suggested by Simon Bottery, Senior Fellow at the King's Fund, that "in using money originally earmarked for wider reform to help keep afloat the existing system, the government is acknowledging the end of its broader ambitions for social care."¹¹²

Detailed commentary of adult social care funding in 2023/24 was also provided in the [Institute for Government's performance tracker 2023 report](#).¹¹³

3.6 Funding from 2025/26

At the Autumn Budget 2024, the government said it would "support local authority services through a real terms increase in core local government spending power of around 3.2%, including at least £600 million of new grant funding to support social care".¹¹⁴

Subsequently, the local government finance settlement for 2025/26 confirmed:

- an additional £880 million would be provided for the Social Care Grant, meaning it will be worth around £5.9 billion in 2025/26.¹¹⁵
- local authorities with social care responsibilities will be able to set an adult social care precept of up to 2%. The government said this would make available around £650 million.
- the £2.14 billion improved Better Care Fund and the £500 million Discharge Fund will be combined to create a new Better Care Grant, worth £2.64 billion.¹¹⁶

¹¹¹ For example, Nuffield Trust, [Much-needed extra cash for NHS still falls short given inflation pressures](#), 17 November 2022; ADASS, [Autumn Survey Report 2023](#) (PDF), pp4 and 6; Health Foundation, [Entrenched financial strain on councils continues to impact health and exacerbate inequalities](#), 5 February 2024.

¹¹² King's Fund, [The King's Fund responds to DHSC social care boost](#), 28 July 2023.

¹¹³ Institute for Government, [Performance Tracker 2023](#), October 2023, p117-118.

¹¹⁴ HM Treasury, [Autumn Budget 2024](#), HC 295, October 2024, para 2.72

¹¹⁵ MHCLG, [Social Care Grant allocations table: final local government finance settlement 2025 to 2026](#), 3 February 2025. The government had originally proposed an extra £680 million for the grant but then said it would provide an additional £200 million (MHCLG, [Local government finance policy statement 2025 to 2026](#), 28 November 2024; MHCLG, [Consultation: provisional local government finance settlement 2025 to 2026](#), 3 February 2025).

¹¹⁶ MHCLG, [Better Care Fund policy framework 2025 to 2026](#), 30 January 2025; MHCLG, [Consultation: provisional local government finance settlement 2025 to 26](#), 3 February 2025.

- the Market Sustainability and Improvement Fund will remain at £1.05 billion.
- £515 million of funding for councils to support with the costs associated with the increase in employer NICs across all service areas (see section 2.3 above).¹¹⁷

The government said it expects “local authority spending on adult social care to increase to reflect demand and cost pressures.” It added that “where possible councils should invest in preventative approaches to low level community care.”¹¹⁸

Commentary

While stakeholders welcomed the additional funding announced for adult social care in 2025/26, concerns were raised that it would be absorbed by the increases in the National Living Wage and increases to employer NICs (see section 2.3 above).¹¹⁹ In response to the local government finance settlement, ADASS suggested there “remains a funding gap of over £1bn for adult social care to even stand still next year.”¹²⁰

In its [social care 360 report](#), published on 3 March 2025, the King’s Fund suggested that “successive governments have failed to take responsibility for the costs of introducing the statutory minimum wage in the social care sector” and this has:

created an annual chain reaction of increased costs to providers, resulting in increased fees paid to them by local authorities and, ultimately, fewer people accessing publicly funded long-term care as local authorities try to balance their books.

The report said this trend was only fully broken in 2023/24 “when a significant increase in local authority spending power meant they were able not just to pay higher provider fees but also to increase the number of people they supported.” It added that the trend could return unless the government recognises and fully reimburses the additional costs faced by providers, including the increase in employer NICs and any future fair pay agreement.¹²¹

¹¹⁷ MHCLG, [Consultation: provisional local government finance settlement 2025 to 26](#), 3 February 2025.

¹¹⁸ MHCLG, [Consultation: provisional local government finance settlement 2025 to 26](#), 3 February 2025, paras 6.1.2-6.1.3,

¹¹⁹ Community Care, [£600m for social care ‘risks being swallowed by wage and employer tax rises’, warn sector leaders](#), 30 October 2024; LGA, [Autumn Budget 2024: briefing](#), 31 October 2024; Community Care, [£1bn boost to adult social care funding ‘not enough to cover costs’, warn leaders](#), 4 December 2024; LGA, [LGA statement on provisional Local Government Finance Settlement](#), 18 December 2024; Nuffield Trust, [Nuffield Trust responds to provisional local government finance settlement for England](#), 18 December 2025.

¹²⁰ ADASS, [Local Government Provisional Finance Settlement Response](#), 7 January 2025.

¹²¹ King’s Fund, [Social care 360](#), 3 March 2025.

The government has said it “considered the cost pressures facing adult social care” as part its wider consideration of local government spending.¹²²

¹²² [PQH12224 \[Social Services: Employers' Contributions and Living Wage\]](#), 14 November 2024; [PQ22354 \[Social Services: Finance\]](#), 14 January 2025.

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