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Levelling Up, Housing and Communities Committee

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Summary

Rt Hon Boris Johnson MP, in his first speech as Prime Minister, promised to "fix the crisis in social care once and for all". Since then, there has been a global pandemic that ravaged the adult social care sector, and the Government has announced a variety of reforms which include:

- An £86,000 spending cap on how much people pay for personal care, and a more generous means test so more people are eligible for state-funded care;
- Implementing Section 18(3) of the Care Act 2014, so that people who receive care in a care home can access the same, usually lower, fees paid by their local authority;
- Introducing a fair cost of care policy, so that the fees paid by local authorities increase to a sustainable level for providers;
- The *People at the Heart of Care* White Paper: the Government's 10-year vision for reform of the sector, including proposals for housing, workforce, unpaid carers, innovation, technology, data, assurance, and market-shaping;
- Introducing the Health and Social Care Levy to raise funds for the NHS and social care, ringfencing £5.4 billion over three years to fund the charging and sector reforms outlined above; and
- Progress on integrating health and social care: through the Health and Care Act 2022 and the *Joining up care for people places and populations* White Paper.

Our report examines the short-term and long-term demands for funding and the impact of the Government's proposals. Ultimately our recommendations are designed to benefit the people behind the figures: those who need care, their loved ones, and care workers.

Overall funding

The message rang clear throughout our inquiry: the adult social care sector does not have enough funding either in the here and now, or in the longer-term. Covid-19 has highlighted the underlying structural challenges of rising demand, unmet need, and difficulties recruiting and retaining staff; and has also exacerbated them. In addition, there are severe current pressures arising from increases in the National Living Wage and the National Minimum Wage, and from rising inflation. Through the Health and Social Care Levy, the Government has introduced a mechanism to raise additional funds. However, the majority of funding from the Levy will go to the NHS, and the money that is going to adult social care is for reforms, not cost pressures. Furthermore, we received concerns that the Government has underestimated the combined cost of its charging reforms.

- **The Government should allocate additional funding this year through the adult social care grant, to cover inflationary pressures and unmet care needs, and should announce this as soon as possible so that local authorities can plan how to cope best with the pressures they are facing.**

- **The Rt Hon Boris Johnson MP said as Prime Minister that that he would fix the crisis in social care once and for all. We commend the Government for attempting to prevent unpredictable and catastrophic care costs for people and introducing reforms to the sector where previous Governments failed to act. But it should be under no illusions that it has come close to rescuing social care, and needs to be open with the public that there is a long way to go.**

- **The Government has missed the opportunity afforded by the Health and Social Care Levy. Members of the public are seeing taxes on their payslips going to health and social care, yet we heard the money going to social care "won't touch the sides".**

- **We do not wish to pit the NHS and adult social care against one another. The two systems are interdependent and each needs to be adequately funded to reduce pressure on the other. Wherever the money comes from—from allocating a higher proportion of levy proceeds to social care, or from central government grants—the Government urgently needs to allocate more funding to adult social care in the order of several billions each year, at least £7 billion.**

- **The Government should re-evaluate the combined impact of its charging reforms, Section 18(3), and the fair cost of care. It should regularly monitor take-up of Section 18(3) and update its models accordingly. The Government should provide further funding to local authorities, if necessary, on top of additional funding for underlying pressures.**

Balance of funding sources

As well as there being a large and growing funding gap in adult social care, our evidence was clear that the balance of funding sources needed to be addressed to achieve greater geographical fairness and help sustain the adult social care market so that more people can access more reliable care. Short-term, ad hoc grants and one-year funding settlements hampers local authorities' ability to plan and forecast, which in turn affects the financial certainty of care providers. We are also concerned by the sheer number of reforms and new ways of working in respect of adult social care that involve and affect local authorities.

- **We recognise the benefits of raising a proportion of funding for adult social care locally. As we have argued in previous reports, we support greater fiscal devolution. In finding the right balance of funding sources for adult social care, however, we are concerned by the increasing reliance on locally raised tax revenue as currently constituted. We have previously made proposals for how locally raised revenue can be based more fairly. We also recognise**

that the decision to raise the social care precept will become a harder sell for councils when residents have already seen their National Insurance Contributions increase to pay for health and social care. In deciding how much additional funding to provide from the centre for adult social care, the Government must proceed with the aim of rebalancing the sources of funding so there is not such a reliance on council tax.

- **The Government must provide a multi-year funding settlement to give local authorities the visibility they need both for their own sustainability and also to help shape sustainable local care markets.**
- **The Government must update the adult social care relative needs formula by the next financial year. This should be implemented alongside the Fair Funding Review and council tax equalisation.**
- **The Government should publish a new burdens assessment by the end of the year to determine the level of resource needed by local government in terms of staff, expertise, and funding to deliver the full package of adult social care reforms.**

Sector reforms

Stakeholders roundly praised the Government's 10-year vision in its *People at the Heart of Care* White Paper. We commend the Government for introducing many welcome initiatives such as those relating to housing and data which could make a significant difference in the long-term to people's lives. However, the Government currently has nothing more than a vision, with no roadmap, no timetable, no milestones, and no measures of success. The Government's commitment to "making every decision about care a decision about housing" is welcome, but we are alarmed that so much of the detail has not been shared. Ensuring that the adult social care workforce feel valued and are rewarded with wages that are commensurate to the highly skilled nature of their work is critical, but there is nothing in either the *People at the Heart of Care* White Paper, or in the Government's integration proposals, on pay. We also think that £25 million over three years is a totally inadequate amount to allocate to initiatives to support carers, which will do little to assure carers that their contribution is valued by the Government.

Integration strategies should seek to integrate not just health and care but health, care and housing. Ensuring there is holistic care that fits around a person's needs includes preventing care needs from arising by having suitable housing, enabling people to live independently in their own homes, and ensuring that people receive the right care and support in the right setting, recognising that most people who receive care do so in their own home.

- **The Government should publish a 10-year plan for how its vision in the People at the Heart of Care White Paper will be achieved, taking into account how the different policies interweave and affect one another.**
- **The Government should publish a 10-year strategy for the adult social care workforce. The strategy should not just be a wish-list but needs to be a clear roadmap with core milestones, outcomes, and measures of success.**

- **The Government's integration proposals must include a requirement to work towards achieving parity of pay for comparable roles across the NHS and social care.**
- **We recommend that integrated health strategies have proper regard to a person's housing needs as part of their care provision.**

Introduction

Our inquiry

1. The Rt Hon Boris Johnson MP, in his first speech as Prime Minister, promised to "fix the crisis in social care once and for all".[1] Following our predecessor Committee's joint inquiry with the Health and Social Care Committee into the long-term funding of adult social care,[2] this was a commitment we welcomed. The crisis in adult social care is two-fold. Firstly, systemic underfunding of adult social care combined with rising demand has meant both that more and more people are not getting the care they need, and many people that do receive care are experiencing a reduction in quality. Second, people who spend a long time in the care system can face unpredictable and catastrophic costs due to the fact that social care is means-tested, rather than free at the point of use as in the NHS.

2. The covid-19 pandemic shone a light on the adult social care sector as never before. The public was moved by the tragic loss of lives in care homes and the separation of residents from their loved ones, and showed their recognition of the sacrifice made by care workers through a weekly "Clap for Carers". As the pandemic seemed to be plunging the adult social care sector into further crisis, we decided to launch an inquiry into the impact of covid-19 on long-term funding of adult social care, considering how additional funds should be raised, and how the market could be stabilised and incentivised to compete on quality and innovation in order to produce better outcomes for those who receive and provide care.

3. Since we launched our inquiry in March 2021, the Government has introduced a series of social care policy reforms. In September 2021, it announced a new "**Health and Social Care Levy**" to raise additional funds for the NHS and social care.[3] Alongside that, it announced its plan to tackle unpredictable and catastrophic costs for individuals, introducing a **life-time cap on care costs and a new, more generous means test** from October 2023.[4] In December 2021, it published its much-anticipated **White Paper on long-term reform of adult social care**, titled *People at the Heart of Care*.[5] This contains proposals on a range of areas including housing, technology, innovation, market-shaping, data, the social care workforce, and unpaid carers. In March 2022 the Government published its guidance for councils on paying a **fair rate for care**.[6] The Government has also made progress on the **integration of health and social care**, turning its 2021 White Paper, *Integration and Innovation*, into the Health and Care Bill, which received Royal Assent in April 2022,[7] and publishing a second integration White Paper in February 2022, titled *Joining up care for places, people, and populations*.[8] As a result, the scope of our inquiry widened to take into account the impact and delivery of the Government's wide-ranging reforms.

1 Prime Minister's Office, 10 Downing Street and the Rt Hon Boris Johnson MP, Boris Johnson's first speech as Prime Minister: 24 July 2019, 24 July 2019
2 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768
3 Prime Minister's Office, 10 Downing Street, Cabinet Office, and DHSC, Build Back Better: Our Plan for Health and Social Care, 7 September 2021
4 Prime Minister's Office, 10 Downing Street, Cabinet Office, and DHSC, Build Back Better: Our Plan for Health and Social Care, 7 September 2021
5 DHSC, People at the Heart of Care: adult social care reform, 1 December 2021
6 DHSC, Market sustainability and fair cost of care fund 2022 to 2023: guidance, 24 March 2022
7 Health and Care Act 2022
8 DHSC, Health and Social Care Integration: joining up care for people, places and populations, 9 February 2022

4. We received over seventy written submissions to our inquiry and held five oral evidence sessions. Our witnesses included representatives of local government, care providers, charities representing care users and carers, housing providers, think-tanks, the Minister for Care and Mental Health, Gillian Keegan MP, and the then Minister for Local Government, Faith and Communities, Kemi Badenoch MP. We also held a roundtable event to hear directly from people with lived experience of receiving care, working in care, and providing unpaid care. A summary of what we heard from these people is provided in the Annex to this report. We wish to thank all those who made the time to contribute to our inquiry and helped us to shape our recommendations. We also wish to thank our specialist advisers for their input throughout our inquiry: Kelvin MacDonald FAcSS FRTPI CIHCM FRSA, Senior Fellow, Department of Land Economy, University of Cambridge; Aileen Murphie, Honorary Professor, Durham University Business School; Professor Tony Travers, School of Public Policy, London School of Economics; and Professor Christine Whitehead, Emeritus Professor of Housing Economics, Department of Economics, London School of Economics.

The human side to our inquiry

5. The core task of our committee is to scrutinise the Department for Levelling Up, Housing and Communities (DLUHC), which is responsible for local government. Local government is responsible for assessing people's care needs and commissioning care for those eligible for state funding; the Department of Health and Social Care (DHSC) is responsible for overall social care policy. In focusing on aspects that affect local government, funding, and markets, it is important not to lose sight of the people who are behind the numbers and the policies. It was made clear to us throughout our inquiry that social care is not about looking after people who are a burden on our society, but is about supporting people to lead fulfilling, meaningful lives. There is no single model of social care: care is delivered in many more settings than care homes, and is for working age adults as well as older people. While many may think of adult social care as being about older people, around half of adult social care public spending is on working age adults with disabilities.[9] We also repeatedly heard that social care workers and unpaid carers provide an invaluable service with love and pride and deserve to feel recognised and valued. Issues with funding and markets affect care receivers, social care workers, and unpaid carers in different but interrelated ways; a lack of support for one group affects another. It is these people that our recommendations to Government are ultimately designed to benefit.

9 Kings Fund, Key facts and figures about adult social care, 2 July 2021

1 The impact of covid-19

The impact on people and providers

6. It was widely recognised before the pandemic that the adult social care sector was already under immense pressure. We heard during our inquiry about how the pandemic intensified existing pressures and introduced new ones. We heard that lockdowns and shielding requirements meant that people went without their usual support and saw their care packages cut or unreviewed,[10] and generated more demand and unmet need.[11] As a result, people's overall situations deteriorated: according to a survey conducted by the Care and Support Alliance, 1 in 4 experienced a deterioration in their health, and 1 in 7 respondents ended up in hospital, because of a lack of care.[12] Care England told us that those being admitted to hospital did so with "much higher need levels".[13] For people with multiple sclerosis, a third experienced their symptoms worsen,[14] while the pandemic accelerated the symptoms of 92% of people with dementia.[15] As well as physical symptoms deteriorating, the demand for mental health support increased,[16] with 10 million people estimated to need new or additional mental health support.[17] We also heard in evidence and at our engagement event that there is a "profound effect" psychologically of being labelled as "vulnerable".[18]

7. We heard from Carers UK that an additional 4.5 million people became unpaid carers during the pandemic and that 81% of carers provided more care during the pandemic.[19] The pressure on unpaid carers has been exacerbated by the closure of day services and clubs, many of which have not reopened, and we heard that that the physical and mental health of carers has worsened during the pandemic,[20] with three-quarters of carers in November 2021 not having had a break since the start of the pandemic.[21] This in turn leads to increased demand for social care services.[22] Research published for Carers Week in June 2022 found that carers are providing even more care now than at the height of the pandemic.[23]

8. Care providers also faced additional responsibilities such as adapting to new and shifting rules around testing and visiting, implementing infection control measures, and taking on more responsibilities such as wound care, administering insulin, and verifying death.[24] We heard in evidence and at our engagement event that workers are burnt out, working long hours with limited mental health support while coping with increased mortality and higher distress levels due to limitations on visitors during the pandemic.[25]

10 Care and Support Alliance (ASC 011); Independent Age (ASC 024); MS Society (ASC 027); Mencap (ASC 061)
11 Kings Fund (ASC 033); The Health Foundation (ASC 063); Tower Hamlets Council (ASC 066)
12 Care and Support Alliance (ASC 011)
13 Care England (ASC 018)
14 MS Society (ASC 027)
15 Alzheimer's Society (ASC 065)
16 Metropolitan Thames Valley Housing (ASC 051)
17 Rethink Mental Illness (ASC 075)
18 Q95 [Ruthe Isden]
19 Q52 [Emily Holzhausen]
20 Q52 [Emily Holzhausen]
21 Q90 [Ruthe Isden]
22 Q63 [Emily Holzhausen]
23 Carers Week, Making caring visible, valued and supported, June 2022
24 Qq32–33; Care England (ASC 018)
25 Q41 [Jane Ashcroft CBE]; LGA (ASC 013); Norfolk Care Association (ASC 020); Leicestershire County Council (ASC 040)

This is despite "considerable personal sacrifices" such as living away from family to help protect the people they are supporting.[26] They are frustrated that capacity pressures mean they are only able to provide basic care, or struggle even to deliver the basics, rather than the good quality care that they take professional pride in delivering.[27] At the start of the pandemic, care providers reported healthy recruitment statistics, but we heard in evidence and at our engagement event, that as restrictions eased, many frustrated and burnt out care workers left the sector as they secured better paid roles in other sectors. This has added further pressure on workers who remained within the care workforce.[28]

The impact of covid-19 funding

9. The Government provided emergency ringfenced funding to local authorities to support the adult social care sector during the pandemic.[29] Between May 2020 and March 2022, a total of £2.25 billion was provided for infection control and testing. Between January 2021 and March 2022, over £500 million was allocated to local authorities to boost care workforce capacity, recruitment, and retention. A one-off injection of £60 million was also provided in January 2022 to provide additional support due to the omicron variant. Around £3 billion has been provided to help discharge medically fit patients into care settings (see chapter 10). In addition, local authorities received further un-ringfenced funding to respond to covid-19 pressures across all services including adult social care.[30] In 2020–21 an additional £4.6 billion was provided, around a third of which councils chose to spend on adult social care. In 2021–22, an additional £3 billion was allocated to local government to deal with covid-19 pressures. According to Gillian Keegan MP, the Government provided £6 billion of covid-19 funding to adult social care during the pandemic.[31]

10. The additional covid-19 funding was welcomed,[32] although we received concerns in written evidence about the pressures on providers' costs despite the extra funding.[33] All covid-19 emergency funding ended in March 2022, and we heard concerns about the impact of this on providers' sustainability and their ability to continue to deliver services.[34] In particular, concerns about the ending of discharge to assess funding,[35] and the ending of infection control funding were highlighted. According to UNISON's website, "[f]or much of the pandemic, employers have been able to draw money from the Infection Control Fund to support paying full wages for self-isolation".[36] Unlike the rest of the public, care workers are still advised by the Government to self-isolate if they test positive for covid-19.

26 Dimensions (ASC 052)
27 Q175 [Gavin Edwards]
28 Q32 [Steve Scown]; Q40 [Steve Scown]; Q41 [Jane Ashcroft CBE]; Guinness Partnership (ASC 074)
29 For full details, see *Coronavirus: Adult social care key issues and sources*, Commons Briefing Paper CBP-9019, House of Commons Library, February 2022.
30 For full details, see *Coronavirus: Adult social care key issues and sources*, Commons Briefing Paper CBP-9019, House of Commons Library, February 2022.
31 Q219; Q230; Q240; Q307
32 Q8 [Cllr Tim Oliver]; Q17 [Cllr Tim Oliver]; Q18 [Stephen Chandler]; Q52 [Brian Dow]; Surrey County Council (ASC 029); Papworth Trust (ASC 047); County Councils Network (ASC 049); Dimensions (ASC 052); Nottinghamshire County Council (ASC 064); ADASS (ASC 070)
33 E.g. Care England (ASC 018); Homecare Association (ASC 023); National Housing Federation (ASC 034); Professors Bennett, Glasby and Yeandle (ASC 035); Voluntary Organisations Disability Group (ASC 056); Chartered Institute of Housing (ASC 057); Care Association Alliance (ASC 058); Mencap (ASC 061); Tower Hamlets Council (ASC 066); National Care Forum (ASC 067); Bupa Care Services (ASC 071)
34 Q18 [Stephen Chandler]; Mrs Gemma Shelton (ASC 014)
35 See Chapter 10.
36 UNISON, Coronavirus advice for social care workers, accessed 16 May 2022

Ministers could not name another sector to which this applies.[37] Government guidance, updated on 3 May, says: "social care staff with COVID-19 should not attend work until they have had 2 consecutive negative lateral flow test results (taken at least 24 hours apart), they feel well and they do not have a high temperature".[38] Gavin Edwards, Senior National Officer for Social Care, UNISON, told us that when the Infection Control Fund ended:

> "[W]e were flooded with inquiries from members working in social care saying, "I am going to lose hundreds of pounds a week. I don't know how I am going to put food on the table", and also, quite dangerously, people saying, "I can't afford to lose that money and I am going to go into work".[39]

11. We asked the two Ministers why covid-19 funding had ended, particularly the infection control fund, when the Government's own advice would suggest that the risk to the adult social care sector is not over. Gillian Keegan MP's response was that "[m]anaging infections and preventing infections within a care home is core business",[40] arguing that "[n]ow we are living with Covid, we will go back to what we had before".[41] This means leaving providers to "set the terms and conditions vis-à-vis sick pay", since the majority of them are private businesses.[42] Michelle Dyson, Director General of Adult Social Care, DHSC, added that care workers testing positive for covid-19 was "akin to flu" or having a temperature, stating that "many more people are off work in the care sector with things other than Covid".[43] In a follow-up letter, the Minister offered the following data to back up that claim:

> "Skills for Care (SfC) report an average of 8.7 days per worker were lost to sickness in the year to April 2022, over the period when Omicron was at its height. The equivalent pre-Covid average (in the year to March 2020) was 5.6 days per year. This suggests that other causes are collectively playing a more significant role than Covid alone in driving sickness absence".[44]

These figures do not provide a breakdown of the reasons why care workers are off sick. They assume that the same number of days are lost to illnesses other than covid-19 now as before the pandemic. The Skills for Care data also show that the same average number of days were lost to sickness in April 2022 as in March 2021 (8.7 days), and that at the time of ending the covid-19 funding the average number of sick days was higher than at other points in the pandemic. For example, 6.9 average days were lost in June 2020 and 8.0 average days in September 2021.[45] This suggests that at the time of ending covid-19 funding the risk to the sector had not reduced.

37 Q238
38 DHSC, COVID-19 supplement to the infection prevention and control resource for adult social care
39 Q178
40 Q230
41 Q231
42 Q231
43 Q239
44 Letter from the Minister for Care and Mental Health to the Chair following up her appearance before the Committee on 23 May 2022
45 Skills for Care, Workforce Intelligence: Average days lost due to sickness - monthly tracking [accessed 9 June 2022]

Conclusion

12. **The covid-19 pandemic has had a severe impact on adult social care. People have received less care and often care workers have been compelled to deliver only the basics. More people are going without care and many people's needs are increasing significantly. Social care workers and unpaid carers are burnt out. Covid-19 has exacerbated the need for more immediate funding for the sector.**

13. **The Government provided vital additional funding to the adult social care sector during the pandemic, and we appreciate that the additional covid-19 funding cannot continue indefinitely. However, the Government's own guidance that care workers should self-isolate if they test positive for covid-19 indicates that the risk to the sector is not over. We do not accept that controlling covid-19 infections is analogous to other types of infection control, since Ministers were unable to name any other sector whose employees the Government is still advising to self-isolate. *Given the huge financial pressures on the sector and acute challenges with retaining staff, the Government should extend the Infection Control Fund for as long as the public health situation requires it to advise care workers to self-isolate with covid-19.***

2 Immediate pressures

14. Aside from the continuing pressures of covid-19 and the aftermath of the pandemic, we were informed about acute immediate pressures on the adult social care sector. While the focus of our inquiry is on the long-term funding of adult social care, we felt it was necessary to devote a section of this report to these immediate pressures such as exceptionally high inflation and paying the new Health and Social Care Levy, as our witnesses were anxious that the sector may not have enough funding to get through this year alone.

15. At the Autumn Budget 2021, the Government announced its intention to raise the National Minimum Wage by between 4.1% and 11.9% depending on age, and to raise the National Living Wage for those aged 23 and over by 6.6%.[46] While this is good news for care workers, it puts pressure on providers' costs, particularly because staffing costs are a high proportion of their total expenditure (70% in homecare, nearer to 60% in residential care).[47] As Jane Townson, Chief Executive, Homecare Association, explained: "It is not just the headline rate; you also have the impact of the on costs—pension, national insurance, holiday pay, [and] sick pay".[48] Steve Scown, Group Chief Executive, Dimensions UK, told us that increases in the National Minimum Wage and the National Living Wage present "an increasing challenge each year because our contract prices are not increasing at the same rate as our costs".[49] Even before the Autumn Budget, our contributors were finding that the National Living Wage was putting pressure on budgets and provider sustainability.[50]

16. Another additional cost is the Health and Social Care Levy introduced this year, which is a 1.25 percentage point increase on National Insurance Contributions (NICs) from both employees and employers. Stakeholders have pointed out that this will reduce the take-home pay of care workers, which could exacerbate retention issues;[51] we heard particular concerns from workers at our engagement event, who were anxious about the tax increase coinciding with cost-of-living pressures. The employer contributions represent an additional cost for providers, which in turn puts pressure on councils to uplift their fees.[52] Care England told us that the estimated annual cost to the sector of the NICs increase is £600 million, saying this would be "hugely damaging for an already underfunded sector".[53] The Local Government Association (LGA) said that for the services councils commission it could add £89 million to the fees they pay.[54]

17. Several other factors put immediate pressure on providers' costs beyond their wage bills. Jane Townson told us that her sector is "likely to be quite badly hit by increases in fuel prices", since there are "over 5 billion miles driven every year in homecare".[55] Her evidence was given in October 2021, since when there have been further significant rises in

46 HMT, Autumn Budget and Spending Review 2021, October 2021
47 Q36 [Dr Jane Townson]
48 Q36
49 Q32
50 LGA (ASC 013); Care England (ASC 018); Society of County Treasurers (ASC 022); Papworth Trust (ASC 047); National Care Forum (ASC 067); Bupa Care Services (ASC 071); Guinness Partnership (ASC 074)
51 Voluntary Organisations Disability Group, "VODG responds to government's announcement on social care funding", 7 September 2021; Trades Union Congress, "PM's social care announcement is "deeply disappointing" to workforce", 7 September 2021
52 Q12 [Stephen Chandler]; Q33 [Jane Ashcroft CBE]
53 Letter from Care England to the Chair regarding long-term funding of adult social care, dated 20 May 2022
54 LGA (ASC 076)
55 Q36

the price of fuel. Rising inflation is also a major concern. Sarah Pickup, Deputy CEO, LGA, told us that the LGA had initially assessed that the funding in place for this financial year from the Spending Review and the local government financial settlement was "sufficient", with a gap of £1 billion opening up by 2024–25.[56] However, owing to "inflation and wage pressure", the LGA now assesses that a further £400 million is needed this year, a further £800 million next year, and a further £500 million in 2024–25;[57] this is without factoring in the impact of covid-19 funding streams ending.[58] The LGA's most recent estimate in June calculates the total cost to councils of "rising energy prices, spiralling inflation, and National Living Wage pressures" at £2.4 billion this year, warning of potential funding cuts to older and disabled people's care.[59]

18. The immediate pressures on the sector are also shown in the latest figures from the Association of Directors of Adult Social Services, which found that over half a million people are waiting for assessments, reviews, or for care support to begin, or a mixture of these.[60] It also found that seven times as many hours of home care could not be delivered this Spring compared to last Spring due to staff shortages.[61]

19. A concern from witnesses was that since all the funding for this year has been announced, local authorities know that "there is nothing else coming through" to help deal with immediate pressures, and that there is an "issue around not knowing the funding that will come through in 2023–24" since this year's local government finance settlement was again for only one year (we consider this further in chapter 5).[62] When we asked Ministers if there was enough funding for the "here-and-now" challenges, Kemi Badenoch MP said "[w]e think the funding is at the right amount" and that "we are providing enough money to the sector",[63] despite admitting that "the great settlement we got last year does not look quite as good" since inflation figures have changed.[64] When we asked if councils can expect any further funding this financial year to deal with immediate pressures, the then Minister said that councils can approach the department in "exceptional circumstances" for "exceptional financial support" but that councils should "look at their own income generating capacity as well" and "cannot always rely on central Government funding for everything".[65] Gillian Keegan MP was keen to stress that the Government is laying "foundations" for reforms to adult social care through investment from the Health and Social Care Levy.[66]

20. We asked Ministers for an assessment of how adult social care costs will have risen due to inflation since the local government financial settlement was announced in December. Alex Skinner, then Director of Local Government Finance, DLUHC, explained that the situation was "dynamic" and that the department does not have a "definitive number" because "the situation keeps developing".[67] Following up in writing, Kemi Badenoch

56 Q177
57 Q177
58 Q178
59 LGA, Inflation and National Living Wage pressures to add £3.6 billion extra costs onto council budgets, 28 June 2022
60 ADASS, "Waiting for care and support", 13 May 2022, p.5
61 ADASS, "Waiting for care and support", 13 May 2022
62 Q179 [Adrian Jenkins]
63 Qq217–218
64 Q223
65 Q227
66 Q219; Q229; Q248
67 Qq244–245

MP outlined how the Department for Health and Social Care provides a forecast for adult social care and explained why "it is too early to make a clear judgement about how increasing inflation forecasts will affect local authority spending and income":

> Given the unusual nature of the current inflation shock to the UK, the relationship between inflation and local authority income and expenditure may not be linear: not all costs will be linked directly to CPI and some contracts are for extended periods. There are also aspects of local authority income that we expect to rise in line with inflation and so offer some stabilisation against rising costs, in particular income from business rates.[68]

21. **The Government is focused on long-term reform of adult social care, but in order to get to the future it needs to save the sector from the brink of collapse. Covid-19 has highlighted the underlying structural challenges of rising demand, unmet need, and difficulties recruiting and retaining staff, and has also exacerbated them. On top of that, there are severe current pressures arising from increases in the National Living Wage and the National Minimum Wage, and from rising inflation. We strongly disagree with the former Minister for Local Government, Faith and Communities that adult social care has adequate funding currently, having received compelling evidence that there is an immediate need for additional funding.** ***The Government should allocate additional funding this year through the adult social care grant, to cover inflationary pressures and unmet care needs, and should announce this as soon as possible so that local authorities can plan how to cope best with the pressures they are facing.***

68 Letter from the Minister of State for Equalities, Local Government, Faith and Communities to the Chair dated 17 June 2022 concerning long-term funding of adult social care

3 Funding gap

Reasons for the long-term funding gap

22. It has been well established for some time that there is a large and growing funding gap in adult social care. Among select committees, our predecessor Committee made the case jointly with the Health and Social Care Committee in 2018;[69] the Lords Economic Affairs Committee branded it a "national scandal" in 2019;[70] and the Health and Social Care Committee has continued to draw attention to the urgent funding deficit in adult social care.[71] Adult social care is funded by a combination of:

- central government grants allocated to local authorities;
- local government funding allocated via the local government financial settlement;
- revenue that is raised locally through council tax; and
- fees paid by self-funders who are not eligible for means-tested support.

We will examine the balance of these sources in chapter 5. In this chapter we will focus on why more funding in total is needed.

23. Demand for adult social care is rising. As Stephen Chandler, President, Association of Directors of Adult Social Services (ADASS) said, this is "good news". He said "more and more older people are living longer, and more and more young people with disabilities, lifelong conditions, those who have accidents are surviving and living lives. Great news".[72] However, funding has not kept pace with demand. Charles Tallack, Assistant Director, REAL centre, The Health Foundation, explained:

> Since 2010, the amount of funding for social care has increased by almost exactly 0% in real terms. That is despite demand pressures. There is an ageing population, a growing population. That means that per person, adjusting for age, funding is about 12% less than it would be had we met the demographic pressures.[73]

24. Demand is projected to rise even more. The Care Policy and Evaluation Centre, London School of Economics, projects that the number of adults aged 65 and over who are unable to perform or have difficulty performing at least one instrumental activity of daily living will rise from 3.5 million in 2018 to 5.2 million in 2038.[74] The Voluntary Organisations Disability Group told us "there will be an additional 261,000 working age adults with a mobility, visual or hearing disability and an additional 6,855 working age adults with a learning disability by 2025".[75]

69 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768

70 House of Lords Economic Affairs Committee, Seventh Report of Session 2017–2019, Social care funding: time to end a national scandal, HL 392

71 Health and Social Care Committee, Third Report of Session 2019–2021, Social care: funding and workforce, HC 206

72 Q1

73 Q107

74 Care Policy and Evaluation Centre, Projections of Adult Social Care Demand and Expenditure 2018 to 2038, December 2020

75 Voluntary Organisations Disability Group (ASC 056)

25. One effect of funding not keeping pace with demand is a rise in unmet and under-met need. When an individual approaches a local authority to access care, the local authority is responsible for assessing both their care needs and their financial eligibility for state support. While the means test is fixed,[76] we heard of some local authorities raising eligibility thresholds for care as pressure on their budgets increase.[77] For example, Ruthe Isden, Head of Health and Care, Age UK said: "we have seen a rapid reduction or a shrinking of the formal offer from the state. Eligibility thresholds have gone up. The amount of care that people do receive when they are in the care system is smaller; the budgets are smaller".[78] At our engagement event, people receiving care and carers told us that their assessments and reviews can feel like an opportunity to save the council money rather than assess the level of support that the individual requires. This chimes with our evidence from the Local Government and Social Care Ombudsman, which set out "cases of local authorities justifying not providing care, or only providing care on a limited basis, because of cost", which it described as contrary to local authorities' duties under the Care Act.[79] In 2021 only a fifth of Directors of Adult Social Services were fully confident that their budget was sufficient to meet their statutory duties under the Care Act.[80]

26. The consequences of the shrinking offer from the state are manifold. Firstly, people's care needs are unmet or under-met. Age UK estimated before the pandemic that 1.5 million people aged 65 and over in England did not get the care they needed, projected to grow to 2.1 million people by 2030.[81] A 2021 survey by the Care and Support Alliance found that 3 in 10 people who had difficulty carrying out day-to-day activities never received any assistance.[82] We heard that the impact on disabled people left many in debt or in poverty, without care, and even in some cases having their lives cut short.[83] Around one third of requests for council adult social care support result in "no support".[84] On under-met need, Inclusion London told us that cuts to people's support packages mean that sometimes "only very basic personal care needs [are] met", which "limits, and often completely denies opportunities to participate in society, become economically active, build relationships and live a normal life, that many non-disabled people take for granted".[85] Secondly, when people do receive care it as at a later stage when their needs are more complex and acute or when crisis point is reached.[86] Thirdly, because underfunding means that "care has been rationed",[87] a greater responsibility for providing care falls to unpaid carers (see chapter 9).[88] Finally, low fee rates offered by local authorities put pressure on the market, hampering providers' viability and limiting the pay increases and training they can offer their staff.[89]

76 We will explore upcoming changes to the means test in chapter 4.
77 CIPFA (ASC 005); Care and Support Alliance (ASC 011); Society of County Treasurers (ASC 022); LGSCO (ASC 032); Age UK (ASC 055); ADASS (ASC 070)
78 Q90
79 LGSCO (ASC 032)
80 ADASS, ADASS Spring Survey 2021, 14 July 2021
81 "The number of older people with some unmet need for care now stands at 1.5 million", Age UK, 9 November 2019
82 Care and Support Alliance (ASC 011)
83 Disabled People Against Cuts (ASC 015); Reclaiming our Futures Alliance (ASC 026)
84 Letter from LGA to Chair following up oral evidence given on 25 April 2022, dated 6 May 2022
85 Inclusion London (ASC 006)
86 Q32 [Dr Jane Townson]; Anchor (ASC 008); Norfolk Care Association (ASC 020)
87 Q32 [Dr Jane Townson]
88 E.g. Papworth Trust (ASC 047); Age UK (ASC 055)
89 E.g. Bob Ferguson (ASC 001); Homecare Association (ASC 023); County Councils Network (ASC 049); National Care Forum (ASC 067)

27. The evidence we received was clear that plugging the funding gap to keep pace with demographic changes should just be the starting point. As well as attempting to meet unmet and under-met need,[90] we received arguments that additional investment was required for public health services and prevention, so that people can receive care at an earlier stage.[91] As well as being better for the individual and any carers who may be supporting them, it would save state resources further down the line.[92] We also received evidence that despite the hard work of care workers, additional funding was needed to improve the overall quality of care provided.[93] The case for more funding was also made for the workforce: widening access to care will require more workers to provide that care, and stabilising the market will require their pay to be increased so that the sector can retain their skills and talent, thereby freeing up time to test innovations.[94] The message we received was very similar to that received by our predecessor Committee: the Government should not simply look to increase funding to fund more of the same, but to improve the offer it has.[95]

Estimates of the long-term funding gap

28. 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. The evidence we received highlighted the estimates of the Health and Social Care Select Committee and The Health Foundation as being credible. The Health and Social Care Committee estimated in October 2020 that £3.9 billion additional funding was needed by 2023–24 to meet demographic changes and planned increases in the National Living Wage.[96] It estimated a gap of £7 billion to cover demographic changes, uplift staff pay in line with the National Minimum Wage, and to protect people who face catastrophic social care costs.[97] The Health Foundation's figures are as follows:[98]

90 E.g. UNISON (ASC 046); County Councils Network (ASC 049); Dimensions (ASC 052); Nuffield Trust (ASC 068); LGA (ASC 076)

91 E.g. CIPFA (ASC 005); Surrey County Council (ASC 029); Professors Bennett, Glasby and Yeandle (ASC 035); Papworth Trust (ASC 047); Dimensions (ASC 052); British Medical Association (ASC 048); Chartered Institute of Housing (ASC 057); LGA (ASC 076)

92 E.g. Anchor (ASC 008); Surrey County Council (ASC 029); Leicestershire County Council (ASC 045), Thirteen (ASC 053); ADASS (ASC 070)

93 E.g. The Disabilities Trust (ASC 048); Care Association Alliance (ASC 058)

94 E.g. Health for Care (ASC 036); Mr James Porter (ASC 039); Working Group to the APPG on Adult Social Care (ASC 040); UNISON (ASC 046); The Disabilities Trust (ASC 048); Dimensions (ASC 052); British Medical Association (ASC 048); Voluntary Organisations Disability Group (ASC 056); Skills for Care (ASC 060)

95 E.g. Age UK (ASC 055); Nuffield Trust (ASC 068)

96 Health and Social Care Committee, Third Report of Session 2019–2021, Social care: funding and workforce, HC 206, para 36

97 Health and Social Care Committee, Third Report of Session 2019–2021, Social care: funding and workforce, HC 206, para 104

98 The Health Foundation (ASC 063)

Table 1: Estimates of the adult social care funding gap

	Additional funding needed per year in 2030–31
Scenario 1 – Meet future demand	£6.1bn
Scenario 2 – Meet future demand and improve access to care	£8.9bn
Scenario 3 – Meet future demand and pay more for care	£11.1bn
Scenario 4 – Meet future demand, improve access to care and pay more for care	£14.4bn

Source: The Health Foundation (ASC 063)

29. We did not receive a revised estimate of the funding gap to take into account the Government's proposed charging reforms, which we examine more closely in chapter 4. Eleanor Roy, Health and Social Care Policy Manager, Chartered Institute of Public Finances and Accountancy (CIPFA), explained that the reason CIPFA and others do not have a revised figure is because of a lack of data on those who fund their own care, who will be brought into the state funded system because of the cap on care, and because of a lack of information about the fair cost of care policy.[99] Since then, others have evaluated the sufficiency of Government funding for the charging reforms, which we will explore in more detail in the next chapter.

The Health and Social Care Levy

Purpose and amount of funding

30. During the course of our inquiry, the Government took steps to raise additional funds for health and social care.[100] The Health and Social Care Levy, a 1.25 percentage point increase on National Insurance Contributions and dividend tax, is projected to raise £36 billion over three years.[101] Of this, £5.4 billion has been ringfenced for adult social care; the remainder is to tackle the backlog in elective healthcare that built up over the course of the pandemic. The Government has indicated, including at our evidence session, that the proportion going to social care will increase over time, but not by how much.[102] Ultimately this will be determined by the Treasury.[103] The £5.4 billion allocated to social care is to implement reforms: £3.6 billion is for the charging reforms, i.e. changes to the way people pay for their care, and £1.7 billion is for sector reforms outlined in the *People at the Heart of Care* White Paper.[104]

31. Upon the announcement of the levy in September 2021, stakeholders expressed disappointment that none of the £5.4 billion was for cost pressures.[105] Cllr Tim Oliver, Chair, County Councils Network (CCN), told us: "[The £5.4 billion] will provide some

99 Q148
100 Health and Social Care Levy, Research Briefing, House of Commons Library, 16 November 2021
101 Prime Minister's Office, 10 Downing Street, Cabinet Office, and DHSC, Build Back Better: Our Plan for Health and Social Care, 7 September 2021
102 HC Deb, 7 September 2021, col 172 [Commons Chamber]; Q219 [Gillian Keegan MP]
103 Explanatory notes to the Health and Social Care Levy Bill [HL Bill 52 (2021–22)—EN]
104 Q249 [Gillian Keegan MP]. Figures do not add due to rounding.
105 E.g. "CIPFA Comments: Building Back Better — Our Plan for Health and Social Care", CIPFA, 7 September 2021; LGA response to "Build Back Better: Our plan for health and social care", LGA, 17 September 2021

support for the transition into that new world but it will not deal with the current issues and certainly will not deal with the longer-term issues”.[106] Even after the Spending Review and the local government finance settlement provided additional funding for local government, we received evidence criticising the fact that the additional funding from the levy is only for reforms.[107] Adrian Jenkins, Director, Pixel Financial Management, told us:

> The issue with the health and social care levy is that most of that is going to be spent in local government on funding reforms—they will come with additional costs to local government as well, so I am not sure there will be all that much from that health and social care levy for local government itself to actually spend on existing services.[108]

In May, the Chief Executive of Care England wrote to us saying: “the recently introduced Health and Social Care Levy will do little to address funding issues”.[109] Leaving aside the issue of a lack of funding for cost pressures, our witnesses were also concerned that the money allocated for reform was insufficient for the task at hand, which is evident from a comparison of the £5.4 billion over three years to the estimates of the funding gap we received.[110] Participants at our engagement event said “it won’t touch the sides”. There is particular concern about the funding allocated for the fair cost of care policy, which we will analyse further in chapter 4. In a recent survey by the LGA, 98% of councils “say they do not have confidence that the funding earmarked for the reforms is sufficient”.[111]

32. While the Government has said the proportion of levy proceeds going towards social care will increase after three years, it has not outlined what the increased funds will be spent on. In October 2023 the Government’s intention is to introduce an £86,000 cap on personal care costs to be made by an individual in their lifetime (see chapter 4 for more details). Since payments made before October 2023 will not count towards the cap, very few people will reach the cap before 2024–25. In future years, as more people hit the cap and then become eligible for their care to be state funded, a great deal more funding will be needed.[112] According to the Government’s own modelling, it will need to spend £3.6 billion on the cap and means test alone in 2031–32.[113] According to research commissioned by CCN, half of the proceeds from the levy will be needed for the charging reforms alone by 2031–32 (£5.6 billion–£6.2 billion of a total £12 billion).[114] Gillian Keegan MP indicated that she would like the additional proceeds to be spent on initiatives other than the cap and means test, such as enabling “more people to stay at home for longer with the right type of support” and allocating more funds to the front line.[115] However it is not clear that any additional funding from the levy will be available to address cost pressures in future years.

106 Q4
107 LGA (ASC 076)
108 Q172
109 Letter from Care England to the Chair dated 20 May 2022 concerning the long-term funding of adult social care
110 Q81; Q106
111 LGA, Not enough money for adult social care reforms, say 98 per cent of councils in LGA survey, 27 June 2022
112 Q110 [Charles Tallack]
113 DHSC, Social Care Charging Reform Impact Assessment, p.72
114 CCN and Newton, Preparing for Reform, 25 May 2022
115 Qq252–253

"Poor relation of the NHS"

33. There is also the corollary that increasing the proportion for social care would reduce the amount available for the NHS. The Institute for Fiscal Studies asserted after the levy was announced that taking money away from the NHS is something that has never been done before.[116] Charles Tallack said "we don't know what the Government's plans are, in terms of using more of that money, or whether they will be able to get it out of the NHS".[117] Some of our witnesses felt that the "inequitable allocation" of levy proceeds between health and social care was an example of social care being treated as the poor relation of the NHS.[118] Another example is the feeling that social care was an afterthought compared to the health service during the pandemic.[119] A third example is the disparity in pay and terms and conditions between health workers and care workers.[120] We received evidence that pay in adult social care is 25% less than in the NHS,[121] and we received repeated calls in evidence for parity of esteem between the NHS and social care.[122] Witnesses pointed out that although the NHS backlog needs tackling, without adequate provision of adult social care the NHS backlog will only grow. Jane Townson said: "[the levy funding] is all being poured in the NHS, supposedly to help their elective recovery, but a lot of the reason that they are stuck is because they cannot discharge people back to the community".[123] Fazilet Hadi, Head of Policy, Disability Rights UK, said: "As we starve social care, we are creating expense in health that does not need to be there".[124]

34. Another way in which a lack of parity between the NHS and social care is being expressed is in the employer contributions of the Health and Social Care Levy. The payment of the higher rate of NICs is an additional cost pressure for private providers, whereas the Government has stated its intention to compensate public sector employers for their employer contributions of the Health and Social Care Levy.[125] As a result, the NHS will not be facing the additional costs of the employer contribution. Care England estimates the annual cost to the care sector of the Health and Social Care Levy at £600 million. Its Chief Executive, Professor Martin Green OBE, also told us: "This is at odds with the NHS where employer contributions are being recompensed by the government; adult social care and the NHS are two sides of the same coin and they need parity".[126] When we put this argument to Gillian Keegan MP, she twice reasoned that it would be pointless to reimburse every employer, first saying: "There is no point in the Government saying, "'We are going to put a national insurance rise in place and give every employer in the country the money to pay for it'. We would not raise much revenue",[127] and then: "if the Government raised the levy and then gave everybody the money to pay the levy, there

116 "An ever-growing NHS budget could swallow up all of this week's tax rise, leaving little for social care", IfS, 8 September 2021
117 Q110
118 Q81 [James White]; Q82 [Fazilet Hadi]
119 E.g. Age UK (ASC 055); Q81 [Fazilet Hadi]
120 E.g. Q40 [Steve Scown]; LGA (ASC 013); Society of County Treasurers (ASC 022); British Medical Association (ASC 054); Age UK (ASC 055); Tower Hamlets Council (ASC 066)
121 LGA (ASC 013)
122 E.g. MS Society (ASC 027); Working Group to the APPG on Adult Social Care (ASC 040); Dimensions (ASC 052); Care Association Alliance (ASC 058); Mencap (ASC 061); LGA (ASC 076)
123 Q49
124 Q82
125 Prime Minister's Office, 10 Downing Street, Cabinet Office, and DHSC, Build Back Better: Our Plan for Health and Social Care, 7 September 2021
126 Letter from Care England to the Chair dated 20 May 2022 concerning the long-term funding of adult social care
127 Q254

would not be an awful lot of use for the levy".[128] These answers exaggerate the ask that was put to the Minister: it was not to exempt every private sector employer in the country from the Health and Social Care Levy, but only private sector care providers.

35. In terms of how to split the proceeds of the levy between the NHS and social care in future years, Stephen Chandler said that asking this question does no one any favours. He said:

> I think it becomes really difficult when you are at risk of pitching one part of the care sector against the other, seeing which of us values the NHS more than social care. We know health and social care have to co-exist and that there is a symbiotic relationship between them. That is why we believe the Government need to look clearly and separately at adult social care funding support, alongside doing the same for the NHS but not to get to a point in three years' time where we are saying, "Which one of you deserves more of the £5.4 billion than the other?" I don't think that is fair on people working in the sector; I don't think it is fair on those of us that may be drawing upon those services.[129]

Ruthe Isden similarly said:

> I am not sure the right way to come at this conversation is to ask, "How much of the levy should go to social care and how much should go to the NHS?" We need to be looking at both of the services and what they need in order to address the demand as it emerges. We do not do ourselves any favour by robbing Peter to pay Paul.[130]

36. The mechanism by which the Government has chosen to raise additional funds for adult social care is through a hypothecated tax—a tax that is earmarked for a particular cause. In this instance, the rise in National Insurance Contributions is theoretically earmarked for both health and social care. Our predecessor Committee and the Health and Social Care Committee supported the notion of a hypothecated tax, a "Social Care Premium", as part of a package of measures to raise additional funds for adult social care, as this could be clearly explained to the public.[131] The report recommended that people under 40 should be exempt from a Social Care Premium, that it should be payable by those over the age of 65, and that consideration should be given to a minimum earnings threshold and lifting the maximum earnings threshold.[132] The report recommended that alongside the Social Care Premium, the Government should consider taxing unearned income, and levy additional Inheritance Tax on estates above a certain threshold.[133]

37. A theoretically earmarked tax is relatively easy to understand compared to other types of tax, and the public may be more likely to support an increase in taxes if it is clear what the money is spent on.[134] This was borne out by polling that suggested 73% of the

128 Q255
129 Q10
130 Q82
131 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768, paras 93–94
132 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768, para 94
133 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768, para 95
134 CIPFA (ASC 005); Disabled People Against Cuts (ASC 015) Independent Age (ASC 024); Reclaiming our Futures Alliance (ASC 026); Leicestershire County Council (ASC 045)

public favoured a tax increase to provide more funding for social care.[135] Furthermore, our evidence described how the pandemic had the effect of raising the public profile of adult social care,[136] and several submissions cited polling in November 2020 which found 68% of respondents would consider it a "breach of public trust" if a long-term funding solution for adult social care was not found by 2024.[137] In budgeting terms, however, the Government is not beholden to using that specific source of income alone for the purpose for which the tax is theoretically hypothecated. We note evidence from the then Chancellor of the Exchequer to the Treasury Committee explaining why raising National Insurance thresholds would not affect the income from the Health and Social Care Levy:

> [W]e have set those budgets and they are the budgets, so the NHS and social care will receive the budgets that they were given at spending review. All the fluctuations up or down in the levy revenue over the short term will be absorbed more generally. … In general, there is not a massive change, but even if there was, there is not a penny less going to the health and social care system.[138]

Conclusion

38. **The Rt Hon Boris Johnson MP said as Prime Minister that he would fix the crisis in social care once and for all. We commend the Government for attempting to prevent unpredictable and catastrophic care costs for people and introducing reforms to the sector where previous Governments failed to act. But it should be under no illusions that it has come close to rescuing social care, and needs to be open with the public that there is a long way to go. Ultimately, all our lines of inquiry returned to the same fundamental point: there is a large funding gap in adult social care that needs filling. This is not new information. In October 2020, the Health and Social Care Committee estimated a funding gap of £7 billion to cover demographic changes, uplift staff pay in line with the National Minimum Wage, and to protect people who face catastrophic social care costs. We have not yet received an updated estimate of the funding gap to take into account immediate pressures and the Government's various policy reforms. £7 billion was just a starting point and would not address the growing problem of unmet need nor improve access to care, with the full cost of adequate funding likely to run to tens of billions of pounds.**

39. **The covid-19 pandemic had the effect of raising public awareness of adult social care. It also achieved general support for a tax increase specifically to plug the long-standing funding gap. However, the Government has missed this opportunity. It has done so firstly by allocating the vast majority of the proceeds of its Health and Social Care Levy to the NHS, and secondly by in theory ringfencing what little funding it has allocated to adult social care for reforms rather than for cost pressures. Members of the public are seeing taxes on their payslips going to health and social care, yet we heard the money going to social care "won't touch the sides".**

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135 British Medical Association (ASC 054)

136 CIPFA (ASC 005); Anchor (ASC 008); Norfolk Care Association (ASC 020); United for All Ages (ASC 025); Surrey County Council (ASC 029); Working Group for the APPG on Adult Social Care (ASC 040); Papworth Trust (ASC 047); British Medical Association (ASC 054), Guinness Partnership (ASC 074)

137 Independent Age (ASC 024); The Disabilities Trust (ASC 048); Alzheimer's Society (ASC 065)

138 Oral evidence taken before the Treasury Committee on 28 March 2022, HC (2021–22) 1226, Q159 [Rt Hon Rishi Sunak MP]

40. **We do not wish to pit the NHS and adult social care against one another. The two systems are interdependent and each needs to be adequately funded to reduce pressure on the other.** ***Wherever the money comes from—from allocating a higher proportion of levy proceeds to social care, or from central government grants—the Government urgently needs to allocate more funding to adult social care in the order of several billions each year, at least £7 billion.***

41. **We do not accept the Government's position that care providers should not be compensated for employer National Insurance Contributions in relation to the Health and Social Care Levy simply because they are, on the whole, private businesses. We heard again and again that there should be parity of esteem between the NHS and social care. Compensating the "health" component of the "Health and Social Care Levy" because it is a public sector employer while not doing so for the "social care" component only serves to reinforce the strongly felt notion that social care is the poor relation of the NHS. It also introduces unfairness between public and private care providers. The additional cost to private providers will make it harder for them to increase wages. This may lead to more care workers leaving the sector, many for jobs in the NHS. Furthermore, it is a perverse logic that care providers should have to undergo further financial strain by paying a tax that is supposed to be helping to relieve their financial strain.** ***Since the Health and Social Care Levy is supposed to benefit both health and social care, private care providers should be compensated for employer National Insurance Contributions to the Health and Social Care Levy.***

4 Charging reforms

42. Since the start of our inquiry, the Government has introduced three policies that will affect the price that people pay for their care. The first is a new lifetime cap on costs of £86,000 combined with a more generous means test. The second will enable those who fund their own care to access the same, usually lower, rates paid by local authorities who commission care on behalf of their residents. This policy is known as Section 18(3) as it brings into force Section 18(3) of the Care Act for residential care (it is already in place for domiciliary care). The third aims to raise the fees paid by local authorities to providers to more sustainable rates, known as the "fair cost of care". These reforms relate to one another in complicated ways that will be the focus of this chapter.

Changes to how people fund their care

43. In *Build Back Better: Our Plan for Health and Social Care*, the Government announced its plans for reducing catastrophic and unpredictable costs for people with slow, progressive conditions. Currently, if an individual has less than £14,250 in assets (the "lower capital limit"), their care costs are met by their council. For those with assets between £14,250 and £23,250, the council pays for care and the individual contributes £1 per week for every £250 of savings they have above £14,250. A person with assets of more than £23,250 (the "upper capital limit") is not eligible for local authority support, and must pay for their care from their own resources. It is well documented that many homeowners sell their homes to fund their care,[139] and that those with long care journeys, such as people living with dementia, can face total care costs of £100,000 or more.[140]

44. In 2011, Sir Andrew Dilnot published *Fairer Care Funding*, a report commissioned by the Coalition Government, which set out how to protect people from catastrophic costs.[141] He recommended that the Government introduce a cap on personal care costs of £35,000 for older people, and that there should be no cap for working age adults with disabilities until aged 45, after which the cap would rise in steps until it reached the retirement age level for the whole retired population. The cap is legislated for in the Care Act 2014 and its introduction was indefinitely postponed following the 2015 General Election. Sir Andrew Dilnot also proposed raising the upper capital limit to £100,000 for people moving to a care home.

45. The Government's *Build Back Better* plan introduced a cap on personal care costs of £86,000 for all adults.[142] It also introduced a more generous means test, raising the lower capital limit from £14,250 to £20,000, and raising the upper capital limit to £100,000. As before, people with assets in between the lower and upper capital limits will contribute £1 per week for every £250 of savings they have. The new capital limits apply to all, irrespective of the care setting. People will progress towards the cap at the rate at which they contribute to their care; any contributions from the local authority will be disregarded. The charging reforms will come into force in October 2023, and costs accrued by people before then

139 Currently, the value of a person's home is disregarded if they receive care outside of a care home or if their partner has continuously lived in their home.

140 British Medical Association (ASC 054); Later Life Ambitions (ASC 062); Alzheimer's Society (ASC 065)

141 Commission on Funding of Care and Support, Fairer Care Funding, 4 July 2011

142 Personal care costs cover care and support provision that helps meet eligible needs defined by the Care Act. The cap does not cover daily living costs such as rent, food, and utility bills. See DHSC, Operational guidance to implement a lifetime cap on care costs.

will not count towards the cap. It has been observed, including by our witnesses and those at our engagement event, that for those who own their own home, the cap will have a differential impact according to the value of their property: those with higher value properties will stand to retain a higher proportion of their assets.[143]

Reducing the self-funder cross-subsidy

46. The Government outlined in its impact assessment of the charging reforms that in order for the cap to have "integrity", people who fund their own care ("self-funders") and people whose care is partially or fully funded by their local authority must be able to access the same rates.[144] Currently, a gap exists between what self-funders pay for their care and what local authorities pay for care they commission. This is because squeezed budgets and market monopsony means that local authorities often pay providers below a sustainable rate for their services, so providers can end up charging self-funders a higher rate for the same service (a monopsony is a market with multiple sellers and a single or a dominant buyer). This effect is often referred to as the "self-funder cross-subsidy". We received evidence that on average, self-funders pay 41% more than a local authority for the same package of care.[145]

47. The Government's policy is that people will progress towards the £86,000 cap at the rate that the local authority would have paid for their care rather than the actual amount they are paying, otherwise the new system could "unfairly advantage those who can afford to pay more for their care and want to do so to reach the cap quicker".[146] However, for that policy to be fair, the Government has established that self-funders should be able to access care at the same rate paid by local authorities, otherwise they would "spend significantly more on their care than the cap limit".[147] Therefore, the Government will bring into force Section 18(3) of the Care Act for residential care, which entitles self-funders to ask their local authority to commission their care on their behalf, and at local authority rates.[148] This is already in place in relation to domiciliary care. The Government's original intention was to introduce Section 18(3) to everyone receiving residential care in October 2023. Following consultation, it will now introduce Section 18(3) for people entering residential care from October 2023. Those already living in residential care will be eligible from April 2025, or earlier "if the market can sustain full rollout".[149]

Paying a fair cost of care to providers

48. The Government's impact assessment also states: "Allowing self-funders—who represent c.50% of the market and pay more on average than the [local authority] rate—to

143 Q83 [Fazilet Hadi]; Q84 [Ruthe Isden]; Letter from Care England to the Chair dated 20 May 2022 concerning the long-term funding of adult social care; "Social care cap a bold step forward but funding won't 'fix' social care or tackle the NHS backlog", The Health Foundation, 7 September 2021; "PM pushes Conservatives away from low taxes and towards the NHS – but big fairness questions remain", Resolution Foundation, 8 September 2021; IfS, "Does the cap fit? Analysing the government's proposed amendment to the English social care charging system", February 2022; Oral evidence taken before the Treasury Committee on 18 November 2021, HC (2021–22) 825, Q323 [Sir Andrew Dilnot]

144 DHSC, Social Care Charging Reform Impact Assessment, para 267

145 Care and Support Alliance (ASC 011); Age UK (ASC 055); Care Association Alliance (ASC 058); Later Life Ambitions (ASC 062)

146 DHSC, Operational guidance to implement a lifetime cap on care costs

147 DHSC, Social Care Charging Reform Impact Assessment

148 DHSC, Social Care Charging Reform Impact Assessment, para 51

149 HC Deb, 7 July 2022, col 73WS [Commons Written Ministerial Statement]

pay currently unsustainable local authority rates would seriously destabilise the already fragile care provider market".[150] We received evidence for our inquiry that it is already the case that due to the unsustainable fees paid by local authorities, even with the self-funder cross-subsidy, providers are handing back contracts or going out of business.[151] As a result, the Government is introducing a third policy, known as the fair cost of care. The intention behind this policy is "to support local authorities to prepare their markets for reform … and to support local authorities to move towards paying providers a fair cost of care".[152] The Government has allocated £1.4 billion of the £5.4 billion levy funding towards this exercise, the so-called "Market Sustainability and Fair Cost of Care Fund". In this financial year, an initial £162 million will be distributed to councils using the adult social care relative needs formula. Local authorities are expected to use at least three quarters of this funding to increase the fees they pay to providers in scope, and up to one quarter on implementation activities.[153] In each of 2023–24 and 2024–25, £600 million will be distributed based on information submitted by councils to DHSC. To be eligible for funding in the next two financial years, councils must submit to DHSC the following by 14 October 2022:

(1) cost of care exercises for 65 and over care homes and 18 and over domiciliary care;

(2) a provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market, with particular consideration given to the further commencement of Section 18(3) of the Care Act 2014 (a final plan will be submitted in February 2023); and

(3) a spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose.

Delivering and funding the charging reforms

49. The Government has consulted on and published two pieces of draft guidance for councils on implementing the lifetime cap on care costs and supporting local preparation.[154] It has also chosen five councils—Blackpool, Cheshire East, Newham, North Yorkshire, and Wolverhampton—to act as "trailblazers" for implementing the cap and new means test. These areas will introduce the cap and new means test from January 2023 to "test key aspects of the reforms" and to "monitor progress, identify challenges and improve understanding of how this will work in practice" ahead of the roll-out across England in October 2023.[155] The Government has also published guidance on the Market Sustainability and Fair Cost of Care Fund.[156] A total of £3.6 billion of the £5.4 billion levy funding has been set aside for local authorities to implement these reforms. The Market Sustainability and Fair Cost of Care Fund accounts for £1.4 billion, leaving £2.2 billion to councils for the cap and new means test.

150 DHSC, Social Care Charging Reform Impact Assessment
151 CIPFA (ASC 005); Kings Fund (ASC 033); UNISON (ASC 046); Papworth Trust (ASC 047); County Councils Network (ASC 049); Metropolitan Thames Valley Housing (ASC 051); Dimensions (ASC 052); The Health Foundation (ASC 063); ADASS (ASC 070); Guinness Partnership (ASC 074)
152 DHSC, Market sustainability and fair cost of care fund 2022 to 2023: guidance, 24 March 2022
153 DHSC, Market sustainability and fair cost of care fund 2022 to 2023: guidance, 24 March 2022
154 DHSC, Operational guidance to implement a lifetime cap on care costs, 4 March 2022
155 "Local Authorities announced as trailblazers for social care charging reform", DHSC, 25 March 2022
156 DHSC, Market sustainability and fair cost of care fund 2022 to 2023: guidance, 24 March 2022

50. We received concerns about both the practicability of implementing all three policies at the same time and whether the funding that has been set aside for them is adequate, particularly for the fair cost of care. On the practicalities, the charging reforms will bring a lot more people into the local authority system, firstly because more people will be eligible for financial support, secondly because individuals' progress towards the cap needs to be monitored, and thirdly because Section 18(3) will cause more self-funders to ask their local authority to commission their care (though we note that this will now be staggered due to the Government's decision to delay Section 18(3) for those already living in residential care). This will require significantly more social workers to carry out assessments.[157] Sarah Pickup informed us that "the Department is working very closely with the sector on preparations" but that "there is a real worry that there will not be sufficient workforce available to do the necessary assessments in the time available".[158] She added that "until the final guidance is published, [councils] obviously cannot be doing their recruitment yet".[159] Research commissioned by CCN estimates that 200,000 more assessments will need to be conducted each year, compared to a Government estimate of 150,000.[160] This would require 4,300 more social workers to conduct additional care assessments (a 39% increase) and 700 additional financial assessors to conduct additional financial assessments (a 25% increase).[161] At our engagement event, people receiving care were already expressing dissatisfaction with their experience of councils' assessments, characterising them as overly complicated and often carried out improperly. Our written evidence also contained examples of substandard assessments.[162] Added to the current backlog of assessments, discussed in Chapter 2, the additional burden is a cause of great concern. We also note recent remarks from the Nuffield Trust pointing to how staff shortages on the provider side may hamper their engagement on agreeing a fair cost of care.[163]

51. As well as the need for more workers, the CCN report outlines factors that could lead to increased workload for those staff:

- dealing with additional queries and complaints due to lack of understanding of the changes;
- administering care accounts;
- safeguarding; and
- invoicing.

Finally, our witnesses were also concerned about the 14 October deadline for all the paperwork for the Market Sustainability and Fair Cost of Care Fund, with Sarah Pickup saying "the timescale is extremely tight" and "it is very difficult for councils to even do a draft strategy until they know how much funding they will have",[164] while Adrian Jenkins said: "I suspect most local authorities will be under a huge amount of pressure to get anywhere near" the 14 October deadline.[165] This is backed up by a CCN survey of

157 LGA (ASC 076)
158 Q181
159 Q181
160 CCN and Newton, Preparing for Reform, 25 May 2022
161 CCN and Newton, Preparing for Reform, 25 May 2022
162 LGSCO (ASC 032)
163 Fair cost of care: what is it and will it fix the problems in the social care provider market? | The Nuffield Trust
164 Q189
165 Q188

councillors and officers, which found that 77% of respondents were very concerned about the timescales and 20% were quite concerned.[166]

52. There are also concerns that the funding that has been allocated will be insufficient to deliver the Government's reforms. The CCN survey found that 97% of respondents were very concerned about a lack of funding for the reforms, and the remaining 3% were quite concerned.[167] The same research estimates that the Government's impact assessment underestimates the total financial impact over a ten-year period by £10 to £13 billion (£29 billion–£32 billion compared with £19 billion).[168] Our witnesses were particularly concerned that the Government has provided insufficient funding for the fair cost of care policy alongside Section 18(3). Sarah Pickup said: "trying to do those two things together means that a lot of the funding will be needed just to stand still", with increased fees from local authorities offset by a reduction in the rates paid by self-funders, rather than resulting in higher, more sustainable fees "ultimately aimed at improving services, improving pay and improving quality".[169]

53. Research by LangBuisson commissioned by CCN recommends that the Government should raise funding by £854 million each year "to enable councils to pay rates at a rate that is sustainable to providers and able to offset the impact of Section 18(3)", just for residential and nursing care homes.[170] Sarah Pickup told us that the LGA's assessment is that the fair cost of care for residential care and domiciliary care is £1.5 billion per year, which is "close" to the £600 million allocated by Government plus the £854 million recommended by LangBuisson.[171] Adrian Jenkins said: "The £600 million may be just a first estimate of it, but [the Government] do need to be open to providing more funding if that is available—once the real costs do emerge. Without that funding being put in place, the cost will be way too high for local authorities to bear".[172] Care England went so far as to say the Government's impact assessment is "simulated on inaccurate forecasts and unknown information".[173] The conclusion by LangBuisson on the potential impact of not providing further funding is deeply worrying:

> [W]ithout additional resources from central Government, councils will face the possibility of provider failure and market exits, while destabilising the overall care market within an area. This will negatively impact on the ability of councils to secure high quality care placements for those eligible for local authority arranged care, in addition to market exits impacting on the availability of provision for the NHS of continuing health care. There is also likely to be a greater polarisation between local authority arranged care and self-funder placements, with a growing divide in the quality of care received by the two cohorts of care recipients".[174]

166 CCN and Newton, Preparing for Reform, 25 May 2022
167 CCN and Newton, Preparing for Reform, 25 May 2022
168 CCN and Newton, Preparing for Reform, 25 May 2022
169 Q182
170 CCN and LangBuisson, Impact Assessment of the Implementation of Section 18(3) of The Care Act 2014 and Fair Cost of Care, March 2022
171 Q185
172 Q183
173 Letter from Care England to the Chair dated 20 May 2022 concerning the long-term funding of adult social care
174 CCN and LangBuisson, Impact Assessment of the Implementation of Section 18(3) of The Care Act 2014 and Fair Cost of Care, March 2022

54. When we put these concerns to Ministers and officials, Gillian Keegan MP said the reason for the different estimates was that the Government's model and assumptions differed from those made by others.[175] Michelle Dyson fleshed this out in the case of LangBuisson's estimates: "They took a national rate for care. We have looked at it more at a local level. They have made different assumptions about the right return on capital from the assumptions that we have made".[176] The Minister added that the amount of funding provided by the Government is "what we think is sufficient".[177] She also explained that incomplete data presents a challenge for modelling,[178] pointing out that through the Government's reforms "we are getting this data back and we will be getting the data back all the time".[179] But she did not answer whether the Government would be prepared to compensate local authorities, if, after establishing a more complete picture—including how many people opt for Section18(3)—it emerges that more funding is required.[180]

55. In relation to the concerns about local authorities' capacity to conduct additional assessments, Gillian Keegan MP said:

> The new assessment system, which is planned to go live in April 2023, identifies areas that a local authority needs to address. They will be able to draw on an enhanced support and improvement offer, which is backed by funding of over £70 million over the next three years. We know that there will be a number of new assessment officers. We have not gone public with how many, but there are a number of discussions ongoing as well as to how we ensure that we build up that workforce as well. There will be additional moneys that they can draw on to be able to do that.[181]

Michelle Dyson added that the Government is exploring different types of assessment to "reduce the pressure", such as self-assessment, mixed teams led by a social worker but with others who are not social workers carrying out assessments, and care homes helping with assessments.[182]

Providers' financial transparency

56. Relevant to the fair cost of care, the funding gap, and the question of whether care providers ought to be compensated for the employer contributions of the Health and Social Care Levy, are concerns we received about the financial transparency of some providers, in particular care homes. In written evidence, the Centre for International Corporate Tax Accountability and Research (CICTAR) described how some private equity backed care home operators avoid paying tax in the UK through the use of "tax havens, complex related party transactions and other artificial arrangements".[183] In December 2021 CICTAR published a report in conjunction with BBC Panorama that said the UK's largest care home operator "siphoned millions in tax-free profits to the Cayman Islands during the pandemic, while receiving an additional £18.9m in government payments for COVID-19 costs".[184]

175 Q262; Q276
176 Q276
177 Q262
178 Q263; Q266
179 Q266
180 Q267
181 Q268
182 Q268
183 CICTAR (ASC 072)
184 CICTAR, HC-One: Death, Deception, Dividends, 6 December 2021

57. Witnesses raised other concerns about the role of private equity backed firms in the adult social care market. Natasha Curry, Deputy Director of Policy, Nuffield Trust, said there is "no transparency over ownership", there are "no rules to stop or discourage financially risky behaviour", and "[p]roviders bear no responsibility for the continuity of care if they suddenly leave the market or change ownership".[185] In a recent blog she also argued that a lack of financial transparency could hamper agreements between councils and providers on what a fair rate of care is.[186] Gavin Edwards said that private equity backed care home operators needed to service the interest payment on loans which amounted to "16% of the weekly fees that councils are paying", implying that under an alternative structure, this expenditure could be used to provide care.[187] Sally Warren, Director of Policy, King's Fund, said that as well as a lack of transparency over the financial position of providers, "significant improvements" are required to increase transparency to consumers about what the price of their care entails.[188] *People at the Heart of Care* states the Government will consider changing Care Quality Commission (CQC) regulations to require registered providers to be more transparent about their fees. A recent report commissioned by UNISON found that workers employed in care homes taken over by investment firms said they experienced exploitation, cutting corners in service delivery, and prioritising profit over care.[189] While some witnesses stressed that this was "a small, specific part" of a diverse market,[190] Gavin Edwards said these types of organisations "dominate the care home sector".[191] CICTAR's written evidence ultimately warned of a "risk of government funds being funnelled offshore rather than invested into high quality care and decent working conditions".[192]

Commissioning practices

58. While our evidence displayed keenness for achieving a fair cost of care and reducing the self-funder cross-subsidy,[193] it also drew attention to concerns about focusing on price at the expense of quality. We often heard that the pressure on local authority budgets is leading to a "price is king" model, whereby a drive to keep prices down leads to a focus on the tasks performed by the care worker and the timeframe in which those tasks are completed. This drives down quality and creates a transactional approach to providing care. These stakeholders instead advocated commissioning based on outcomes for the person receiving care, rather than price, arguing that this would lead to higher quality care, more innovation, and ultimately save resources further down the line.[194] We note

185 Q111
186 Nuffield Trust, Fair cost of care: what is it and will it fix the problems in the social care provider market?, 15 June 2022
187 Q183
188 Q112
189 Centre for the Understanding of Sustainable Prosperity, Held to Ransom: What happens when investment firms take over UK care homes, June 2022
190 Q111 [Natasha Curry]; also Q111 [Charles Tallack] and Q112 [Sally Warren]
191 Q183
192 CICTAR (ASC 072)
193 E.g. Bob Ferguson (ASC 001); LGA (ASC 013); Care England (ASC 018); East Sussex County Council (ASC 021); Homecare Association (ASC 023); King's Fund (ASC 033); Ealing Reclaim Social Care Action Group (ASC 044); Age UK (ASC 055); Voluntary Organisations Disability Group (ASC 056); Care Association Alliance (ASC 058); Alzheimer's Society (ASC 065); Bupa Care Services (ASC 071)
194 Adam Smith Institute (ASC 019); Norfolk Care Association (ASC 020); Society of County Treasurers (ASC 022); Homecare Association (ASC 023); Surrey County Council (ASC 029); The Disabilities Trust; Dimensions (ASC 048); Thirteen (ASC 053); Voluntary Organisations Disability Group (ASC 056); Care Association Alliance (ASC 058); Skills for Care (ASC 060); Mencap (ASC 061); Nottinghamshire County Council (ASC 064); Alzheimer's Society (ASC 065)

that the £30 million “Innovative Models of Care “ programme in the *People at the Heart of Care* White Paper will trial commissioning for improved outcomes. The White Paper also includes £70 million for local authorities to strengthen their market shaping and commissioning capability.

Conclusion

59. **While the Government has provided funding for its charging reforms, we received many concerns that it has underestimated the combined cost of introducing a new cap and more generous means test, commencing Section 18(3) of the Care Act 2014 in respect of residential care, and the fair cost of care. It has since expressed its intention to stagger the rollout of Section 18(3), which may help to avert the worst-case scenario in terms of local authority capacity pressures and market sustainability.** ***The Government should re-evaluate the combined impact of its charging reforms, Section 18(3), and the fair cost of care, to take account of the staggered rollout of Section 18(3). It should regularly monitor take-up of Section 18(3) and update its models accordingly. The Government should provide further funding to local authorities, if necessary, on top of additional funding for underlying pressures.***

60. **It is nevertheless disappointing that people currently living in and paying for residential care, whose payments before October 2023 will not count towards the cap, will now not be able to access local authority rates until 18 months later than they were originally told.** ***The Government should put every effort into heeding its commitment to rolling out Section 18(3) for those currently living in residential care earlier than April 2025.***

61. **While the changed timetable for rolling out Section 18(3) will help to stagger the additional assessments local authorities will need to conduct, we are nevertheless concerned about local authorities’ capacity to conduct tens of thousands of additional assessments, particularly given the size of the backlog that already exists. We are further concerned that the Government’s proposed workarounds will place additional strain on those requesting care and care workers, and could lead to an inconsistent service being provided and an increase in complaints.** ***The Government’s re-evaluation of the combined impact of its charging reforms, Section 18(3), and the fair cost of care should include a revisiting of the recruitment and training needs of assessors.***

62. ***The Government should publish real-time and regular evaluation, both of the trailblazer scheme and of the charging reforms when they are rolled out more widely, so that local authorities can apply insights quickly and so that the Government can provide further funding in a timely manner where necessary should its modelling prove inaccurate to prevent further market instability.***

63. **Given the Government’s investment in the fair cost of care, and our calls for further funding and for care providers to be compensated for their employer National Insurance Contributions of the Health and Social Care Levy, it is all the more important that the additional funding reaches the frontline. However limited tax avoidance and financial transparency in certain parts of the market are, they must be tackled.** ***The Government should bring forward proposals for both improving the financial transparency of providers and giving consumers transparency in respect of what the price for their care covers.***

64. **While achieving a fair price of care is vital, price should not be the driving factor in commissioning care.** ***Reforms in relation to improvement and market shaping should include a dedicated focus on outcomes-based commissioning, drawing on existing good practice by local authorities.***

5 Local government finance

65. As well as the severe impacts on those receiving and providing care, underfunding adult social care seriously affects local government finances. In our inquiry last year on local authority financial sustainability, we heard that the biggest threat to the financial health of councils was social care.[195] We heard again that, due to budgets being squeezed in recent years, councils have allocated a growing proportion of their resources to meet their statutory duties in social care, leading to significant cuts in other locally provided services.[196] As a proportion of local authority spending, social care spending increased from 59% in 2010–11 to 69% in 2019–20.[197] The LGA told us that over the past decade councils have diverted £2 billion from other services to adult social care, "cutting [other services] faster than otherwise would have been the case".[198] In this chapter we explore how the Government can improve the way it raises and allocates funding for adult social care to the benefit of those who use care and of local authority financial health.

Balance of funding sources

66. Aside from the funding provided by those who fund their care, public funding is raised from four main sources:[199]

(1) Central government funding allocated to local authorities via the Settlement Funding Assessment (which comprises Revenue Support Grant and Business Rates Aggregate);[200]

(2) Specific adult social care grants, introduced since 2017–18 (the Improved Better Care Fund and Adult Social Care Support Grants);

(3) Social Care Precept: the ability of councils, since 2016–17, to raise council tax up to a certain level to raise ringfenced funds for adult social care; and

(4) Council tax.[201]

We received evidence that in recent years, the balance between sources has tipped from the majority of public funding coming from central sources to the majority of it deriving from locally raised revenue. Pixel Financial Management told us: "In 2013–14, locally-raised council tax represented only 44% of social care funding – but that increased to 56% in 2016–17 and has remained at that level through to 2022–23".[202] We heard that there are some advantages to using council tax to raise funds: "it is a stable and predictable tax, with very high collection rates, and it is difficult to avoid", and "it is important to have a local source of funding, particularly if the sector wants social care to remain a locally-

195 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, Local authority financial sustainability and the Section 114 regime, HC 33, para 13
196 Q171 (Sarah Pickup); cf. National Audit Office, Adult Social Care at a glance, July 2018, p.12
197 CIPFA (ASC 005)
198 LGA (ASC 013)
199 Pixel Financial Management (ASC 077); *Adult social care funding in England*, Commons Briefing Paper CBP-7903, House of Commons Library, February 2022
200 Department for Communities and Local Government, A guide to the local government finance settlement in England, December 2013
201 Some income is also provided by the NHS and other joint arrangements for services that are legally the responsibility of the NHS (e.g. nursing care needed for health reasons). See National Audit Office, Adult Social Care at a glance, July 2018
202 Pixel Financial Management (ASC 077); cf. Kings Fund (ASC 033); Leicestershire County Council (ASC 040)

controlled service".[203] But we also heard of some drawbacks. One of the main criticisms we received of relying on council tax as a source of revenue is that the ability of a local authority area to raise revenue locally is not related to the area's need for adult social care services.[204] Another criticism is that the decision to raise additional taxes through the social care precept, and by how much, is a political decision that is not easy to make. Stephen Chandler told us: "[we] know that just because that power exists does not mean that politicians in local areas are able to do that. We know that last year 67% of councils took up the full precept option".[205] He added that that decision becomes even harder because of the introduction of the Health and Social Care Levy: "I personally, as a resident, would baulk at receiving [notice of an increased precept] through the post, especially when at the end of that month, in April, I will see the levy coming out of my salary".[206]

Ability to forecast

67. Another issue with the way public funding for adult social care is arranged is the short-term nature of funding.[207] Announcements about the level of grants are usually made a few months in advance. Pixel Financial Management told us: "Authorities often do not know until the October before their budget (when the budgeting process has already begun)".[208] They are also sometimes announced after budgets have been set.[209] Although announcements on grants "are now more timely" than they used to be, Pixel Financial Management told us it would be better to know further in advance about future grant increases and maximum increases in social care precept, rather than the current year-to-year approach.[210] Coupled with year-to-year grants and decisions about adult social care precept is that local government has received one-year funding settlements for the past three years. Our evidence strongly suggested that the short-term nature of funding allocated to local government makes it extremely difficult for both councils and providers to plan and forecast.[211] This in turn means "providers' arrangements inevitably have to reflect the short-term nature of funding certainty, with associated consequences for pay and the use of zero hours contracts".[212] It also makes it difficult for councils to enter long-term contracts with providers, reducing their ability to invest in long-term improvements.[213]

203 Pixel Financial Management (ASC 077)
204 CIPFA (ASC 005); East Sussex County Council (ASC 021); Kings Fund (ASC 033); Later Life Ambitions (ASC 062); London Councils (ASC 073); LGA (ASC 076)
205 Q7
206 Q7; cf. Cllr Tim Oliver: "There is the slight complication now in terms of persuading residents that that is the way forward, bearing in mind what the Government have said publicly around what the rise in national insurance contributions would be used for", Q7
207 Care and Support Alliance (ASC 011)
208 Pixel Financial Management (ASC 077)
209 Society of County Treasurers (ASC 022)
210 Pixel Financial Management (ASC 077); Q176 [Adrian Jenkins]
211 Q1 [Stephen Chandler]; Q82 [James White]; Q176 [Gavin Edwards]; LGA (ASC 013); East Sussex County Council (ASC 021); Society of County Treasurers (ASC 022); Surrey County Council (ASC 029); Leicestershire County Council (ASC 040); County Councils Network (ASC 049); Thirteen (ASC 053); Tower Hamlets Council (ASC 066); Pixel Financial Management (ASC 077)
212 LGA (ASC 013)
213 LGA (ASC 013); Voluntary Organisations Disability Group (ASC 056); London Councils (ASC 073)

68. Kemi Badenoch MP defended the most recent one-year settlement on the basis that "so many things have changed since the pandemic":

> The pandemic threw the calculations that we had been making into disarray. So much has changed; so much has been learned. It would have been wrong to create a settlement at that point based on the figures that were coming out of 2020–21.[214]

The then Minister expressed her support for "multi-year certainty" and said "the longest period I can now give any certainty for is two years, after which there is an election".[215]

Geographical variation

69. A significant issue with the way public funding for adult social care is allocated is the different outcomes for different places. Starting with council tax, the ability to raise revenue within an area is not linked to demand for adult social care.[216] In fact, areas with a high number of people with low incomes are more likely to have a higher proportion of residents eligible for publicly funded care but raise less income from council tax.[217] An illustration of this disparity was given by Cllr Tim Oliver, who said: "1% of the council tax in Stoke-on-Trent raises £700,000; 1% in Surrey raises £7.5 million. The money is possibly going to be raised in the wrong areas to support social care".[218] Sarah Pickup said that the additional spending that a 1% precept adds ranges from 0.68% to 2.2%, depending on the area.[219]

70. Coupled with this is the fact that the adult social care relative needs formula, which is used to distribute funding from the Settlement Funding Assessment and social care grants according to need, is out of date.[220] We received evidence that the formula uses data that is over a decade old, and is "seriously flawed".[221] DHSC commissioned a new formula in 2015 but has not implemented it.[222] This evidence chimes with that we received for our inquiry into local authority financial sustainability, which called for the Fair Funding Review, a review of all 15 relative needs formulas, to be implemented as soon as possible.[223]

71. When we asked Kemi Badenoch MP when we can expect the Fair Funding Review to be implemented, she explained that it is difficult to give every council what they wish for:

> I have spoken to so many different councils and council leaders. Everybody feels that they are unfairly treated and that the fair funding review is going make things better for them. That cannot be the case.[224]

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214 Q220
215 Q220
216 CIPFA (ASC 005); East Sussex County Council (ASC 021); Kings Fund (ASC 033); Later Life Ambitions (ASC 062); London Councils (ASC 073); LGA (ASC 076)
217 Independent Age (ASC 024); Cllr Adele Williams, Nottingham City Council (ASC 059); National Care Forum (ASC 067)
218 Q7
219 Q173
220 Q173 (Sarah Pickup); Independent Age (ASC 024); LGA (ASC 076)
221 Pixel Financial Management (ASC 077)
222 LGA (ASC 076); Pixel Financial Management (ASC 077)
223 Ministry of Housing, Communities and Local Government, Fair Funding Review: a review of relative needs and resources - Technical consultation on relative need - December 2017: Summary of responses received and Government response, December 2018; Housing, Communities and Local Government Committee, Second Report of Session 2021–22, Local authority financial sustainability and the Section 114 regime, HC 33, para 26
224 Q222

We recognise this challenge; indeed, we received evidence that in implementing the new adult social care relative needs formula, high deprivation metropolitan districts and London boroughs would lose out, and the biggest gainers would be county authorities,[225] who are among the biggest losers now. That is why we argued in our report on local authority financial sustainability that updating the formulae should be combined with a degree of council tax equalisation, and we also received evidence for this inquiry that this should be the case.[226] The then Minister assured us that she was "actively working on" updating the system "to make it fairer",[227] but her official could not tell us that the formula definitely will change.[228]

Burden on local authorities

72. A final aspect affecting local authority financial health that concerns us is the sheer number of reforms and new ways of working in respect of adult social care to which local authorities will have to adapt. On top of implementing the cap and new means test and the fair cost of care, there are reforms in the *People at the Heart of Care* White Paper that will affect and involve local authorities, such as a new data collection regime and assurance framework, as well as new ways of working being introduced in terms of health and care integration, which we cover in the following chapters. Much of the detail of these reforms is yet to be communicated to local authorities. It was also indicated to us by Gillian Keegan MP that local authorities will have to bid for some of the levy funding,[229] which requires resource. As Sarah Pickup put it: "All of these things are coming at councils at once … The coincidence of these things places a pressure on councils".[230] We received evidence that central and local government are working closely together to develop and deliver all these reforms.[231] It is crucial that reform is delivered, but it is also important that councils have sufficient capacity to make a success of these reforms for the people who receive and provide care. We received concerns from the LGA about the introduction of a new assurance framework to assess councils' delivery of their adult social care functions without a sustainable funding settlement "because you are setting councils up to fail".[232]

Conclusion

73. **As well as the desperate human impact on those needing, receiving, and providing care, the underfunding of adult social care has led to many councils having to cut other public services in order to do their best to meet their care duties. The Government should address three core issues to improve the sustainability of adult social care funding: the balance of funding sources, long-term planning and forecasting, and geographical distribution.**

74. **We recognise the benefits of raising a proportion of funding for adult social care locally. As we have argued in previous reports, we support greater fiscal devolution.**

225 Pixel Financial Management (ASC 077)
226 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, Local authority financial sustainability and the Section 114 regime, HC 33, paras 25–26; Pixel Financial Management (ASC 077)
227 Q223
228 Q224 [Alex Skinner]
229 Q260 [Gillian Keegan MP]
230 Q214
231 Q181 [Sarah Pickup]; Q212 [Sarah Pickup]; Q261 [Gillian Keegan MP] Q263 [Gillian Keegan MP]; Q268 [Michelle Dyson]
232 Q196 [Sarah Pickup]

In finding the right balance of funding sources for adult social care, however, we are concerned by the increasing reliance on locally raised tax revenue as currently constituted. In our previous report on local authority financial sustainability and the section 114 regime, we recommended a variety of ways in which the mix of funding to local authorities could be improved, including: resetting business rates, implementing the Fair Funding Review, 75% business rates retention with additional funding put towards an equalisation grant, and revaluing council tax. For this inquiry, we heard that the amount that areas can raise through council tax is not related to need: often the places with the lowest income from council tax have a higher proportion of adults who are eligible for state support for their care. We also recognise that the decision to raise social care precept will become a harder sell for councils when residents have already seen their National Insurance Contributions increase to pay for health and social care. ***In deciding how much additional funding to provide from the centre for adult social care, the Government must proceed with the aim of rebalancing the sources of funding so there is not such a reliance on council tax.***

75. **One-year funding settlements and short-term grants are hampering local authorities' ability to plan and to deliver value for money, which in turn affects local care markets as it makes it more difficult for local authorities to enter longer term contracts with providers.** ***The Government must provide a multi-year funding settlement to give local authorities the visibility they need both for their own sustainability and also to help shape sustainable local care markets. It should also aim to make announcements about grants and social care precept at an earlier stage in councils' budgeting cycle.***

76. **The geographical inequity of relying on council tax to provide the majority of funding for adult social care is compounded by an out-of-date adult social care relative needs formula.** ***The Government must update the adult social care relative needs formula by the next financial year. This should be implemented alongside the Fair Funding Review and council tax equalisation. Geographical fairness should also be taken into account in future allocations of Health and Social Care Levy funding.***

77. **The Department for Health and Social Care is drip-feeding numerous policy changes in adult social care, many of which are welcome, but many of which will have a significant impact on local authorities in terms of their spending and capacity. These include the cap and new means test, commencing Section 18(3) of the Care Act 2014 in respect of residential care, the fair cost of care, reforms in the People at the Heart of Care White Paper around housing, data, and assurance, and reforms in the Joining up Care for People, Places and Populations White Paper around health and care integration. We understand that local authorities are working closely with central government on these reforms. But we are concerned that the Government does not have a handle on what the total impact on local authorities will be.** ***The Government should publish a new burdens assessment by the end of the year to determine the level of resource needed by local government in terms of staff, expertise, and funding to deliver the full package of adult social care reforms.***

6 People at the Heart of Care: the direction of travel for reform

78. One of the reasons why adult social care needs additional, long-term funding is because the sector is in need of reform. Stakeholders have called for reform, and successive Governments have promised reform, for years, with anticipated Green Papers failing to materialise.[233] In December 2021 the Government published its White Paper *People at the Heart of Care*, its ten-year vision for adult social care.[234] It contains numerous "I statements" which express the Government's ambition for how those receiving care, carers, and care workers would describe their experience, such as:

- "I lead a fulfilling life with access to support, aids and adaptations to maintain and enhance my wellbeing";
- "I am supported to provide care as I wish and do so in a way that takes into account my own access to education, employment, health and wellbeing"; and
- "I feel recognised for the important role I play in helping people who draw on care and support receive high-quality, personalised support that enriches their lives".

The Government's proposals span many aspects of adult social care, including housing, technology, market-shaping, data, workforce, and unpaid carers. This report focuses on the areas to which witnesses drew our attention, particularly in the context of stabilising the adult social care market. This chapter considers the vision and direction of travel of the White Paper as a whole, and further chapters consider housing, workforce, and unpaid carers.

Roadmap

79. Our witnesses welcomed the Government's vision of what good looks like in the *People at the Heart of Care* White Paper.[235] While they welcomed the destination, however, they felt that details of the journey to get there were missing. For example, Charles Tallack said: "The vision is great. What is lacking are the policies, the milestones and the funding to achieve it, which is really unclear".[236] Natasha Curry characterised the White Paper as "piecemeal" and lacking "key indicators" or "a coherent plan and a route to get to that vision", adding that it was unclear how the proposals "all come together and what the logic is".[237] Sally Warren also criticised "the lack of any sense of progress after 2024",[238] given that the vision is supposed to be for ten years. No funding has been allocated beyond 2024–25. The Health and Social Care Committee has called on the Government to publish a 10-year plan for social care on multiple occasions.[239]

233 For a timeline of "milestones along the road to reform", see the Annex to CIPFA's submission (ASC 005)
234 DHSC, People at the Heart of Care, 1 December 2021
235 Q105 [Sally Warren]; Q106 [Charles Tallack]; Q132 [Sue Ramsden]; Q133 [Paul Teverson]; Q193 [Sarah Pickup]
236 Q113
237 Qq115–116
238 Q117
239 Health and Social Care Committee, Third Report of Session 2019–21, Social Care: Funding and Workforce, HC 206, para 37; Health and Social Care Committee, First Report of Session 2021–22, The Government's White Paper on health and social care, HC 20, para 65; Health and Social Care Committee, Workforce burnout and resilience in the NHS and social care, HC 22, paras 165–167

80. The apt description of the Government's thinking as piecemeal was evident when we questioned Ministers and officials. For example, when we asked for details of how the £1.7 billion would be distributed, we were told the following:

> **Gillian Keegan**: At the moment we have the headline figures, and we have a number of them where we are starting to lay out plans in terms of how they will bid in. I do not know whether we have any guidance that we have published yet in terms of how they would access any one of those funds.
>
> **Michelle Dyson**: No, the first one that will go live, relatively soon, is on the wellbeing proposals to support the workforce.[240]

Gillian Keegan MP added: "We are certainly very happy to lay out what we know and then update the Committee as we have more of these things in train".[241] On how housing funding will be accessed, the Minister said: "We have not set that out yet and I have not seen it yet".[242] On how the funding ringfenced for workforce will be spent, the Minister said: "I do not know if we have any dates … I have not seen it yet".[243] On data, the Minister promised to share the Government's proposed approach to the data framework with the Data Alliance Partnership in June, again saying "I do not have the details yet".[244] On milestones, the Minister's answer suggested that they were still to be worked out:

> We will be working with stakeholders, as we are at the moment, to develop and design the implementation of the measures and how we will do that in the White Paper. We will also explore with stakeholders and sectors measures of success in the future. What do we measure? Do we measure retention? We will be setting that out and we will be looking to make sure that we have those things in place.[245]

Funding

81. As indicated above, several decisions about how the £5.4 billion of the levy will be allocated to different reforms are yet to be set out. In respect of the £1.7 billion for the White Paper reforms, Adrian Jenkins said: "I didn't think the amounts even added up to the £1.7 billion".[246] Gillian Keegan MP sent us the below table with a breakdown of how the £5.4 billion is to be spent, which includes a summary of the amounts committed in the *People in the Heart of Care* White Paper:

240 Q260
241 Q261
242 Q284
243 Q300
244 Q311
245 Q310
246 Q193

Table 2: Breakdown of the £5.4 billion package for reform

<table>
<tr><td rowspan="6">£3.6 billion</td><td rowspan="3">£2.2 billion</td><td>2022–23: £0</td><td rowspan="3">Reform charging system through cap and means test</td></tr>
<tr><td>2023–24: £800 million</td></tr>
<tr><td>2024–25: £1.4 billion</td></tr>
<tr><td rowspan="3">£1.36 billion</td><td>2022–23: £162 million</td><td rowspan="3">Enable local authorities to move towards paying providers a fair cost of care</td></tr>
<tr><td>2023–24: £600 million</td></tr>
<tr><td>2024–25: £600 million</td></tr>
<tr><td rowspan="7">£1.7 billion</td><td>At least £500 million</td><td colspan="2">Workforce training, qualifications, and wellbeing</td></tr>
<tr><td>At least £300 million</td><td colspan="2">Transform housing, providing more choice in housing and support options</td></tr>
<tr><td>At least £150 million</td><td colspan="2">Improve technology and increase digitisation across the sector</td></tr>
<tr><td>Up to £25 million</td><td colspan="2">Kickstart a change in services provided to unpaid carers</td></tr>
<tr><td>Up to £30 million</td><td colspan="2">Helping local areas innovate the support and care they provide</td></tr>
<tr><td>At least £70 million</td><td colspan="2">Improving the delivery of care and support services, including assisting local authorities to better plan and develop the support and care options available</td></tr>
<tr><td>At least £5 million</td><td colspan="2">Pilot and evaluate new ways to help people navigate the care system and understand the options available to them</td></tr>
</table>

Source: Letter from the Minister for Care and Mental Health to the Chair

Taking away the phrases "at least" and "up to", the funding outlined in the above table totals £1.08 billion. The table does not include £210 million for the Care and Support Specialised Housing Fund referenced in the White Paper; if this is also to be provided by the levy funding that would take the total allocated for reforms in the White Paper to £1.3 billion. It is not surprising, then, that our witnesses felt the amounts did not add up to £1.7 billion. In addition, Gillian Keegan MP assured us that the new service for minor home repairs proposed in the White Paper will be backed by funding, but when questioned: "do we know how much yet?", answered: "No, we have not published the amount yet".[247]

82. Decisions about how a great deal of the funding will be accessed have also not been communicated. When questioned how the £1.7 billion would be distributed, the Minister answered: "we have a number of them where we are starting to lay out plans in terms of how they will bid in",[248] and Michelle Dyson confirmed that the first is on "wellbeing proposals to support the workforce".[249] This suggests that the next funding announcement will be in relation to some part of the £500 million allocated to the workforce. That implies that

247 Qq287–288
248 Q260
249 Q260

there could be a high number of discrete funding pots all announced at different times. How many funds will be competed appears yet to be decided. For example, when we asked whether stakeholders would have to bid for the £300 million housing fund, the Minister answered: "We have not set that out yet and I have not seen it yet, so I cannot even say".[250] We have expressed our concerns in several reports about the number of funds for which councils have to submit bids, since funding is not necessarily awarded according to need and bidding is extremely resource intensive for councils.[251]

83. Another concern was the amount of funding that is "change" funding, or funding for pilots. Sally Warren described the "small pots of money that are pilots" as "small-scale in comparison to the scale of challenge".[252] Sarah Pickup said the problem with change funding is that "[t]here is no core funding to buy the services that you then design".[253] Leicestershire County Council criticised the practice of using pilots to spearhead innovation, because "even if they are found to make a difference [they] can be difficult to roll out or continue due to the time limited funding used to establish them".[254]

84. We also do not have any clear sense of the rationale for the amounts of money that are being distributed. While the Government's estimates of its charging reforms are disputed (see chapter 4), it has published cost scenarios.[255] Its impact statement for the *People at the Heart of Care* White Paper, on the other hand, does not offer a justification for the funding that is being allocated. Instead, the purpose of the impact statement is to explain "the rationale for, and potential effects of, the reform measures the white paper commits to".[256] When we asked what criteria were used to decide the £5.4 billion figure, Gillian Keegan MP replied:

> To get the £5.4 billion, we looked at the charging system and the £86,000. We looked at how many people would meter and move over to the state paying for their care. That was £3.6 billion. These are the charging reforms. Part of that is about moving to a fair cost of care and part is about protecting people from those catastrophic care costs. Then we have £1.7 billion, which is broken down into a number of big areas.[257]

It seems possible that the process was as follows: first, the Treasury decided that social care would get 15% of the total levy funding (15% of £36 billion is £5.4 billion). Second, the Government estimated that £3.6 billion would be needed for charging reforms, leaving £1.7 billion over three years for adult social care reform and the Department for Health and Social Care is working out what to do with it.[258] This approach would be contrary to what our evidence recommended, and what our predecessor Committee recommended,

250 Q284
251 Housing, Communities and Local Government Committee, Fourth Report of Session 2021–22, Progress of devolution in England, HC 36, para 87; Housing, Communities and Local Government Committee, Fifth Report of Session 2021–22, Local government and the path to net zero, HC 34, paras 71, 95, 103; Levelling Up, Housing and Communities Committee, Sixth Report of Session 2021–22, Supporting our high streets after covid-19, HC 37, para 92
252 Q117
253 Q193
254 Leicestershire County Council (ASC 045)
255 DHSC, Social Care Charging Reform Impact Assessment
256 DHSC, Adult social care system reform: impact statement
257 Q249
258 The breakdown supplied by the Minister states: "Figures for the public have been rounded - precise figures will vary slightly", Letter from The Minister for Care and Mental Health to the Chair dated 7 June 2022 following up her appearance before the Committee on 23 May concerning the funding of adult social care

which is: first establish what good care looks like and how much it will cost, and then fund it.[259]

Conclusion

85. **Stakeholders have called for adult social care reform for years, and we commend the Government for introducing many welcome initiatives such as around housing and data that could make a significant difference in the long-term. We are also pleased that many stakeholders welcome the Government's vision for what good care looks like and how care is experienced by those receiving care and their families. However, the Government currently has nothing more than a vision. We are alarmed that so much of the detail within the People at the Heart of Care White Paper has yet to be worked out, and that there is no roadmap, no timetable, no milestones, and no measures of success. We note that the Health and Social Care Committee has called for a 10-year plan for adult social care in three separate reports since October 2020.** ***The Government should publish a 10-year plan for how its vision in the People at the Heart of Care White Paper will be achieved, taking into account how the different policies interweave and affect one another. The plan should be co-produced with people with lived experience of receiving care and providing care, paid and unpaid. The Government should manage this set of reforms, alongside charging reforms, as a programme, and identify a Senior Responsible Officer. It should publish key milestones, a timetable, and measures of success, and report annually on progress to Parliament.***

86. **The lack of information about how the reforms add up to £5.4 billion, why each reform was allocated the amount it was allocated, and how funding will be distributed, does little to instil confidence that the Government has thought through its plans. We have expressed our concerns numerous times about the unrealistic demands of requiring councils to compete for relatively small pots of funding, which larger and better funded authorities can win.** ***The Government's response to our report should include a full breakdown of how the £5.4 billion from the Health and Social Care Levy will be divided between the different reforms with a rationale for each amount, including why some amounts are "at least" and others are "up to". It should also set out how each pot of funding will be distributed, avoiding using bids as a means of allocating grants as much as possible, and providing justification for any element of competition.***

87. **Given how fundamentally social care policies made by DHSC affect local authorities' capacity, budgets, and residents, it is vital that DHSC and DLUHC work together closely on developing and delivering such policies. We were struck by the discrete division of answers to questions by Ministers, who rarely supplemented one another's answers, and the separate follow-up letters that we received.** ***The Government's 10-year plan should be developed jointly between DHSC and DLUHC, with relevant input from the Department for Work and Pensions. We expect the Government response to our report to show clear evidence of joint working from the departments, rather than discrete sections according to the departments' separate remits.***

259 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768, para 74; United for All Ages (ASC 025); UNISON (ASC 046)

7 Housing and planning

Housing

88. Our predecessor Committee's joint report with the Health and Social Care Committee called on the Government to give due consideration to "the role of housing as a key determinant of health and wellbeing and consequently need for health and social care support".[260] Our predecessor Committee also published a report in the same year on housing for older people.[261] The evidence we received for this inquiry reiterated that housing has an important role to play stabilising the adult social care market and introducing more quality and innovation.[262] A very strong theme that emerged from our inquiry is that adult social care is not just about care homes for older people—although they are very important—but that there are a range of models of care in different independent and shared accommodation settings for both older people and disabled working age adults. These include domiciliary care (also known as homecare), making adaptations within the home, and a range of supported and specialist housing options such as retirement living (which have communal facilities but no care on-site) or housing-with-care, which provides care on-site.[263]

89. We heard that ensuring we have the right types of housing to meet the needs of people, including supporting people to stay in their own home, would help to prevent or delay the need for care, residential care, hospital admissions, and needs becoming more complex.[264] We also received evidence that suitable housing improves wellbeing and quality of life for people, reducing loneliness: McCarthy Stone wrote that a person aged 80 living in a retirement community feels as good as someone aged 10 years younger in the general population.[265] We also received many examples of the cost savings from different housing models.[266] To pick out a few examples, we were told:

- Sheltered housing saves the NHS £486 million a year;[267]
- For every resident in extra care, the local authority saves £6,700;[268]
- Specialist housing for older people saves the taxpayer £3,000 per person per year;[269]
- Specialist housing for people with learning disabilities and mental health needs saves £12,500-£15,500 per person per year;[270]

260 Health and Social Care Committee and Housing, Communities and Local Government Committee, First Joint Report of Session 2017–2019, Long-term funding of adult social care, HC 768, para 111
261 Housing, Communities and Local Government Committee, Second report of session 2017–19, Housing for older people, HC 37
262 E.g. ARCO (ASC 016); National Housing Federation (ASC 034)
263 Qq128–129
264 McCarthy Stone (ASC 003); National Housing Federation (ASC 034); Metropolitan Thames Valley Housing (ASC 051); Thirteen (ASC 053); Guinness Partnership (ASC 074)
265 McCarthy Stone (ASC 003); Anchor (ASC 008); ARCO (ASC 016); National Housing Federation (ASC 034)
266 Q138 [Chris Smith]; Q139 [Sue Ramsden]; McCarthy Stone (ASC 003); Anchor (ASC 008); National Housing Federation (ASC 034); Thirteen (ASC 053); Chartered Institute of Housing (ASC 057)
267 Chartered Institute of Housing (ASC 057)
268 Anchor (ASC 008)
269 National Housing Federation (ASC 034)
270 National Housing Federation (ASC 034)

- In the North East a typical extra care property costs between £160–200 per week while a hospital stay costs £2000-£4000 over the same period.[271]

90. We were told that moving into residential care is few individuals' preferred option,[272] that there is growing interest among older people for specialist housing,[273] and that the shift in demand has increased due to the experience of care homes during the pandemic.[274] We also received evidence that, for many working age adults, a lack of provision means they can be "sent many miles from their homes, friends and families".[275] Technological advancements will help people to stay in their homes for longer, and we note the proposals in the *People at the Heart of Care* White Paper to test ideas in CareTech.[276] We also heard that being in your own home does not necessarily mean staying in the home you currently live in.[277] As Sue Ramsden, Policy Leader, National Housing Federation, put it, "The key defining feature around supported, sheltered retirement housing is that it is somebody's own property. It is their own front door".[278] Much of our evidence suggested it was important to encourage a range of housing and care models, given the positive outcomes of more specialised housing and the increasing demand for non-residential care.[279]

91. The Government devoted a chapter to housing in the *People at the Heart of Care* White Paper, which was well received by stakeholders, as was the Government's commitment to "[m]aking every decision about care a decision about housing".[280] The proposals around housing in the White Paper can be summarised as follows:

- "£300 million over the next 3 years to embed the strategic commitment in all local places to connect housing with health and care and drive the stock of new supported housing" the purpose of which is to:
  - Enable all local areas to agree a plan embedding housing in broader health and care strategies, including investing in jointly commissioned services;
  - Boost the supply of supported housing, coupled with driving innovation in how services are delivered alongside housing where possible; and
  - Increase local expenditure on services for those in supported housing;
- An additional £210 million over three years for the Care and Support Specialised Housing Fund, "to incentivise the supply of specialised housing for older people and people with a physical disability, learning disability, autism, or mental ill-health";

271 Thirteen (ASC 053)
272 E.g. LGA (ASC 013); Home Instead (ASC 031)
273 Anchor (ASC 008); ARCO (ASC 016)
274 Society of County Treasurers (ASC 022); Independent Age (ASC 024); County Councils Network (ASC 049); LGA (ASC 076)
275 Reclaiming our Futures Alliance (ASC 026)
276 LGA (ASC 013); Society of County Treasurers (ASC 022); Homecare Association (ASC 023); Surrey County Council (ASC 029); Home Instead (ASC 031); Department for Health and Social Care (ASC 043); Thirteen (ASC 053); London Councils (ASC 073); Q252 [Gillian Keegan MP]
277 Q47 [Jane Ashcroft CBE]
278 Q129
279 Homecare Association (ASC 023);Reclaiming our Futures Alliance (ASC 026); Surrey County Council (ASC 029); ADASS (ASC 070)
280 E.g. "Social housing recognised in new Social Care White Paper", National Housing Federation, 2 December 2021; "New Social Care White Paper: Importance of home recognised", Care & Repair England, 1 December 2021; Q132 [Sue Ramsden]

- A “new service to make minor repairs and changes in peoples’ homes”;
- Updated guidance on increasing the scope of, and further funding for, the Disabled Facilities Grant (£570 million per year for three years);[281] and
- Publishing a response to DLUHC’s 2020 consultation on the accessibility of new homes.

Some of our predecessor Committee’s recommendations in its report on housing for older people also appeared as proposals in the White Paper, namely around funding for handyman services, and improving the Disabled Facilities Grant.

92. While Paul Teverson, Director of Communications, McCarthy Stone, also supported the “vision”, he described the White Paper as “a bit light on the detail”.[282] When we asked Ministers for more detail on how embedding “the strategic commitment in all local places to connect housing with health and care” would work, Gillian Keegan MP told us:

> [The £300 million fund] will support local areas to provide more supported and more specialised housing in order to enable people to live independently longer. We will also work in partnership with local authorities, housing providers and others to design in and establish how this new investment fund will work. We want to agree a plan that will incorporate housing in broader health and care strategies.[283]

We found out that the funding would go to “local authorities, housing associations, or wherever we can get partnerships for housing”, rather than to the NHS; but, as mentioned in the previous chapter, we could not establish how funding would be accessed.[284] We learned from Kemi Badenoch MP that while our predecessor Committee’s recommendation for a national strategy for housing provision for older people would not be taken forward,[285] DLUHC will set up a taskforce on older people’s housing.[286]

Planning

Assessments and plans

93. While we heard about the wide range of accommodation models that exist for adults with care needs, we also heard that people do not have enough choice about the type of accommodation in which they live and the type of care they receive.[287] Taking the retirement community as an example, we heard that the sector delivers 7,500 new units a year compared to a demand of 30,000, and that there are 700,000 units of retirement accommodation compared to a 65 and over population of 12 to 13 million.[288] We heard that in New Zealand, Australia and the United States of America, at least 5 to 6% of over-

281 The Health and Social Care Levy is presumably not the source for this funding as it would total the full £1.7 billion allocated for reforms and is not included in the table supplied in the Minister’s letter to us.
282 Q133
283 Q282
284 Qq282–284
285 Housing, Communities and Local Government Committee, Second report of session 2017–19, Housing for older people, HC 37, para 127
286 Q285
287 Qq130–132; McCarthy Stone (ASC 003); Inclusion London (ASC 006)
288 Q130 [Paul Teverson]

65s have the opportunity to live in housing-with-care, compared with 0.6% in the UK.[289] We were told that one reason for the under-provision is that local authorities are not conducting robust enough assessments of the housing needs of older and disabled adults in their communities.[290] Our predecessor Committee recommended that:

- Guidance under the Neighbourhood Planning Act 2017 should recommend that local authorities publish a strategy for meeting the housing needs of older people in their area; and
- Local plans should identify a target proportion of new housing to be developed for older people, which should be a range of different types of housing.[291]

The National Planning Policy Framework states that housing needs for different groups in the community should be assessed and reflected in planning policies, including older people and adults with disabilities.[292] The Government published guidance for councils on preparing planning policies on housing for older and disabled people in 2019.[293] This includes advice on identifying the housing needs of older and disabled people in their area.

94. Despite this guidance, Paul Teverson informed us of recent research which found that 50% of local authorities do not have a plan for older people's housing.[294] We also heard that "proper housing needs assessments" are not available; and that despite the availability of demographic statistics and figures on children "who are in need of care and support who will become adults", the "strategic-level thinking at a local level" does not always take place.[295] Paul Teverson said a lack of resource for the planning system was a factor,[296] a problem which we have highlighted in previous reports.[297] He gave the following example to illustrate the consequences of not doing housing needs assessments rigorously:

> Sometimes, particularly people in the social care department, ironically, can oppose some of our schemes because they think we are dragging in older people who will then fall on their system to need funding. The reality is they have older people in their district or authority already. Our residents move three or four miles. If you are 83, you are not moving very far. Because they have not done the housing needs assessments, they are not expecting this and there is no plan policy.[298]

95. When we put these concerns to Kemi Badenoch MP, she said:

> I have been told that we will work with the sector to improve the data inputs for the plan making, so that those assessments are robust and make use

289 ARCO (ASC 016); County Councils Networks (ASC 049)
290 Q135 [Chris Smith and Sue Ramsden]
291 Housing, Communities and Local Government Committee, Second report of session 2017–19, Housing for older people, HC 37, para 122
292 DLUHC, National Planning Policy Framework
293 DLUHC, Housing for older and disabled people
294 Q133; Knight Frank, Seniors Housing Development Update 2021
295 Q135 [Chris Smith and Sue Ramsden]
296 Q140
297 Housing, Communities and Local Government Committee, First Report of Session 2021–22, The future of the planning system in England, HC 38, para 185; Levelling Up, Housing and Communities Committee, Sixth Report of Session 2021–22, Supporting our high streets after covid-19, HC 37, para 58
298 Q141

> of digital technology. That is something that that part of DLUHC will be doing. It also links into the £300 million that Minister Keegan was talking about in terms of helping to increase the availability of supported housing. All of those different elements should work together to alleviate the issue.[299]

We also put to the then Minister the opportunity afforded by clause 83 of the Levelling-up and Regeneration Bill,[300] which will require local authorities to have regard to the national development management policies, to include a requirement to take older people's and disabled adults' housing needs into account. The then Minister replied that the Government would consult on this.[301]

Use Classes

96. We also received calls to reform the Use Classes system. The Government's advice on housing planning for older and disabled people recommends:

> It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwellinghouse) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.[302]

We received evidence for this inquiry that specialist housing does not easily fall within the C2 or C3 Use Class. CCN said that the retirement community model is neither C2 or C3, but somewhere in-between.[303] Both CCN and Anchor called for a new CR2 planning classification.[304] Anchor said this would "ensure a clear and consistent approach to the development of specialist housing" while CCN said this was needed to create a clear definition of a retirement community. Both suggested that introducing the CR2 class would increase supply. Associated Retirement Community Operators called for housing-with-care to be defined and categorised within the planning system.[305] Our predecessor Committee had called for either a sub-category of the C2 classification or a new Use Class for specialist housing.[306] The then Minister for Housing recently wrote to us to share the Government's view that "a separate use class for 'care' would limit the existing flexibility, both for movement within the C2 use class, and within the C3 dwellinghouse use class to accommodate people's changing needs".[307]

Joined-up working

97. We were struck by an apparent lack of intra-departmental engagement on the housing and planning aspects of social care in addition to the lack of joint working across

299 Q293
300 Levelling-up and Regeneration Bill, Clause 83 [Bill 6 (2022–23)]
301 Q294
302 DLUHC, Housing for older and disabled people
303 County Councils Network (ASC 049)
304 County Councils Network (ASC 049); Anchor (ASC 008)
305 ARCO (ASC 016)
306 Housing, Communities and Local Government Committee, Second report of session 2017–19, Housing for older people, HC 37, para 126
307 Letter from the Minister for Housing to the Chair dated 5 July 2022 concerning the long-term funding of adult social care

government departments. In answer to our question on a national strategy for housing for older people and disabled adults, Kemi Badenoch MP said: "I do not cover the housing policy, but I have spoken to officials, just to get a briefing".[308] On the impact of Right to Buy on housing for older people and disabled adults, she replied: "I would not know, just because housing is not my area",[309] and followed up with a note explaining that due to exemptions to Right to Buy, sales under Right to Buy of supported housing or housing for older people are very low.[310] On planning, the then Minister said: "I was quite curious when I saw planning on the list, because I did not understand the link with it and adult social care".[311] As this chapter has shown, there is a clear link between housing and planning and spending on social care, which is the biggest pressure on local authority budgets. While housing may not be in the then Minister's brief, we would expect to see evidence of work in the department to explore opportunities within housing and planning to widen access to and improve quality of care, which would ultimately assist local authorities' financial sustainability. Furthermore, we noticed that all the answers on housing policies within the White Paper came from Gillian Keegan MP, whereas the information on the taskforce and planning, neither of which feature in the White Paper, came from Kemi Badenoch MP.

Conclusion

98. **We welcome the Government's commitment to "making every decision about care is a decision about housing", but we are concerned that currently the Government is not putting this into practice. The detail on the housing policies in the People at the Heart of Care White Paper and how their funding will work have not been shared. We welcome the creation within DLUHC of a taskforce for housing for older people, but it is not clear what the read across will be to policies in the People at the Heart of Care White Paper. We are also concerned by an apparent lack of joined-up working both between DHSC and DLUHC—and within DLUHC—on housing, planning, and social care. This is not intended as a criticism of Ministers, but of the siloed working that this suggests both within DLUHC and across DHSC and DLUHC.**

99. ***The Government should create a separate taskforce for housing for working age disabled adults alongside the taskforce for housing for older people. Both taskforces should be accountable to both DLUHC and DHSC and should report to the Senior Responsible Officer for the People at the Heart of Care programme. Their terms of reference should be developed with input from the Local Government Association and housing stakeholders and should set out the taskforces' interconnection with housing proposals in People at the Heart of Care.***

100. **Despite guidance from the Government on planning for housing for older and disabled people, not enough councils are producing plans or conducting sufficiently robust housing needs assessments.** ***The Government should consider introducing statutory requirements for local authorities to produce plans for housing for older and disabled people based on assessments of housing need. These plans should contain a range of types of accommodation.***

308 Q285
309 Q291
310 Letter from the Minister of State for Equalities, Local Government, Faith and Communities dated 17 June 2022 concerning long-term funding of adult social care
311 Q292

101. ***The Government should consult on whether one or more Use Classes or sub-classes should be introduced in order to unlock more development of different types of accommodation that is suitable for older and disabled people, and meets the demand within communities.***

8 Workforce

102. When we asked witnesses what had changed since our predecessor Committee's joint inquiry with the Health and Social Care Committee on long-term funding of adult social care, one of the answers we received was: "the most significant change I would note over the last three years has been the pressure on the workforce".[312] Another witness told us: "the workforce is our biggest challenge".[313] In written evidence, one of the most common responses to our question on how to stabilise the adult social care market and increase quality and innovation was to address challenges in the workforce.[314]

Workforce challenges

Recruitment and retention

103. Some of the biggest challenges within the workforce are around recruitment and retention of staff. Jane Ashcroft, then Chief Executive of Anchor, told us that in the past three years, "[w]e have seen a significant increase in turnover in some groups of our workforce and an increased difficulty in recruiting".[315] Within domiciliary care, Jane Townson told us, "Providers are reporting a 75% reduction in applications for jobs. Care workers are leaving faster than they have ever known".[316] While there was a period at the start of the pandemic where providers reported healthy recruitment statistics,[317] things took a turn for the worse when the economy started opening back up. Steve Scown told us:

> Our experience during the pandemic was quite good in the first year of it. Our recruitment rates went up. People saw it as secure work—I am not being funny. It was better than furlough or the dole. We have seen that reverse since April [2021]. Since April we have lost 7.2% of our workforce.[318]

A recent survey by UNISON found that two thirds of its members "were actively looking to leave the sector".[319] The statistics from Skills for Care suggest that in 2020–21 there were approximately 105,000 vacancies at any time, a 6.7% vacancy rate.[320] These are just the vacancies that are currently open; as Sally Warren pointed out to us, if unmet need is to be addressed, significantly more capacity and therefore more professionals are needed.[321] The Papworth Trust said that the effect of high turnover is yet more costs: "a shortage of good staff means we have to rely on costly agency staff to fill gaps".[322]

104. We heard that one of the factors driving low retention is a lack of opportunities for career progression.[323] That is partly down to a lack of professionalisation and career pathways within the sector, and partly down to very minimal pay increases as one climbs

312 Q32 [Jane Ashcroft CBE]
313 Q33 [Dr Jane Townson]
314 E.g. Anchor (ASC 008); Care and Support Alliance (ASC 011); LGA (ASC 013); Skills for Care (ASC 060)
315 Q32
316 Q33
317 Anchor (ASC 008)
318 Q40
319 Q200
320 Skills for Care, Adult social care workforce estimates
321 Q112
322 Papworth Trust (ASC 047)
323 Anchor (ASC 008); LGA (ASC 013); Surrey County Council (ASC 029); Skills for Care (ASC 060); Mencap (ASC 061); National Care Forum (ASC 067)

up the career ladder. According to the King's Fund, the pay differential between care workers with under a year's experience and those with over 20 years of experience is 15p per hour.[324] Another factor was the Government's policy of making vaccination against covid-19 a condition of employment—a position which, although the Government has since reversed it, may not mean that all affected care workers will have returned to the sector.[325] The latest data from Skills for Care indicates that a quarter of the workforce was on zero-hours contracts in 2020–21, which rises to 42% across all roles in domiciliary care.[326] The same research found that workers on zero-hours contracts were more likely to quit—32.1% turnover compared to 22.6%.

105. Another factor is migration: we received concerns that Brexit and the points-based immigration system would exacerbate staff shortages,[327] not just directly but also in indirect ways. For example: "hotels have normally relied on workers from other countries. That has obviously dried up and they are now targeting our sector".[328] While contributors welcomed the decision of the Government to add senior care workers and domiciliary care managers to the Shortage Occupation List in March 2021,[329] we received calls for more junior care workers to be added to the Shortage Occupation List.[330] This is something the Government has taken on board, adding care workers, care assistants and home care workers to the Shortage Occupation List in December 2021 and making overseas workers in these roles eligible for a 12-month visa.[331]

Wellbeing and morale

106. A very important factor driving the low retention of staff is the way they are made to feel. Jane Ashcroft aptly described how "[s]pecial people are needed [to work in care] and have to be properly supported", because the work they do is "emotionally demanding, physically demanding, intellectually demanding".[332] She explained that burnout is one of the reasons why retention is so challenging: "I am seeing people now who are incredibly tired and we are losing people in management positions and all the way through the delivery chain".[333] As well as being burnt out, we heard from care workers at our engagement event that staff shortages affected the quality of care they can offer, often meaning they can only provide "the basics"; this in turn affects their professional pride and morale. Gavin Edwards quoted one care worker:

> People aren't getting regular baths or showers, just a wash. There is no time to do the job properly. Some are not getting dressed until 2.00 pm and assisted feeding is rushed. Staff are exhausted, angry and upset because they know they just don't have the time to do everything that they should.[334]

324 The King's Fund, Average pay for care workers, 30 August 2019
325 Q33 [Dr Jane Townson]; Q125 [Natasha Curry]; Q198 [Gavin Edwards]
326 Skills for Care The State of the Adult Social Care Sector and Workforce 2021
327 Society of County Treasurers (ASC 022); Homecare Association (ASC 023); UNISON (ASC 046); Alzheimer's Society (ASC 065); Q41 [Dr Jane Townson]; Q125 [Natasha Curry]
328 Q41 [Dr Jane Townson]
329 The Shortage Occupation List comprises those roles deemed by the UK Government to be in short supply within the UK resident labour market, with such roles afforded more relaxed eligibility criteria for sponsored work visa applications.
330 Homecare Association (ASC 023); Later Life Ambitions (ASC 062)
331 "Biggest visa boost for social care as Health and Care Visa scheme expanded", DHSC and Home Office, 24 December 2021
332 Q41; cf. Care Association Alliance (ASC 058)
333 Q41
334 Q175

For those working in domiciliary care, who are often electronically tagged so that their progress through their visits can be tracked, Jane Townson described "the number of 15-minute visits, short visits, makes it really stressful because they feel that they cannot meet the needs of the people who they are supporting, then they go around in this permanent sense of guilt and worry".[335]

Wages

107. Behind all of these factors, we continually heard, is the low pay of care workers.[336] Care workers at our engagement event described how their work entails a huge responsibility for the lives of others, but their pay is not commensurate with either the skill or the value of their work. Jane Townson also illustrated the gap between the skills and responsibilities of care workers and their pay:

> It is not just about healthcare skill; it is about softer skills, negotiating, dealing with conflict, dealing with family members who are very stressed. If you are a registered manager, you may have to go and find clients. The roles are incredibly challenging. In other walks of life nobody would dream of running a £3 million or £4 million business for £40,000.[337]

Steve Scown gave the simple answer that to address turnover and workforce challenges, "[y]ou have to pay people enough"; that pay is "first and foremost". He explained: "Once you pay people enough you can offer the career structure, you can then offer the training … But at the end of the day you have to want to walk through the door to do the job".[338] Gavin Edwards also called workers' pay the "fundamental problem".[339]

108. We were told that higher salaries offered in other sectors is one of the key reasons workers leave the workforce.[340] Steve Scown said his staff "are going for better-paid jobs so we are finding ourselves, in an employment sense, competing against the likes of supermarkets, coffee shops, hospitality and so on".[341] A participant at our engagement event said that an Amazon warehouse near them paid £2 an hour more than what they were earning and offered a £2,000 welcome bonus, compared to pay freezes and below-inflation pay rises on offer in the care sector. We have already referred to pay not being commensurate with the NHS; ADASS have called for care workers to be paid "the equivalent of a band 3 NHS worker, which is £11.50 an hour",[342] while Steve Scown said: "until we pay social care staff what they are worth—that should be at parity with NHS colleagues, which is a £7,000 uplift per person—social care will not be seen as the attractive career that I think it should be".[343] Dimensions supplied us with CQC statistics comparing the 40% turnover rate in social care with the 12% turnover rate among NHS acute trust nurses.[344] We note proposals in the *Joining up care for places, people and places*

335 Q42
336 E.g. Care and Support Alliance (ASC 011); Care England (ASC 018); Homecare Association (ASC 023); Working Group for the APPG on Adult Social Care (ASC 040); Nottinghamshire County Council (ASC 064); Guinness Partnership (ASC 074)
337 Q41
338 Q42
339 Q200
340 E.g. Norfolk Care Association (ASC 020); UNISON (ASC 046); Papworth Trust (ASC 047); Dimensions (ASC 052); Skills for Care (ASC 060)
341 Q40
342 Q6 [Stephen Chandler]
343 Q40
344 Dimensions (ASC 052)

White Paper on integrating the health and social care workforce, such as an Integrated Skills Passport, but there is nothing there nor in the *People at the Heart of Care* White Paper on pay.

109. Jane Townson made the point that by paying staff more, "they will be spending that in their local economies", which would be a significant contribution to the economy since "we employ more people than the NHS".[345] She also cited Office for National Statistics findings that "care quality ratings in care homes were higher in areas of lower deprivation", explaining that investing in workforce creates a "virtuous circle" whereby investing in "training and pay and support and supervision" leads to higher quality care for clients.[346] When we put concerns about workers' pay to Gillian Keegan MP, she pointed to the fair cost of care policy.[347] As we have already pointed out, if all that does is reduce the cross-subsidy by self-funders, there will be little additional money in the system to add to workers' wages. The Minister also shared statistics from Skills for Care showing that 21% of the social care workforce is on the National Minimum Wage.[348]

People at the Heart of Care

Proposals

110. The *People at the Heart of Care* White Paper contains a suite of measures aimed at professionalising and supporting the social care workforce. These include:

- A Knowledge and Skills Framework to support progression for care workers and registered managers;
- Care Certificates to create a delivery standard recognised across the sector;
- Continuous Professional Development budgets for registered nurses, nursing associates, occupational therapists, and other allied health professionals;
- Social worker training routes;
- Initiatives to promote wellbeing and mental health support;
- A digital hub for the workforce;
- New policies to identify and support best recruitment practices locally.

These measures are backed by £500 million over three years from the Health and Social Care Levy.

111. The reaction from our witnesses to the White Paper's proposals for the workforce was that they fell short. While they welcomed the measures on skills, progression, and wellbeing, they felt the White Paper failed to tackle the "fundamental problems" and "really big issues" of pay, turnover, conditions, and status, or to "coherently address the current crisis".[349]

345 Q37; cf. LGA (ASC 013); Dimensions (ASC 052)
346 Q43
347 Q301
348 Q301
349 Q124 [Sally Warren and Natasha Curry]; Q193 [Gavin Edwards]; Q200 [Sarah Pickup]

Strategy

112. One of the biggest gaps from the White Paper, according to our witnesses, was a long-term workforce strategy. We received numerous calls for a workforce strategy during our inquiry,[350] and these continued after the White Paper was published.[351] Witnesses described the measures as a list of "nice things"[352] and "things that will be done" with the £500 million,[353] but said it did not amount to a "long-term" plan[354] or being "well thought-through".[355] We note that the Government agreed to a recommendation by the Public Accounts Committee that "the Department of Health and Social Care should set out by end 2021 a national strategy for the care workforce which sits alongside the NHS People Plan; identifying skills, training and development across health and care", setting a target implementation date of December 2021.[356] When we put this to Gillian Keegan MP, she confirmed: "The White Paper is the [workforce] strategy".[357]

113. As with our overall assessment of the White Paper, in relation to the workforce strategy we again got the impression of piecemeal policy-making, rather than strategic planning which thinks through how one piece of the jigsaw connects with another. Gillian Keegan MP said that "there will be more detail on the [workforce] strategy as we evolve what we are going to be doing with that £500 million", adding: "I do not know if we have any dates" and "I have not seen it yet, but it will be being worked on".[358] Michelle Dyson was able to give more information to fill some of the gaps on the detail of the workforce measures:

> [T]he first bit we are going to go public on is the wellbeing bit. We are working on the care certificate aspect and we are continuing to test preferred options for delivering this throughout the summer. There are loads of different strands of it. All of them are in train and we will be going public with procurement exercises, et cetera, over the course of this year.[359]

Funding

114. In keeping with their assessment of the rest of the White Paper, witnesses felt that the £500 million allocated towards the workforce fell significantly short. Jane Townson offered the illustration that it "works out at about £111 per person per year", adding: "I cannot think of many people who could do many qualifications with that".[360] Charles Tallack offered a similar illustration that £500 million "amounts to the equivalent of 6p per hour per worker", saying that while the funding is not going towards wages, that calculation offers a "benchmark" against which to judge the £500 million investment.[361]

350 Q39 [Steve Scown]; Q98 [Ruthe Isden]; Anchor (ASC 008); Care England (ASC 018); Homecare Association (ASC 023); Care Association Alliance (ASC 058); Cllr Adele Williams, Nottingham City Council (ASC 059); Skills for Care (ASC 060); Mencap (ASC 061); Alzheimer's Society (ASC 065)

351 Q114 [Charles Tallack]; Q115 [Natasha Curry]; Q124 [Natasha Curry]; Q193 [Gavin Edwards]; Q198 [Sarah Pickup]

352 Q124 [Natasha Curry]

353 Q198 [Sarah Pickup]

354 Q193 [Gavin Edwards]

355 Q124 [Natasha Curry]

356 HMT, Treasury Minutes: Government response to the Committee of Public Accounts on the Seventh and Thirteenth to the Sixteenth reports from Session 2021–22 including a copy of the BBC's separate and independent response on the Second report from Session 2021–22, November 2021

357 Qq298–299

358 Qq229–300

359 Q300

360 Q41

361 Q125

Sally Warren compared it to the £465 million the Government gave to social care over four months to deal with winter pressures in 2021, putting into context the unambitious scale of £500 million over three years.[362]

115. As well as criticism that £500 million is insufficient, we received criticism that the amount does not appear to be based on "any attempt to work out what the workforce needs in terms of funding".[363] Rather than "taking a step back and looking at what the sector needs in respect of workforce reform and what that costs", we heard the Government seems to make an amount available and then decides what to do with it, similar to the other White Paper reforms.[364]

Measures of success

116. Given the piecemeal nature of the workforce reforms, we were not surprised that we did not receive clear indicators from the Government on measures of success. When we asked for timescales for seeing a reduction in turnover and zero-hours contracts, Gillian Keegan MP said: "I do not know over what timeframe we are going to measure that, but certainly they will make a difference and they should make a difference in terms of outputs".[365] Michelle Dyson added: "we should be judged over time on retention levels, because that is what our reforms are all about".[366]

Conclusion

117. **The Minister for Care and Mental Health asserted that the chapter on the workforce in the People at the Heart of Care White Paper is the Government's social care workforce strategy, but the number of further calls for a social care workforce strategy that have been made since the White Paper's publication clearly indicates that the contents of that chapter do not amount to a strategy, or are not what the sector expected to see from one.** ***The Government should publish a 10-year strategy for the adult social care workforce. It should develop the strategy in collaboration with care workers, providers, local government, the NHS, unpaid carers, and people receiving care. The strategy should not just be a wish-list but needs to be a clear roadmap with core milestones, outcomes, and measures of success. We agree with the Government that retention should be a key performance indicator, but it is important that measures of success also include opportunities for progression, reduced prevalence of zero-hour contracts, and whether care workers feel valued for the highly skilled nature of their work.***

118. **We heard repeatedly that an absolutely critical lever for stabilising the adult social care market was tackling staff shortages and low retention. This would widen access to care and help to give unpaid carers a much-needed break. There is also the very real risk that the Government's charging reforms do not immediately improve matters, for instance by drawing more people into the care system without having enough workers to deliver the care for which these people will now be eligible. We were repeatedly told that the solution is to increase wages. It is little consolation to hear from the Minister for**

362 Q124
363 Q202 [Adrian Jenkins]
364 Q202 [Adrian Jenkins]
365 Q305
366 Q305

Care and Mental Health that only a fifth of the workforce is on the National Minimum Wage when we know how many workers are leaving the sector for higher paid jobs in other sectors, and that the sector struggles to compete with the NHS. While increasing wages would come at a cost, we were encouraged to see this as an investment because of the connection between wages and quality of care, the extra spending in our economy by better paid care workers, and the cost savings of retaining staff over having to hire more expensive agency staff. ***The Government's proposals for health and care workforce integration in the Joining up Care for People, Places and Populations White Paper are welcome, but they must include a requirement to work towards achieving parity of pay for comparable roles across the NHS and social care. The Government's guidance for fair cost of care exercises should require councils and providers to move towards pay rates for care workers that align with the NHS and that reward more senior staff with meaningfully higher pay than entry level workers.***

119. **We welcome the addition of care workers, care assistants and domiciliary care workers to the Shortage Occupation List, acknowledging that these roles are in short supply within the UK resident labour market.** ***The Government should monitor the impact of adding care workers to the Shortage Occupation List on vacancies and be prepared to extend the visa period beyond 12 months, to lower the salary threshold, or both.***

9 Unpaid carers

The challenges for carers

120. Unmet and under-met need, coupled with a shortage of care workers,[367] gives rise to millions of people providing informal care for their loved ones. As we saw in chapter 1, the pandemic created millions more informal carers, taking the estimate from 9 to 13.6 million. With restrictions and uneasiness around people coming into one's home, the pandemic also led to carers providing more care—81% more, according to Carers UK.[368] We heard from carers at our engagement event about the pride and the privilege they feel. We also heard of the immense economic contribution of carers—£132 billion a year, according to Carers UK,[369] and £193 billion during the pandemic.[370] In spite of this, carers told us that they felt undervalued. This lack of appreciation can be felt in the detriment to their health and wellbeing and to their finances.

Emotional and physical wellbeing

121. While carers perform their role out of love, without sufficient support their role can also affect their mental and physical health. A recent Carers UK survey put carers' top priority, for the first time, as "better support to improve their health and wellbeing".[371] A 2021 survey by the Care and Support Alliance found nearly 2 in 5 carers reporting that their health deteriorated because of their caring responsibilities.[372] As an example of how health and wellbeing is affected, we heard that high turnover in the workforce means that carers are constantly having to re-teach new staff coming into their home or bridge gaps in care. As well as being "exhausting", we were told that the stress of this unreliability can lead to carers forgoing support altogether.[373] As our witnesses pointed out, the costs "further down the line" of not seeing to the mental and physical health needs of carers can be "very considerable: Instead of one person, you end up paying for two".[374]

122. We heard that "absolutely paramount and central to [carers'] health and wellbeing" is taking breaks.[375] Emily Holzhausen, Director of Policy and Public Affairs, Carers UK, told us in November of a carer who had not left the house since her husband was discharged from hospital the previous June, even to take a walk, because of a shortage of care workers to step in.[376] She said that three quarters of carers had not had a break since the start of the pandemic and that "[l]ocal carers' organisations are taking increasing numbers of calls from people who are at the end of their tether".[377] She called for a dedicated fund of £1.5 billion to cover carers' breaks.[378] When we asked Gillian Keegan MP how much is available for carers' breaks, she assured us: "there is money there and many local authorities do this

367 Q37 [Jane Ashcroft CBE]; Q63 [Emily Holzhausen]
368 Q52 [Emily Holzhausen]
369 Papworth Trust (ASC 047); County Councils Network (ASC 049); Chartered Institute of Housing (ASC 057). The figure originally comes from Carers UK, Valuing Carers 2015 - the rising value of carers' support.
370 Q60 [Emily Holzhausen]
371 Q65 [Emily Holzhausen]
372 Care and Support Alliance (ASC 011)
373 Q63 [Emily Holzhausen]
374 Q63 [Emily Holzhausen]; Q64 [Brian Dow]
375 Q53 [Emily Holzhausen]
376 Q54
377 Q52; Q54
378 Q53

very well".[379] Michelle Dyson added that "[i]t is part of core local government funding", because of local authorities' duties under the Care Act to support carers.[380] The Minister clarified in writing that £130 million of the £6.9 billion Better Care Fund was earmarked for carers' breaks in 2022–23, with a further £155.7 million earmarked to support carers.[381]

Financial wellbeing

123. Providing unpaid care can often have a negative financial impact on carers. Many carers either give up work or reduce their hours in order to provide care for their loved one. Alzheimer's Society estimated that the cost to businesses in England of carers leaving the workforce or reducing their hours in order to balance work and care was £3.2 billion in 2019;[382] the Care and Support Alliance put the figure at £5.3 billion, with 600 people a day giving up work to provide unpaid care.[383] This figure is projected to grow to £6.3 billion by 2040.[384] Some carers are entitled to Carers Allowance, but we were told that the amount of the allowance is "incredibly small … a very, very low level".[385] The Papworth Trust told us: "Financial concerns over lower earnings, a lack of pension savings and other costs such as travel, household expenditure, and on additional accommodation are common".[386] Emily Holzhausen told us that financial pressures on carers means that "two thirds are very worried about how they will fund their own care in the future".[387] Carers at our engagement event were particularly worried about the current pressures on the cost of living.

Carers assessments

124. Carers are legally entitled to be assessed for care by their local authority. From April 2015, the Care Act placed a duty on local authorities to assess carers' needs, regardless of how much care they provide, and meet carers' needs on a similar basis to those for whom they care. Types of help a carer might receive from their local authority include help with practical tasks, for example housework, and gym membership so they can look after their health.[388] We received evidence that only 24% of respondents to a Carers UK survey had received a Carers Assessment or reassessment, falling from 31% in 2016.[389] We heard that many do not know what a Carers Assessment is,[390] and we spoke to a carer who did not learn of them until many years after she had become a carer. One of the challenges, we heard, is that many do not see or label themselves as a carer,[391] and that the language of "assessments" is "disempowering".[392] When we spoke to carers who had received assessments, they described the process as "draining", and felt the process should focus more on what the carer wants.

379 Q308
380 Q308
381 Letter from the Minister for Care and Mental Health to the Chair dated 7 June 2022 following up her appearance before the Committee on 23 May concerning the funding of adult social care
382 Alzheimer's Society (ASC 065)
383 Care and Support Alliance (ASC 011)
384 Alzheimer's Society (ASC 065)
385 Q90 [Ruthe Isden]; cf. Q65 [Emily Holzhausen]
386 Papworth Trust (ASC 047)
387 Q60
388 NAO, Adult social care at a glance, July 2018
389 Q66 [Emily Holzhausen]
390 Q66 [Emily Holzhausen]
391 Q94 [Ruthe Isden and Fazilet Hadi]; Q203 [Sarah Pickup]
392 Q90 [James White]

125. We received several suggestions to improve the take-up of Carers Assessments. One was to provide more resources to local authorities to address the backlog of assessments.[393] Others included more digital methods,[394] pre-assessment,[395] collecting local health authority level data on the number of assessments offered and carried out and the nature of the caring responsibility, setting targets, and working with carers to change the terminology.[396]

People at the Heart of Care

126. The *People at the Heart of Care* White Paper earmarked £25 million of Health and Social Care Levy funding to test initiatives to support carers, including "respite and breaks" and "peer group and wellbeing support". Other initiatives for carers include introducing five days of unpaid leave for carers, taking steps to "increase the voluntary use of unpaid carer markers in NHS electronic health records" to collect more data on unpaid carers, and including the needs of unpaid carers within the new assurance framework for CQC. In oral evidence, Gillian Keegan MP suggested that the new assurance framework would include an appraisal of how local authorities are carrying out Carers Assessment and take-up.[397] Stakeholders have also pointed out that other aspects of the White Paper may have knock-on benefits for carers, such as around technology and housing, and investment in information sharing.[398]

127. While witnesses welcomed the measures in the White Paper, they said that £25 million "does not go far enough when you think of how many millions of unpaid carers there are that we know about".[399] Natasha Curry said that for all the "talk" on "advice and guidance", what carers need is "direct support and respite care".[400] Sarah Pickup again expressed concern that there was only funding for testing new approaches, saying that "we probably already know some approaches", and the issue is we "need to be able to resource them".[401]

Conclusion

128. **Our broken care system is held up by unpaid carers doing vital work out of love and pride. The cost to them can be financial, physical, and emotional. The cost to our economy of carers leaving the workforce is over £3 billion each year—money that could be invested in adult social care. We recognise that some of the proposals in the White Paper will benefit carers, such as around technology and innovation. However, we think that £25 million over three years is a totally inadequate amount to allocate to initiatives to support carers, whose contribution to the UK economy is estimated by Carers UK at £132 billion a year. £25 million will do little to assure carers that their contribution is valued by the Government.**

393 Q203 [Sarah Pickup]
394 Q66 [Emily Holzhausen]
395 Q66 [Emily Holzhausen]
396 Q94 [James White]
397 Q309
398 Q126 [Sally Warren]; "Responding to the Government's publication of its white paper on social care reform, Helen Walker, Chief Executive of Carers UK said:", Carers UK, 1 December 2021
399 Q126 [Natasha Curry]
400 Q126
401 Q204

129. **The Government claims "the money is there" to support carers' breaks, but the evidence we received is that not enough carers are getting a break. There are many carers who have not had a break since the start of the pandemic. Providing intimate care, under pressure, for such a prolonged period, is bound to have an impact on a person's mental and physical health.** ***It is imperative that the Government announce additional ringfenced funding to enable more carers to take a break this year.***

130. **We recognise that it is not always easy to engage with people who do not identify as "carers", but more must be done to ensure that carers receive the support to which they are entitled, and that the support they receive is useful to them. All carers are legally entitled to a carers assessment, but under the current arrangements it seems that only 1 in 4 has received one. This is not acceptable.** ***The Government should carry out a review of carers assessments, including of the terminology, co-produced with carers. The new assurance framework should include a requirement to report on the number of carers assessments conducted by local authorities, from which targets should be set in alignment with the workforce strategy we have recommended. Consideration should also be given to how the new data framework can help to identify carers.***

10 Health, care, and housing integration

131. The integration of health and social care, along with housing, emerged as a key lever towards solving some of the challenges with long-term funding of adult social care.[402] During our inquiry, the Health and Care Act, which puts Integrated Care Systems on a statutory footing, was passed,[403] and the Government published another White Paper on integration: *Joining up care for people, places and populations.*[404] Integration is a complex subject that could take up a separate inquiry, and we have not been able in this inquiry to explore all the details of that White Paper. We are able to offer some specific reflections based on the evidence we received.

132. A proposal that received some support was a national care service.[405] This would function like the NHS, providing universal personal care, free at the point of use. It would also centralise the delivery of social care. In October, *The Observer* reported that plans for a national care service, similar to those in Northern Ireland and Wales, were being considered by the Government as part of the *People at the Heart of Care* White Paper that was published in December.[406] It reported: "Under the most radical option of all, local authorities would be stripped of any involvement for social care, which would come entirely under the NHS". Our witnesses strongly disapproved of the idea of a national care service, instead preferring a more co-operative and collaborative approach between health and care services. They thought there was a risk of care becoming medicalised, and, in the case of disabled working age adults in particular, were concerned about people becoming institutionalised.[407] They felt that services were better delivered and commissioned locally because local authorities "know our communities at a local level" and can build effective partnerships.[408] Philip Booth, Senior Academic Fellow, Institute of Economic Affairs, expressed his view that, rather than centralising our care system, our health system instead should become less centralised and more pluralistic, which he acknowledged is not a popular opinion.[409] Jane Townson said that on a practical level a national care system would be too expensive.[410] She added that the example of Northern Ireland "does not bode very well", because "[h]omecare has the poorest fee rates of the entire United Kingdom in Northern Ireland even though it is supposedly commissioned by health".[411]

402 E.g. LGA (ASC 013); National Housing Federation (ASC 034); Health for Care (ASC 036); Leicestershire County Council (ASC 045); Disabilities Trust (ASC 048); Metropolitan Thames Valley Housing (ASC 051); Dimensions (ASC 052); British Medical Association (ASC 054); Care Association Alliance (ASC 058); Alzheimer's Society (ASC 065)
403 Health and Care Act 2022
404 DHSC, Health and Social Care Integration: joining up care for people, places and populations, 9 February 2022
405 James Porter (ASC 039); UNISON (ASC 046); Later Life Ambitions (ASC 062)
406 "Sajid Javid working on radical plan to merge social care with health in England", The Guardian, 10 October 2021
407 Q23 [Cllr Tim Oliver]; Q46 [Steve Scown]; Q79 [Jackie O'Sullivan]
408 Q23 [Stephen Chandler]; Q46 [Jane Ashcroft CBE]; Q79 [Brian Dow]
409 Q154
410 Q46
411 Q45

133. When we spoke to witnesses about what the key drivers of successful integration are, suggestions included focusing on outcomes for people,[412] joining up services for the person receiving care and any carers they have,[413] robust governance,[414] and making it easier for staff to transfer between the NHS and social care.[415] The *Joining up care for people, places and populations* White Paper included proposals to:

- set out a framework for shared outcomes;
- expect all places to adopt a governance model by Spring 2023; and
- improve opportunities for cross-sector training and joint roles for adult social care and NHS staff.

Witnesses also suggested that pooling budgets, housing, and improving data-sharing were key drivers.

Pooled budgets

134. We heard that a barrier to effective integration is siloed funding pots,[416] not just for health and social care but also for housing.[417] Philip Booth described health and social care in the UK as "two tectonic plates that can never properly integrate and merge; they just rub against each other".[418] The reason for that is that our healthcare system is "Government-funded and Government-provided", while social care involves local rather than central Government involvement, and "there is pluralism both in finance and provision".[419] Jackie O'Sullivan, Director of Communication, Advocacy and Activism, Mencap, and Co-Chair, Care and Support Alliance, described to us that there can be "a perverse financial incentive" to keep an individual in an expensive but inappropriate setting because that is where the funding is available.[420] She gave the example of people with learning disabilities and autism staying in assessment and treatment units because the health funding provides for this, when instead these people "would be much better served having community care" funded by a local authority.[421] Brian Dow, Deputy Chief Executive, Rethink Mental Illness, gave the example of people with mental health needs remaining in expensive secure care "due to a lack of appropriate housing in social care".[422] While funding local government adequately is part of the solution,[423] we also received much support for greater pooling of budgets.[424]

135. The Better Care Fund (BCF) establishes pooled budgets between the NHS and local government to support the integration of health and social care.[425] Section 75 of the NHS

412 Q74 [Jackie O'Sullivan]
413 Q44 [Dr Jane Townson]; Q73 [Emily Holzhausen]
414 Q21 [Stephen Chandler]; Q22 [Cllr Tim Oliver]; Q159 [Dr Eleanor Roy]
415 Q212 [Gavin Edwards]
416 Q44 [Dr Jane Townson]
417 Q146 [Chris Smith]
418 Q154
419 Q154
420 Q74
421 Q74
422 Q75
423 LGA, LGA response to "Health and social care integration: joining up care for people, places and populations", 17 February 2022
424 Q159 [Dr Eleanor Roy]; Q212 [Sarah Pickup]
425 NHS England, About the Better Care Fund

Act 2006 governs pooled budgets. The White Paper says: "Later this year we will set out the policy framework for the BCF from 2023, including how the programme will support implementation of the new approach to integration at place level". It also says it will review section 75 and publish revised guidance. One of the challenges with pooled budgets is that "local authorities are not necessarily coterminous with [Integrated Care Systems]".[426] The White Paper recognises the boundary issue with regards to its governance proposals. It says the Government expects places to adopt either the governance model proposed by the Government or an equivalent by Spring 2023, saying the following about boundaries:

> We would expect place-based arrangements to align with existing ICS boundaries as far as possible. We recognise that in some geographies this can be challenging, and we expect NHS and local authority partners to work together (drawing, where needed, on the flexibilities that the legislation will provide, subject to Parliament) to ensure that all citizens are able to benefit from effective arrangements wherever they live.

136. When we put our concerns about geographical boundaries to Ministers, Gillian Keegan MP said: "The key thing that people have to do is make sure that they work together for the benefit of the local population, and there will be times when that is not perfectly within a county or a particular geography".[427] We were told that the new policy framework for the Better Care Fund would be published "soon", but the Minister indicated that the review of Section 75 arrangements would take longer:

> **Michelle Dyson**: We do not have a date for that yet.
>
> **Chair**: So it is not going to be soon, and it is not going to be shortly.
>
> **Gillian Keegan**: That is normally when you get a season, but I do not think we have a season yet.[428]

Housing

137. As we described in chapter 7, housing plays a key role in keeping people living healthy, independent lives for longer and providing suitable care. Our evidence suggested that it was important that integration efforts focussed not only on the integration of health and social care but also on the integration of health and care with the housing sector.[429] Sue Ramsden reminded us that this is not just about specialist housing being a form of integrated housing and care, but also about housing more generally as a determinant of health.[430] As with the integration of health and care, we were told that to integrate housing too, funding pots need to be much more closely aligned.[431] We note that the *Joining up care for people, places and populations* White Paper refers to the importance of getting "housing arrangements right for individuals and communities" and that there are plans in the *People at the Heart of Care* White Paper to embed housing within local health and care systems. We also note that the *Integration and Innovation* White Paper,

426 Q78 [Emily Holzhausen]
427 Q315
428 Q318
429 Home Instead (ASC 031); National Housing Federation (ASC 034); Health for Care (ASC 036); Metropolitan Thames Valley Housing (ASC 051); Thirteen (ASC 053); Chartered Institute of Housing (ASC 057)
430 Q147
431 Q146 [Chris Smith]

which became the Health and Care Act, said that Integrated Care Partnerships should involve representatives from the wider public space where appropriate, including housing providers.[432] Paul Teverson said McCarthy Stone "would like to see housing, health and planning united on those integrated care partnerships".[433] Thirteen Group, the largest housing association in the North East of England, welcomed the role of housing providers on Integrated Care Partnerships but said "we would like this to go further and the sector become one of the main delivery mechanisms for health and social care".[434]

Data sharing

138. Another barrier to effective integration that came up in evidence was the difficulty of sharing data across organisations. Brian Dow said: "in the case of mental illness, it is only relatively recently that we have started getting even the prevalence data in a local area that would be able to provide the benchmark for any kind of social care or health provider to meet the need that exists".[435] Part of the issue is the lack of standardised or digitised data that is collected within adult social care,[436] and the *People at the Heart of Care* White Paper contains proposals to address this, including by introducing an adult social care data framework.[437] When we asked whether challenges in sharing data between the health service and local authorities have been resolved, Michelle Dyson said:

> What I have seen is discharge hubs, where everyone comes together and they are in the same room. You have the social care people and you have the NHS people. Yes, they cannot share data but they are in the same room with their own terminals. It is not ideal, at all, but they are making it work through being co-located, essentially.[438]

She also pointed to the integration White Paper,[439] which contains an ambition for every ICS to have "a single health and adult social care record for each citizen by 2024", with "full access for the person, their approved caregivers and care team to view and contribute to".

Discharge to assess

139. During the pandemic, the Government provided nearly £3 billion in funding to speed up the process of discharging people from hospital into care settings.[440] The funding paid for care, either in the community or in a person's own home, for several weeks, after the individual was medically ready to leave hospital. Like other covid-19 funding, the funding ended in March 2022. Sarah Pickup told us the LGA was "concerned" about the funding ending.[441] Others made clear that delays to discharging people from hospital

432 DHSC, Integration and innovation: working together to improve health and social care for all, 11 February 2021
433 Q147
434 Thirteen (ASC 053)
435 Q77
436 Q102 [James White and Ruthe Isden]; LGA (ASC 013); Society of County Treasurers (ASC 022); UNISON (ASC 046)
437 Q311 [Gillian Keegan MP]
438 Q319
439 Q321
440 £1.3 billion from March–September 2020; £588 million from September 2020–March 2021; £594 million from March–September 2021; and £478 million from September 2021–March 2022. For details, see Coronavirus: Adult social care key issues and sources, Commons Briefing Paper CBP-9019, House of Commons Library, 14 February 2022
441 Q178

into an appropriate care setting, whether at home or elsewhere, were already occurring and that the issue is not just related to the pandemic.[442] Cllr Tim Oliver made the case for permanent discharge to assess funding:

> There is a bottleneck for hospital beds, the shortage of hospital beds and then putting those patients ideally back into their homes and, if not, into some sort of social care package. What you need is some form of step-down facility or intermediate care, four or six weeks fully funded, to enable that transition. That is where there is an opportunity for the two systems to work closely together.[443]

140. Surrey County Council shared its experience of the discharge to assess model during the pandemic as an example of the adult social care sector working "very effectively with NHS partners".[444] The NHS Confederation has stated that the discharge to assess funding was "highly successful throughout the country, with places like Sussex having been able to reduce the average length of stay [in hospital] for patients by 37 per cent".[445] When we asked Ministers if they would consider continuing that funding, Gillian Keegan MP said that NHS bodies and local authorities should use the Better Care Fund to "adopt the discharge processes that best … work for them", adding: "Someone will always say, 'Keep this one going and keep this one going', but we believe the lessons are there".[446] Michelle Dyson described her experience of visiting local authorities in Greenwich and Buckinghamshire which "are finding a way to continue the discharge to assess funding by prioritising locally and finding funding streams—not at the same level, but for the bits of it they think are vital they have found ways to continue at least in the short term".[447]

Conclusion

141. **During this inquiry we heard about a proposal for a national care service, under which health and social care would be delivered by the same organisation. This would be similar to systems in place in Northern Ireland and Wales. This proposal was roundly dismissed by our witnesses. We support the Government's policy of getting health and care to work better together at a local level, which is far more preferable than a massive reorganisation to create a national care service.**

142. **We welcome the Joining up Care for People, Places and Populations White Paper and commend the Government for making the integration of health and social care a policy priority. We particularly welcome the Government's ambitions around shared outcomes, workforce integration, and ensuring every citizen has a shared care record by 2024. However, we are concerned that inconsistent geographical boundaries could result in gaps which could also hinder the successful pooling of budgets.** ***In Spring 2023 the Government should review how many places have established governance and accountability models and their geographical footprints, and should work with local partners to modify boundaries if necessary to ensure all citizens can benefit from***

442 Care and Support Alliance (ASC 011); Care England (ASC 018); Surrey County Council (ASC 029); Age UK (ASC 055); ADASS (ASC 070); Q49 [Dr Jane Townson]
443 Q2
444 Surrey County Council (ASC 029)
445 NHS Confederation, Government urged to go one step further and make 'discharge to assess' funding permanent, 7 September 2021
446 Q323
447 Q323

effective arrangements. The Government should also publish without delay its review of the arrangements that govern pooled budgets under Section 75 of the NHS Act 2006. The Government should seek to enable localised place-based arrangements between the NHS and individual councils, and pool budgets on that basis.

143. **Integration strategies should seek to integrate not just health and care but health, care and housing. Ensuring there is holistic care that fits around a person's needs includes preventing care needs from arising by having suitable housing, enabling people to live independently in their own homes, and ensuring that people receive the right care and support in the right setting, recognising that most people who receive care do so in their own home. Getting housing arrangements right for people is an essential part of the equation.** ***We recommend that integrated health strategies have proper regard to a person's housing needs as part of their care provision.***

144. **Barriers to data-sharing between health and social care have been a long-standing challenge, so we particularly welcome the Government's ambition to have shared care records for all citizens by 2024. It is vital that this ambition becomes a reality.** ***The Government should set up pilot schemes for shared care records, co-produced with people receiving care, carers, and care workers, and should report regularly on progress towards its 2024 target. Beyond 2024, the Government should publish annually the proportion of citizens who have shared care records and take steps to address any areas with particularly low take-up.***

145. **We are not reassured by the Director General for Adult Social Care's comments that some places have found ways to continue discharge to assess funding from their own funding streams, not least by her admission that these workarounds are only short-term and only "for the bits of it they think are vital". The discharge to assess funding was an excellent example of effective health and care integration.** ***Given the fragile state of adult social care and the magnitude of the NHS elective backlog, discharge to assess funding should be continued in order to help build back better.***

Annex: Engagement event summary

The Committee held a roundtable engagement event in order to hear directly from those with lived experience. The event was held online on 24 January 2022 with 24 participants. We organised three breakout groups to hear how the issues we explored in our inquiry affect those receiving care, care workers, and unpaid carers. The discussions from those breakout groups are summarised below.

Care receivers

We heard that there is no single model of being a care receiver, that everyone is different and care plans should be personalised to the individual. We heard that care is about so much more than being "fed and watered and safe"—it is about being able to lead interesting, fulfilling lives, being able to work, and being "a member of society". One participant described it as "the stuff we missed in lockdown", adding that "lockdown felt as if everybody else was in my life". Because of people's different experiences we heard it was vital for social care policies to be co-produced. We heard disappointment that only one of six working groups for the *People at the Heart of Care* White Paper had members with lived experience of receiving care.

One of the obstacles to leading fulfilling lives is the stress that participants described of having to become experts in different systems in order to arrange your care, your funding package, and suitable accommodation. One participant likened employing personal assistants to having to become an HR professional or trying to run a mini business, saying it was a "punishment for having the audacity to take control over your own life". Cost-of-living pressures added further stress: participants described having to choose between heating, eating, and care. One person on pensions tax credit was paying £300 a month towards their care and said they would not be able to afford increases in the cost of heating their home.

A lack of local government funding added to their stress. One participant said that due to underfunding, they experienced their financial assessments being carried out improperly. This required them to research complex legal information in order to challenge these assessments, as there are not enough legal aid solicitors. The assessments themselves were characterised as overly complicated and in need of streamlining and an appeals process. We heard that those receiving care should be treated as a customer and offered a clear pathway to assess their care charges efficiently. They described how it can feel as though the assessments and reviews are treated as an opportunity for local government to save resources, rather than helping people access the care they need to lead fulfilling lives.

We heard about home adaptations not being done well or quickly, with some waiting three or four years for adaptations and one participant being without a bathroom for a hundred days. The same participant was so frustrated by a lack of recourse, since their MP was unable to resolve the issue and the Local Government and Social Care Ombudsman could only investigate if the complaint is made within a year, that she was considering going to the media.

We also heard how the quality of care and the dignity with which people are treated are affected by staff shortages and issues in the adult social care market. One person had an excellent experience of living in a supported living facility, but due to staff shortages there

was sometimes only one care worker to help all the residents to get up in the mornings. Another person's relative had no choice of care home as there was only one vacancy, and he was made to wear somebody else's slippers and sleep in a bed that was too small for him.

Some felt that the Care Quality Commission could make improvements—some felt it was not doing a good enough job, whereas others felt it needed more funding to be able to hire more inspectors. It was suggested that CQC's inspection of care agencies was inadequate, and that CQC should carry out its inspections unannounced so that providers could not prepare for them in advance.

There was scepticism about the extent to which the new cap would benefit participants. One said the cap will "just make the rich richer" and it was suggested that the cap would only benefit older people in the South. It was pointed out that there are significant differences between older people and working age people who may be unable to build up capital. It was suggested that it was unfair that disability benefits do not count towards the cap, whereas if you are able to work and pay for your care, your income does count towards the cap. Some of the participants we heard from were excluded from the workplace: one said they had to leave their local government job because it was not accommodating of their disability while another quit their job in journalism because of all the time they were having to spend arranging their care and appealing local authority decisions. It was also suggested that the Government's decision not to follow the Dilnot proposal of a separate cap for working age adults would widen inequalities rather than make the system fairer.

Care workers

We heard from care workers of their immense pride in their work and the highly skilled and valuable work that they do to support others to lead meaningful lives. However, they were exhausted from the pandemic, frustrated that covid-19 restrictions curtailed the quality of care they could provide—having to focus on their clients' basic needs rather than supporting them to lead interesting lives—and were worried about cost-of-living pressures. While the people we talked to felt valued by the people they support, the low wages made them feel undervalued and were repeatedly cited as the main driver of staff shortages alongside Brexit, staff retiring early, and students going back to university.

Participants described a "great resign" driven by pay freezes or below-inflation pay rises. One participant said that an Amazon warehouse near them paid £2/hour more than what they were earning and offered a £2,000 welcome bonus. As a result of competition from other sectors, new recruits are only staying in the job for a year or so; others drop out at interview stage because they have been offered a better paid position elsewhere. Participants felt that their jobs involved greater responsibility for people's lives compared to the sectors that workers are quitting the care sector to join, compounding their sense that the highly skilled nature of their work is unappreciated.

It was also pointed out that local government underfunding contributed to their low wages, with wages constrained by the fees local authorities are able to pay providers. One participant said that local authorities are trying to manage down prices through the tendering process to push providers to go as low as possible, which drives down workers' pay. Participants also pointed to disparities in funding across councils, meaning that some pay the National Living Wage while others do not, creating an inconsistent experience

for care workers depending on where you live. Participants also felt that there was an inequity created by the use of offshore trusts by larger providers, and called for greater transparency around the ownership of larger providers and the bonuses they pay out.

We heard how staff shortages affected the adult social care market. Participants repeatedly referred to care homes closing because they could not find enough staff, and one person said their employer was turning down requests from clients on a daily basis as it does not have the staff, creating a considerable waiting list. Participants also said there was a shortage of social workers to carry out assessments, meaning that people are not getting the help they need and will therefore present elsewhere in the system.

The Health and Social Care Levy was described as a "great deceit". Participants felt that the narrative failed to live up to the funding, and that £500 million for the workforce over three years was not enough. We heard that the funding for social care raised by the levy won't "touch the sides". We also heard concerns that care workers may be among those worst hit by having to pay additional National Insurance Contributions as employees, and this compounded existing anxieties about the cost of living. It was also impressed upon us that we should be thinking not just about how much adult social care costs, but how much it saves: we should see it as an investment, not a drain.

Finally, we heard that innovation in the care sector starts with care workers and social workers on the ground. To inspire more innovation, participants told us we needed to find more ways for care workers to share their learning and increase capacity for Individual Service Funds (where a local authority transfers the funds agreed for a person's care and support arrangements to an organisation of their choice) so that people can use the money more flexibly.

Unpaid carers

As with our breakout group of care workers, our breakout group of unpaid carers also told us that they are extremely proud of being a carer but that they feel undervalued and unrecognised.

We heard that the system is incredibly difficult to navigate and that having to research it yourself causes additional stress on top of your actual situation. As well as being very complex we heard that the system is a postcode lottery—that the person you care for may be offered more or less funding towards their care depending on where they live. As with our breakout group of people receiving care, the unpaid carers we spoke to felt that local authorities were trying to save money and that care was being rationed as a result. Participants also told us that local authorities did not have sufficient funding to fulfil their Care Act duties.

Participants said that the Carer's Allowance was an insulting and inadequate amount. One person told us that despite caring for 100 hours a week, they were unable to claim Carer's Allowance because the earnings threshold is so low. Another did not find out until she reached retirement age that she was eligible for Carer's Allowance and was "really mad" to have missed out before then. Participants were also frustrated by the Carer's Assessment process, which was described as long-winded and complex. Carers were drained by the process, which can take several hours, and felt that the outcome depended on who was conducting the assessment, how sympathetic they were, and where you lived. One person

said the process conspires to make you feel the local authority is the decision maker about what you are capable of, when the person's care plan should be built around what you are willing to do. Another stressed that the support offered through the Carer's Assessment should focus on how it can help you care for the person you care for, suggesting that being sent for a manicure or haircut is pointless if you don't have the time and what she would prefer is being able to call someone to help with activities such as research or accompanying her loved one to a hospital appointment.

Conclusions and recommendations

The impact of Covid-19

1. The covid-19 pandemic has had a severe impact on adult social care. People have received less care and often care workers have been compelled to deliver only the basics. More people are going without care and many people's needs are increasing significantly. Social care workers and unpaid carers are burnt out. Covid-19 has exacerbated the need for more immediate funding for the sector. (Paragraph 12)

2. The Government provided vital additional funding to the adult social care sector during the pandemic, and we appreciate that the additional covid-19 funding cannot continue indefinitely. However, the Government's own guidance that care workers should self-isolate if they test positive for covid-19 indicates that the risk to the sector is not over. We do not accept that controlling covid-19 infections is analogous to other types of infection control, since Ministers were unable to name any other sector whose employees the Government is still advising to self-isolate. *Given the huge financial pressures on the sector and acute challenges with retaining staff, the Government should extend the Infection Control Fund for as long as the public health situation requires it to advise care workers to self-isolate with covid-19.* (Paragraph 13)

Immediate pressures

3. The Government is focused on long-term reform of adult social care, but in order to get to the future it needs to save the sector from the brink of collapse. Covid-19 has highlighted the underlying structural challenges of rising demand, unmet need, and difficulties recruiting and retaining staff, and has also exacerbated them. On top of that, there are severe current pressures arising from increases in the National Living Wage and the National Minimum Wage, and from rising inflation. We strongly disagree with the former Minister for Local Government, Faith and Communities that adult social care has adequate funding currently, having received compelling evidence that there is an immediate need for additional funding. *The Government should allocate additional funding this year through the adult social care grant, cover inflationary pressures and unmet care needs, and should announce this as soon as possible so that local authorities can plan how to cope best with the pressures they are facing.* (Paragraph 21)

Funding gap

4. The Rt Hon Boris Johnson MP said as Prime Minister that he would fix the crisis in social care once and for all. We commend the Government for attempting to prevent unpredictable and catastrophic care costs for people and introducing reforms to the sector where previous Governments failed to act. But it should be under no illusions that it has come close to rescuing social care, and needs to be open with the public that there is a long way to go. Ultimately, all our lines of inquiry returned to the same fundamental point: there is a large funding gap in adult social care that needs filling. This is not new information. In October 2020, the Health and Social Care

Committee estimated a funding gap of £7 billion to cover demographic changes, uplift staff pay in line with the National Minimum Wage, and to protect people who face catastrophic social care costs. We have not yet received an updated estimate of the funding gap to take into account immediate pressures and the Government's various policy reforms. £7 billion was just a starting point and would not address the growing problem of unmet need nor improve access to care, with the full cost of adequate funding likely to run to tens of billions of pounds. (Paragraph 38)

5. The covid-19 pandemic had the effect of raising public awareness of adult social care. It also achieved general support for a tax increase specifically to plug the long-standing funding gap. However, the Government has missed this opportunity. It has done so firstly by allocating the vast majority of the proceeds of its Health and Social Care Levy to the NHS, and secondly by in theory ringfencing what little funding it has allocated to adult social care for reforms rather than for cost pressures. Members of the public are seeing taxes on their payslips going to health and social care, yet we heard the money going to social care "won't touch the sides". (Paragraph 39)

6. We do not wish to pit the NHS and adult social care against one another. The two systems are interdependent and each needs to be adequately funded to reduce pressure on the other. *Wherever the money comes from—from allocating a higher proportion of levy proceeds to social care, or from central government grants—the Government urgently needs to allocate more funding to adult social care in the order of several billions each year, at least £7 billion.* (Paragraph 40)

7. We do not accept the Government's position that care providers should not be compensated for employer National Insurance Contributions in relation to the Health and Social Care Levy simply because they are, on the whole, private businesses. We heard again and again that there should be parity of esteem between the NHS and social care. Compensating the "health" component of the "Health and Social Care Levy" because it is a public sector employer while not doing so for the "social care" component only serves to reinforce the strongly felt notion that social care is the poor relation of the NHS. It also introduces unfairness between public and private care providers. The additional cost to private providers will make it harder for them to increase wages. This may lead to more care workers leaving the sector, many for jobs in the NHS. Furthermore, it is a perverse logic that care providers should have to undergo further financial strain by paying a tax that is supposed to be helping to relieve their financial strain. *Since the Health and Social Care Levy is supposed to benefit both health and social care, private care providers should be compensated for employer National Insurance Contributions to the Health and Social Care Levy.* (Paragraph 41)

Changing reforms

8. While the Government has provided funding for its charging reforms, we received many concerns that it has underestimated the combined cost of introducing a new cap and more generous means test, commencing Section 18(3) of the Care Act 2014 in respect of residential care, and the fair cost of care. It has since expressed its intention to stagger the rollout of Section 18(3), which may help to avert the worst-case scenario in terms of local authority capacity pressures and market sustainability. *The*

Government should re-evaluate the combined impact of its charging reforms, Section 18(3), and the fair cost of care, to take account of the staggered rollout of Section 18(3). It should regularly monitor take-up of Section 18(3) and update its models accordingly. The Government should provide further funding to local authorities, if necessary, on top of additional funding for underlying pressures. (Paragraph 59)

9. It is nevertheless disappointing that people currently living in and paying for residential care, whose payments before October 2023 will not count towards the cap, will now not be able to access local authority rates until 18 months later than they were originally told. *The Government should put every effort into heeding its commitment to rolling out Section 18(3) for those currently living in residential care earlier than April 2025.* (Paragraph 60)

10. While the changed timetable for rolling out Section 18(3) will help to stagger the additional assessments local authorities will need to conduct, we are nevertheless concerned about local authorities' capacity to conduct tens of thousands of additional assessments, particularly given the size of the backlog that already exists. We are further concerned that the Government's proposed workarounds will place additional strain on those requesting care and care workers, and could lead to an inconsistent service being provided and an increase in complaints. *The Government's re-evaluation of the combined impact of its charging reforms, Section 18(3), and the fair cost of care should include a revisiting of the recruitment and training needs of assessors.* (Paragraph 61)

11. *The Government should publish real-time and regular evaluation, both of the trailblazer scheme and of the charging reforms when they are rolled out more widely, so that local authorities can apply insights quickly and so that the Government can provide further funding in a timely manner where necessary should its modelling prove inaccurate to prevent further market instability.* (Paragraph 62)

12. Given the Government's investment in the fair cost of care, and our calls for further funding and for care providers to be compensated for their employer National Insurance Contributions of the Health and Social Care Levy, it is all the more important that the additional funding reaches the frontline. However limited tax avoidance and financial transparency in certain parts of the market are, they must be tackled. *The Government should bring forward proposals for both improving the financial transparency of providers and giving consumers transparency in respect of what the price for their care covers.* (Paragraph 63)

13. While achieving a fair price of care is vital, price should not be the driving factor in commissioning care. *Reforms in relation to improvement and market shaping should include a dedicated focus on outcomes-based commissioning, drawing on existing good practice by local authorities.* (Paragraph 64)

Local government finance

14. As well as the desperate human impact on those needing, receiving, and providing care, the underfunding of adult social care has led to many councils having to cut other public services in order to do their best to meet their care duties. The Government should address three core issues to improve the sustainability of

adult social care funding: the balance of funding sources, long-term planning and forecasting, and geographical distribution. (Paragraph 73)

15. We recognise the benefits of raising a proportion of funding for adult social care locally. As we have argued in previous reports, we support greater fiscal devolution. In finding the right balance of funding sources for adult social care, however, we are concerned by the increasing reliance on locally raised tax revenue as currently constituted. In our previous report on local authority financial sustainability and the section 114 regime, we recommended a variety of ways in which the mix of funding to local authorities could be improved, including: resetting business rates, implementing the Fair Funding Review, 75% business rates retention with additional funding put towards an equalisation grant, and revaluing council tax. For this inquiry, we heard that the amount that areas can raise through council tax is not related to need: often the places with the lowest income from council tax have a higher proportion of adults who are eligible for state support for their care. We also recognise that the decision to raise social care precept will become a harder sell for councils when residents have already seen their National Insurance Contributions increase to pay for health and social care. *In deciding how much additional funding to provide from the centre for adult social care, the Government must proceed with the aim of rebalancing the sources of funding so there is not such a reliance on council tax.* (Paragraph 74)

16. One-year funding settlements and short-term grants are hampering local authorities' ability to plan and to deliver value for money, which in turn affects local care markets as it makes it more difficult for local authorities to enter longer term contracts with providers. *The Government must provide a multi-year funding settlement to give local authorities the visibility they need both for their own sustainability and also to help shape sustainable local care markets. It should also aim to make announcements about grants and social care precept at an earlier stage in councils' budgeting cycle.* (Paragraph 75)

17. The geographical inequity of relying on council tax to provide the majority of funding for adult social care is compounded by an out-of-date adult social care relative needs formula. *The Government must update the adult social care relative needs formula by the next financial year. This should be implemented alongside the Fair Funding Review and council tax equalisation. Geographical fairness should also be taken into account in future allocations of Health and Social Care Levy funding.* (Paragraph 76)

18. The Department for Health and Social Care is drip-feeding numerous policy changes in adult social care, many of which are welcome, but many of which will have a significant impact on local authorities in terms of their spending and capacity. These include the cap and new means test, commencing Section 18(3) of the Care Act 2014 in respect of residential care, the fair cost of care, reforms in the People at the Heart of Care White Paper around housing, data, and assurance, and reforms in the Joining up Care for People, Places and Populations White Paper around health and care integration. We understand that local authorities are working closely with central government on these reforms. But we are concerned that the Government does not have a handle on what the total impact on local authorities will be. *The*

Government should publish a new burdens assessment by the end of the year to determine the level of resource needed by local government in terms of staff, expertise, and funding to deliver the full package of adult social care reforms. (Paragraph 77)

People at the heart of care: the direction of travel for reform

19. Stakeholders have called for adult social care reform for years, and we commend the Government for introducing many welcome initiatives such as around housing and data that could make a significant difference in the long-term. We are also pleased that many stakeholders welcome the Government's vision for what good care looks like and how care is experienced by those receiving care and their families. However, the Government currently has nothing more than a vision. We are alarmed that so much of the detail within the People at the Heart of Care White Paper has yet to be worked out, and that there is no roadmap, no timetable, no milestones, and no measures of success. We note that the Health and Social Care Committee has called for a 10-year plan for adult social care in three separate reports since October 2020. *The Government should publish a 10-year plan for how its vision in the People at the Heart of Care White Paper will be achieved, taking into account how the different policies interweave and affect one another. The plan should be co-produced with people with lived experience of receiving care and providing care, paid and unpaid. The Government should manage this set of reforms, alongside charging reforms, as a programme, and identify a Senior Responsible Officer. It should publish key milestones, a timetable, and measures of success, and report annually on progress to Parliament.* (Paragraph 85)

20. The lack of information about how the reforms add up to £5.4 billion, why each reform was allocated the amount it was allocated, and how funding will be distributed, does little to instil confidence that the Government has thought through its plans. We have expressed our concerns numerous times about the unrealistic demands of requiring councils to compete for relatively small pots of funding, which larger and better funded authorities can win. *The Government's response to our report should include a full breakdown of how the £5.4 billion from the Health and Social Care Levy will be divided between the different reforms with a rationale for each amount, including why some amounts are "at least" and others are "up to". It should also set out how each pot of funding will be distributed, avoiding using bids as a means of allocating grants as much as possible, and providing justification for any element of competition.* (Paragraph 86)

21. Given how fundamentally social care policies made by DHSC affect local authorities' capacity, budgets, and residents, it is vital that DHSC and DLUHC work together closely on developing and delivering such policies. We were struck by the discrete division of answers to questions by Ministers, who rarely supplemented one another's answers, and the separate follow-up letters that we received. *The Government's 10-year plan should be developed jointly between DHSC and DLUHC, with relevant input from the Department for Work and Pensions. We expect the Government response to our report to show clear evidence of joint working from the departments, rather than discrete sections according to the departments' separate remits.* (Paragraph 87)

Housing and Planning

22. We welcome the Government's commitment to "making every decision about care is a decision about housing", but we are concerned that currently the Government is not putting this into practice. The detail on the housing policies in the People at the Heart of Care White Paper and how their funding will work have not been shared. We welcome the creation within DLUHC of a taskforce for housing for older people, but it is not clear what the read across will be to policies in the People at the Heart of Care White Paper. We are also concerned by an apparent lack of joined-up working both between DHSC and DLUHC—and within DLUHC—on housing, planning, and social care. This is not intended as a criticism of Ministers, but of the siloed working that this suggests both within DLUHC and across DHSC and DLUHC. (Paragraph 98)

23. *The Government should create a separate taskforce for housing for working age disabled adults alongside the taskforce for housing for older people. Both taskforces should be accountable to both DLUHC and DHSC and should report to the Senior Responsible Officer for the People at the Heart of Care programme. Their terms of reference should be developed with input from the Local Government Association and housing stakeholders and should set out the taskforces' interconnection with housing proposals in People at the Heart of Care.* (Paragraph 99)

24. Despite guidance from the Government on planning for housing for older and disabled people, not enough councils are producing plans or conducting sufficiently robust housing needs assessments. *The Government should consider introducing statutory requirements for local authorities to produce plans for housing for older and disabled people based on assessments of housing need. These plans should contain a range of types of accommodation.* (Paragraph 100)

25. *The Government should consult on whether one or more Use Classes or sub-classes should be introduced in order to unlock more development of different types of accommodation that is suitable for older and disabled people, and meets the demand within communities.* (Paragraph 101)

Workforce

26. The Minister for Care and Mental Health asserted that the chapter on the workforce in the People at the Heart of Care White Paper is the Government's social care workforce strategy, but the number of further calls for a social care workforce strategy that have been made since the White Paper's publication clearly indicates that the contents of that chapter do not amount to a strategy, or are not what the sector expected to see from one. *The Government should publish a 10-year strategy for the adult social care workforce. It should develop the strategy in collaboration with care workers, providers, local government, the NHS, unpaid carers, and people receiving care. The strategy should not just be a wish-list but needs to be a clear roadmap with core milestones, outcomes, and measures of success. We agree with the Government that retention should be a key performance indicator, but it is important that measures of success also include opportunities for progression, reduced prevalence of zero-hour contracts, and whether care workers feel valued for the highly skilled nature of their work.* (Paragraph 117)

27. We heard repeatedly that an absolutely critical lever for stabilising the adult social care market was tackling staff shortages and low retention. This would widen access to care and help to give unpaid carers a much-needed break. There is also the very real risk that the Government's charging reforms do not immediately improve matters, for instance by drawing more people into the care system without having enough workers to deliver the care for which these people will now be eligible. We were repeatedly told that the solution is to increase wages. It is little consolation to hear from the Minister for Care and Mental Health that only a fifth of the workforce is on the National Minimum Wage when we know how many workers are leaving the sector for higher paid jobs in other sectors, and that the sector struggles to compete with the NHS. While increasing wages would come at a cost, we were encouraged to see this as an investment because of the connection between wages and quality of care, the extra spending in our economy by better paid care workers, and the cost savings of retaining staff over having to hire more expensive agency staff. *The Government's proposals for health and care workforce integration in the Joining up Care for People, Places and Populations White Paper are welcome, but they must include a requirement to work towards achieving parity of pay for comparable roles across the NHS and social care. The Government's guidance for fair cost of care exercises should require councils and providers to move towards pay rates for care workers that align with the NHS and that reward more senior staff with meaningfully higher pay than entry level workers.* (Paragraph 118)

28. We welcome the addition of care workers, care assistants and domiciliary care workers to the Shortage Occupation List, acknowledging that these roles are in short supply within the UK resident labour market. *The Government should monitor the impact of adding care workers to the Shortage Occupation List on vacancies and be prepared to extend the visa period beyond 12 months, to lower the salary threshold, or both.* (Paragraph 119)

Unpaid carers

29. Our broken care system is held up by unpaid carers doing vital work out of love and pride. The cost to them can be financial, physical, and emotional. The cost to our economy of carers leaving the workforce is over £3 billion each year—money that could be invested in adult social care. We recognise that some of the proposals in the White Paper will benefit carers, such as around technology and innovation. However, we think that £25 million over three years is a totally inadequate amount to allocate to initiatives to support carers, whose contribution to the UK economy is estimated by Carers UK at £132 billion a year. £25 million will do little to assure carers that their contribution is valued by the Government. (Paragraph 128)

30. The Government claims "the money is there" to support carers' breaks, but the evidence we received is that not enough carers are getting a break. There are many carers who have not had a break since the start of the pandemic. Providing intimate care, under pressure, for such a prolonged period, is bound to have an impact on a person's mental and physical health. *It is imperative that the Government announce additional ringfenced funding to enable more carers to take a break this year.* (Paragraph 129)

31. We recognise that it is not always easy to engage with people who do not identify as "carers", but more must be done to ensure that carers receive the support to which they are entitled, and that the support they receive is useful to them. All carers are legally entitled to a carers assessment, but under the current arrangements it seems that only 1 in 4 has received one. This is not acceptable. *The Government should carry out a review of carers assessments, including of the terminology, co-produced with carers. The new assurance framework should include a requirement to report on the number of carers assessments conducted by local authorities, from which targets should be set in alignment with the workforce strategy we have recommended. Consideration should also be given to how the new data framework can help to identify carers.* (Paragraph 130)

Health, care, and housing integration

32. During this inquiry we heard about a proposal for a national care service, under which health and social care would be delivered by the same organisation. This would be similar to systems in place in Northern Ireland and Wales. This proposal was roundly dismissed by our witnesses. We support the Government's policy of getting health and care to work better together at a local level, which is far more preferable than a massive reorganisation to create a national care service. (Paragraph 141)

33. We welcome the Joining up Care for People, Places and Populations White Paper and commend the Government for making the integration of health and social care a policy priority. We particularly welcome the Government's ambitions around shared outcomes, workforce integration, and ensuring every citizen has a shared care record by 2024. However, we are concerned that inconsistent geographical boundaries could result in gaps which could also hinder the successful pooling of budgets. *In Spring 2023 the Government should review how many places have established governance and accountability models and their geographical footprints, and should work with local partners to modify boundaries if necessary to ensure all citizens can benefit from effective arrangements. The Government should also publish without delay its review of the arrangements that govern pooled budgets under Section 75 of the NHS Act 2006. The Government should seek to enable localised place-based arrangements between the NHS and individual councils, and pool budgets on that basis.* (Paragraph 142)

34. Integration strategies should seek to integrate not just health and care but health, care and housing. Ensuring there is holistic care that fits around a person's needs includes preventing care needs from arising by having suitable housing, enabling people to live independently in their own homes, and ensuring that people receive the right care and support in the right setting, recognising that most people who receive care do so in their own home. Getting housing arrangements right for people is an essential part of the equation. *We recommend that integrated health strategies have proper regard to a person's housing needs as part of their care provision.* (Paragraph 143)

35. Barriers to data-sharing between health and social care have been a long-standing challenge, so we particularly welcome the Government's ambition to have shared care records for all citizens by 2024. It is vital that this ambition becomes a reality.

The Government should set up pilot schemes for shared care records, co-produced with people receiving care, carers, and care workers, and should report regularly on progress towards its 2024 target. Beyond 2024, the Government should publish annually the proportion of citizens who have shared care records and take steps to address any areas with particularly low take-up. (Paragraph 144)

36. We are not reassured by the Director General for Adult Social Care's comments that some places have found ways to continue discharge to assess funding from their own funding streams, not least by her admission that these workarounds are only short-term and only "for the bits of it they think are vital". The discharge to assess funding was an excellent example of effective health and care integration. *Given the fragile state of adult social care and the magnitude of the NHS elective backlog, discharge to assess funding should be continued in order to help build back better.* (Paragraph 145)

Formal minutes

The following declarations of interest were made at meetings relating to the long-term funding of adult social care:

25 October 2021

Clive Betts declared that he was a Vice-President of the Local Government Association (also declared on 29 November, 13 December, 25 April and 23 May).

Brendan Clarke-Smith declared that he employed councillors in his office (also declared on 29 November and 13 December).

Andrew Lewer declared that he was a Vice-President of the Local Government Association (also declared on 25 April and 23 May).

Matt Vickers declared that he had links to local councils.

Bob Blackman declared that he was a Vice-President of the Local Government Association, employed a councillor in his office, and his sister worked in the social care sector (also declared on 29 November, 13 December, and 25 April).

Mary Robinson declared that she employed a councillor in her office (also declared on 29 November, 13 December and 23 May).

Ian Byrne declared that he was a councillor in Liverpool (also declared on 29 November and 13 December).

Rachel Hopkins declared that she was a Vice-President of the Local Government Association and employed a councillor in her office (also declared on 29 November and 13 December).

Florence Eshalomi declared that she was a Vice-President of the Local Government Association (also declared on 29 November, 25 April and 23 May).

29 November 2021

Mohammad Yasin declared that he was a member of the Bedford Town Deal Board (also declared on 13 December and 25 April).

Ian Byrne declared that he employed a councillor in his office (also declared on 25 April and 23 May).

Matt Vickers declared that he was a former councillor, had family members who were councillors, and employed councillors in his office.

25 April 2022

Ian Byrne declared that he had a family member who was a councillor.

Kate Hollern declared that she employed a councillor in her office (also declared 23 May).

Bob Blackman declared that he previously had a family member who was a resident of a care home.

Darren Henry declared that he had family members who receive residential care (also declared on 23 May).

23 May 2022

Darren Henry declared that he employed a councillor in his office.

Ben Everitt declared that he employed a councillor in his office.

Monday 18 July 2022

Members present:

Mr Clive Betts, in the Chair

Bob Blackman

Sara Britcliffe

Ian Byrne

Florence Eshalomi

Ben Everitt

Darren Henry

Kate Hollern

Mary Robinson

Mohammad Yasin

Draft report (Long-term Funding of Adult Social Care) proposed by the Chair, brought up and read.

Ordered, That the report be read a second time, paragraph by paragraph.

Paragraphs 1 to 145 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 20 July at 9.30am]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Monday 25 October 2021

Stephen Chandler, President, Association of Directors of Adult Social Services; **Cllr Tim Oliver**, Chair, County Councils Network — Q1–31

Steve Scown, Group Chief Executive, Dimensions UK; **Jane Ashcroft CBE**, Chief Executive, Anchor; **Dr Jane Townson**, Chief Executive, Homecare Association — Q32–50

Monday 29 November 2021

Brian Dow, Deputy CEO, Rethink Mental Illness; **Emily Holzhausen**, Director of Policy and Public Affairs, Carers UK; **Jackie O'Sullivan**, Co-Chair, Care and Support Alliance — Q51–79

Fazilet Hadi, Head of Policy, Disability Rights UK; **Ruthe Isden**, Head of Health and Care, Age UK; **James White**, Head of Public Affairs and Campaigns, Alzheimer's Society — Q80–103

Monday 13 December 2021

Sally Warren, Director of Policy, King's Fund; **Natasha Curry**, Deputy Director of Policy, Nuffield Trust; **Charles Tallack**, Assistant Director for the REAL Centre, Health Foundation — Q104–127

Chris Smith, Executive Director of Business Growth, Thirteen Group; **Paul Teverson**, Director of Communications, McCarthy Stone; **Sue Ramsden**, Policy Leader, National Housing Federation — Q128–147

Professor Philip Booth, Senior Academic Fellow, Institute of Economic Affairs; **Dr Eleanor Roy**, Policy Manager Health and Social Care, Chartered Institute of Public Finance and Accountancy (CIPFA) — Q148–169

Monday 25 April 2022

Sarah Pickup, Deputy Chief Executive, Local Government Association (LGA); **Gavin Edwards**, Senior National Officer for Social Care, UNISON; **Adrian Jenkins**, Director, Pixel Financial Management Ltd — Q170–214

Monday 23 May 2022

Kemi Badenoch MP, Minister for Levelling Up Communities, Department for Levelling Up, Housing and Communities; **Alex Skinner**, Director of Local Government Finance, Department for Levelling Up, Housing and Communities; **Gillian Keegan MP**, Minister for Care and Mental Health, Department of Health and Social Care; **Michelle Dyson**, Director General for Adult Social Care, Department of Health and Social Care — Q215–323

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

ASC numbers are generated by the evidence processing system and so may not be complete.

1 ADASS (ASC0070)

2 ALTER (ASC0009)

3 ARCO (Associated Retirement Community Operators) (ASC0016)

4 Adam Smith Institute (ASC0019)

5 Age UK (ASC0055)

6 Alzheimer's Society (ASC0065)

7 Anchor Hanover (ASC0008)

8 Association of British Insurers (ASC0041)

9 British Medical Association (ASC0054)

10 Bupa Care Services (ASC0071)

11 Button, David (Chair, Norfolk Older People's Strategic Partnership) (ASC0028)

12 Campaign to Save Mental Health Services in Norfolk and Suffolk (ASC0038)

13 Care Association Alliance; Bedfordshire Care Group; Berkshire Care Association; Bradford Care Association; Care and Support West; Cornwall Partners in Care; Derbyshire Care Association; Devon Care Homes Collaborative; Dorset Care Association (ASC0058)

14 Care England (ASC0018)

15 Care and Support Alliance (ASC0011)

16 Centre for International Corporate Tax Accountability and Research, CICTAR (ASC0072)

17 Chartered Insitute of Housing (ASC0057)

18 Chartered Institute of Public Finance and Accountancy (CIPFA) (ASC0005)

19 County Councils Network (ASC0049)

20 Department of Health and Social Care (ASC0043)

21 Dimensions (ASC0052)

22 Disabled People Against Cuts (DPAC) (ASC0015)

23 Ealing Reclaim Social Care Action Group (ERSCAG) (ASC0044)

24 East Sussex County Council (ASC0021)

25 Essex County Council (ASC0042)

26 Fairmont Residential Ltd (ASC0002)

27 Feguson, Bob (ASC0001)

28 Gibson, Verity (Retired Local Government Social worker and Manager) (ASC0030)

29 Health for Care coalition (ASC0036)

30 Home Instead (ASC0031)

31 Inclusion London (ASC0006)

32 Independent Age (ASC0024)

33 Later Life Ambitions (ASC0062)

34 Leicester County Council (ASC0045)

35 Local Government Association (ASC0013)

36 Local Government Association (LGA) (ASC0076)

37 Local Government and Social Care Ombudsman (ASC0032)

38 London Councils (ASC0073)

39 MS Society (ASC0027)

40 McCarthy Stone (ASC0003)

41 Mencap (ASC0061)

42 Metropolitan Thames Valley (ASC0051)

43 National Care Forum (ASC0067)

44 National Housing Federation (ASC0034)

45 Norfolk Care Association (ASC0020)

46 Nottinghamshire County Council (ASC0064)

47 Papworth Trust (ASC0047)

48 Pixel Financial Management Ltd (ASC0077)

49 Porter, James (ASC0039)

50 Reclaiming Our Futures Alliance (ROFA); and National Independent Living Support Service (ASC0026)

51 Rethink Mental Illness (ASC0075)

52 Shelton, Mrs Gemma (Interim Group Manager (Head of Quality and Contracting) , Nottinghamshire County Council) (ASC0014)

53 Skills for Care (ASC0060)

54 Society of County Treasurers (ASC0022)

55 Stubenbord, Rev Jess (Retired, Church of England) (ASC0012)

56 Surrey County Council (ASC0029)

57 The Disabilities Trust (ASC0048)

58 The Guinness Partnership (ASC0074)

59 The Health Foundation (ASC0063)

60 The King's Fund (ASC0033)

61 The Nuffield Trust (ASC0068)

62 The Working Group of the All Party Parliamentary Group (APPG) for Adult Social Care (ASC0040)

63 Thirteen Group (ASC0053)

64 Tower Hamlets Council (ASC0066)

65 UNISON (ASC0046)

66 United Kingdom Homecare Association (ASC0023)

67 United for All Ages (ASC0025)

68 Voluntary Organisations Disability Group (ASC0056)

69 Williams, Cllr Adele (Portfolio Holder for Adult Care and Local Transport, Nottingham City Council) (ASC0059)

70 Yeandle, Professor Sue (Professor of Sociology and Director of CIRCLE, Centre for International Research on Care, Labour and Equalities (CIRCLE) - Univeristy of Sheffield); Professor Jon Glasby (Professor of Health and Social Care and Director of IMPACT (Improving Adult Care Together), University of Birmingham); and Professor Matt Bennett (Professorial Research Fellow, Centre for International Research on Care, Labour and Equalities (CIRCLE) - Univeristy of Sheffield) (ASC0035)

Correspondence

71 Care England (1)

72 Chartered Institute of Public Finance and Accountancy (1)

73 Department for Health and Social Care (1), (2)

74 Department for Levelling Up, Housing and Communities (1), (2)

75 Local Government Association (1)

76 McCarthy Stone (1)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2022-23

Number	Title	Reference
1st	The regulation of social housing	HC 18

Session 2021–22

Number	Title	Reference
1st	The future of the planning system in England	HC 38
2nd	Local authority financial sustainability and the section 114 regime	HC 33
3rd	Permitted Development Rights	HC 32
4th	Progress on devolution in England	HC 36
5th	Local government and the path to net zero	HC 34
6th	Supporting our high streets after COVID-19	HC 37
7th	Building Safety: Remediation and Funding	HC 1063
8th	Appointment of the Chair of the Regulator of Social Housing	HC 1207

Session 2019–21

Number	Title	Reference
1st	Protecting rough sleepers and renters: Interim Report	HC 309
2nd	Cladding: progress of remediation	HC 172
3rd	Building more social housing	HC 173
4th	Appointment of the Chair of Homes England	HC 821
5th	Pre-legislative scrutiny of the Building Safety Bill	HC 466
6th	Protecting the homeless and the private rented sector: MHCLG's response to Covid-19	HC 1329
7th	Cladding Remediation—Follow-up	HC 1249