



## House of Commons

### Communities and Local Government Committee

#### Executive Summary: Adult Social Care

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##### Key facts

- Fewer than one in twelve Directors of Adult Social Care are fully confident that their local authority will be able to meet its statutory duties in 2017–18 (Paragraph 13)
- 28% of care services are inadequate or require improvement (Paragraph 18)
- Some councils pay £2.24 an hour for residential care (Paragraph 42)
- 96% of people paying for their own care pay on average 43% more than state funded residents in the same home for the same room and the same level of care (Paragraph 53)
- The turnover rate for nurses working in social care is 35.9% (Paragraph 78)
- 47.8% of care workers leave within a year of starting (Paragraph 78)
- The median hourly pay for a care worker is £7.40 (Paragraph 80)
- 160,000 to 220,000 care workers in England are paid below the national minimum wage (Paragraph 81)
- 49% of home care workers are on zero hour contracts, compared with 2.9% of the workforce nationally (Paragraph 85)
- 27% of care workers received no dementia training and 24% of those who administer medication were not trained to do so (Paragraph 86)
- Between 2010–11 and 2013–14, the number of unpaid carers increased by 16.5%, while the general population grew by 6.2% (Paragraph 102)
- In Leicester, although 30,000 people identified themselves as a carer in the 2011 Census, only 2,200 carers were in contact with the council (Paragraph 107)
- One in five unpaid carers providing 50 hours or more of care each week receives no practical support from the local authority (Paragraph 110)

This report should be read with Adult social care: a Pre-Budget Report. Taken together these reports describe the funding pressures on adult social care and their very serious consequences, and make the case for immediate extra funding. In addition, this report explores progress on integration of health and social care services and innovation in the provision of social care. We also set out what needs to happen to ensure that social care is funded sustainably in the medium and long terms.

## The impact of funding pressures on adult social care

We believe that inadequate funding very seriously affects the quantity and quality of care that is being provided to people, the National Health Service, care providers, the care market, the way that care is commissioned and the workforce and unpaid carers. We examine the evidence in paragraphs 8 to 119, and conclude that constraints on funding have led to:

- Councils providing care and support to fewer people and concentrating it on those with the highest needs.
- Care becoming the minimum required for a person to get through the day.
- A deterioration in the overall quality of care, which is likely to continue.
- Increases in the number of delayed discharges from hospital and in emergency admissions, related to councils increasingly directing their resources towards services for people with higher levels of need rather than preventative services.
- Serious threats to care providers' financial viability, which mean providers failing, exiting the market and handing back contracts for provision of care services.
- Reliance by care providers on their privately paying clients to subsidise local authority funded clients by paying higher costs for the same care.
- Increase in demand, problems with supply and significant shortages in the workforce, which have affected the stability of the care market.
- The undermining of councils' abilities to fulfil their duties to shape the care market in order to provide diverse and high quality care for all people in their area.
- The pursuit of low fees becoming the driving factor in commissioning for many councils, undermining their relationships with care providers.
- Severe challenges in the care workforce, manifested in high vacancy and turnover rates, which result from low pay not reflecting the amount or importance of the work involved, poor employment terms and conditions, lack of training and lack of opportunities for career progression.
- Increasing reliance on unpaid carers, who are providing more hours of higher level care as councils have reduced the amount of care they provide.

- Councils being unable to fulfil their statutory duties to identify, assess and meet carers' needs for support, which has consequences for carers' health and well-being and their ability to stay in work.

This is why, in our Pre-Budget Report, we recommended that **extra funding (in the form of the £1.5 billion 2019–20 tranche of the improved Better Care Fund) should be made immediately available to meet the shortfall in 2017–18** and that the **Government should commit to closing the adult social care funding shortfall for the years to 2019–20, in line with the amount that the National Audit Office estimates is needed.** While we welcome the Government's commitment to provide an additional £2 billion for social care over the next three years, this falls short of the amount we believe is required to close the funding gap.

We recognise that increased funding alone is not the solution, and make a range of other recommendations ([which are set out in full at the end of this report](#)) for action. Our key recommendations concern care commissioning, monitoring of care services, and the workforce:

### **Care commissioning**

Councils are required to facilitate and promote high quality care, personalised care and support for all people in their local area, including self-funders, through their market shaping and commissioning activities. We found that funding pressures are undermining the relationships between councils and providers, thus affecting councils' ability to work with them to shape the market. Funding pressures have similarly affected the commissioning process for both councils and providers, with the pursuit of low fees becoming the driving factor in commissioning for some councils. We also heard evidence from providers about poor commissioning practice, unfair contracts and depleted commissioning teams.

- **The Care Quality Commission (CQC) should oversee the market shaping, commissioning and procurement activities of councils.**
- **A standard process both for assessing the costs of care, taking into account local variations in wage rates, and for setting fair prices that reflect costs, would help guide local authorities in setting fees.**

### **Monitoring**

The evidence we heard suggested that not all councils routinely monitor the care services they procure to ensure that they are sufficient to meet people's needs, or are of a high enough quality and adequately resourced, for example to pay for care workers' travel time and 'sleep ins'.

- **Councils should annually audit the services they commission, should regularly carry out spot checks to ensure that people are actually receiving the care they require and ensure that providers are paying staff the national minimum wage, covering care workers' travel time, travel costs and 'sleep ins'. The CQC should oversee councils' monitoring arrangements.**

## **The workforce**

The high vacancy and turnover rates, particularly among nurses in social care, point to severe challenges in the social care workforce. We heard that a range of factors contributed to these. These included low pay not reflecting the amount or importance of the work involved, low status, poor terms and conditions, and lack of training opportunities and career progression.

- **The Government, working with the Local Government Association, should publish a care workers' charter, which would set out what care workers can expect from their employer on wage levels, employment terms and conditions, training and career development.**
- **To ensure a high quality and sustainable workforce which keeps pace with demographic change, the status of care work must be improved. Better pay, commensurate with skills and responsibilities, and better terms and conditions, including pensions, will be part of this, as will the development of a strong career structure—from apprenticeship to registered nurse—and centrally delivered training with national standards and qualifications, similar to the NHS Knowledge and Skills Framework.**

## **Organisation of health and social care services**

The complexity of the social care system and its interaction with the NHS and other services, such as housing and benefits, is very clear. The evidence we received highlighted the Disabled Facilities Grant as an example of how the structure of the system hindered service delivery, and we look at this in detail in paragraphs 122 to 124. Integration of health and social care services aims to reduce complexity by streamlining services, as well as improving people's outcomes and achieve efficiencies.

### ***Integration: closer working between health and social care***

We believe that integration of health and social care has great potential and that it is the right direction of travel, given the increasing demand for services and the need to improve patients' experiences and ensure they are at the centre of how care is organised. However, we found that:

- The time needed for such large-scale changes to take place is significant—we heard that it could take up to ten years to achieve the necessary cultural and system changes;
- Progress, which is dependent on good local relationships between health and social care, varies across the country;
- There were various barriers to integration—including organisational differences between the NHS and local government; different payment systems; different regulatory, performance and outcome frameworks; workforce challenges and lack of funding for social care; and
- There is little evidence on the benefits of integration, both in terms of patient outcomes and efficiency savings.

**We therefore recommend that the Government be more realistic in its expectations for integration and that it addresses the barriers to integration by, for example, setting out a strategy with Skills for Care and Health Education England, for aligning the health and social care workforces.**

We believe that the inclusion of local councils in planning for integration will result in integration of more services, such as housing, benefits and public health services, leading to better experiences and outcomes for people who use them. **We recommend therefore that decisions on pooling health and social care budgets should be made locally and that local government should be involved in the commissioning of local health services to ensure that decisions about local health services are informed by local needs and existing local public services.**

### ***Innovation***

We approached innovation in the light of the other evidence we heard about funding pressures, demographic change and the difficulties presented by the structure of the system. We found that funding constraints and demographic pressures are acting as a driver for some councils to innovate and change the way they deliver care. However, due to budget pressures, most councils are in panic mode and are not ready to rethink the way they do things. **We recommend that the Government should create an innovation fund to encourage and give councils the capacity to consider how innovative approaches could be applied in their local area, including alternative models of care, such as the Shared Lives scheme.**

### ***Future funding***

We believe that serious consideration must be given to how social care will be funded once reforms to local government finance have taken effect (i.e. 2019–20 and beyond) and in the much longer term (from 2030), taking into account current demographic trends.

### ***2019–20 onwards***

From 2019–20, local government will retain 100% of business rates, leading to a rise in its funding levels by £12–13 million, the transfer of additional responsibilities to ensure the reforms are fiscally neutral and the ending of Revenue Support Grant (RSG). In our Pre-Budget report, we presented estimates ranging from £1.1 billion to £2.6 billion for the funding gap in social care by 2019–20 and requested that the National Audit Office make an independent determination of the shortfall.

Once RSG has been phased out, councils' main sources of discretionary funding will be council tax and business rates. Much of the evidence we received highlighted the fact that, growth in council tax and business rates income was unlikely to match demand for social care, particularly in deprived areas with higher levels of need. We recommend that:

- **Local government should be allowed to use some of the additional revenue that results from 100% retention of business rates, according to need, to close any funding shortfall in social care in 2019–20, before being allocated new responsibilities.**

- **Given that council tax and business rate income will not meet current and future demand for social care, funding should be made available for adult social care via a central government grant linked to need and rising demand.**

### ***A long-term solution***

We believe that, after successive attempts at reform and in the context of ever-increasing demographic pressures on the system, there is an urgent need for a review of how to fund social care in the long term. The evidence we received suggested that, to ensure success, it would need to be inclusive and attract wide public backing, and our visit to Germany showed that cross-party political support, which was key to securing their reforms, is vital. We also heard that the review must be ambitious and consider taking funding from a wide range of sources, including how each of us contributes towards the cost of our own care.

We welcome the Government's announcement of a Green Paper on the long-term funding of social care. We recommend that it:

- **Involves political parties across the spectrum, together with the social care sector and the wider public, in the process of reaching a solution.**
- **Proceeds on the basis that 'all options are on the table' and considers taking funding from a wide range of sources, including hypothecating national taxation (income tax, National Insurance Contributions, asset taxes, inheritance tax) and all age-related expenditure (the state pension, including the funding for the triple lock pension guarantee, winter fuel allowance, concessionary bus fares, free prescriptions and, indirectly, TV licences). The Green Paper should also look at the role of local taxes in funding social care, as well as how individuals should make financial contributions to the costs of their care.**
- **Takes into account the range of uses for which social care funding is required. Over the course of this inquiry, we have identified these as including:**
  - **Care and support, including meeting people's needs for care and support; preventative care and early intervention; and assessments for carers, leading to the provision of support for carers.**
  - **Payment of fees to providers, which contribute to: the wages of the care workforce, as well as holiday, sickness, pension and travel costs; their training, qualifications and career development, including measures to enhance the status of the care workforce; and meeting providers' business costs and generating profit to invest in their capital assets and the workforce.**

### **Conclusion**

The Government needs to take three urgent steps with regards to the funding of social care: address the funding pressures being felt now; ensure that funding for social care is linked to need and rising demand following the reforms to local government finance; and, based on cross-party and public support, find a lasting way of funding social care sustainably

in the long-term. Recognising that increased funding alone is not the only solution, we also make a range of other recommendations for action, namely on care commissioning, monitoring of care services, and the workforce. We will review the scope of the Green Paper when it is published later this year and consider whether a further inquiry into any of the issues it raises is needed.