



Government Response to the Communities and Local Government Select Committee Report: Adult Social Care

Presented to Parliament
by the Secretary of State for Communities and Local Government
by Command of Her Majesty

October 2017

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Introduction

1. Further to its Inquiry to examine the financial sustainability of adult social care, the Communities and Local Government Select Committee published an Interim, pre-Budget report, on 4 March 2017 followed by a second report on 31 March 2017.

2. The Government welcomes the reports and has considered the recommendations carefully.

Background

3. Adult social care is a key priority for this Government. It is critical in enabling people to retain their independence and dignity. This is why, against the context of improving the sustainability of public sector finances, Local Government has taken steps to prioritise social care services.

4. The 2015 Spending Review carefully assessed the pressures on adult social care services – as a result, the Government gave councils flexibility to raise council tax to fund adult social care and introduced the improved Better Care Fund, worth £1.5 billion by 2019-20. On top of that, an additional £2 billion was given to councils at Spring Budget 2017 to tackle the immediate funding pressures which were highlighted by the sector and in this Committee's pre-Budget report. As a result, local government will be able to increase spending on adult social care in real terms in each of the next three years.

5. In addition, we remain committed to the vision of improved person-centred care and the closer working between health and social care which this requires. Achieving this takes time and will look different in different places. Many areas have made great progress and we are keen to understand the common enablers and barriers to progress in order to understand better where Government can take action.

6. The Government recognises that the ageing population presents one of the most profound challenges we face as a nation. It raises critical questions as to how we as a society enable all adults to live well into later life and how we deliver sustainable public services that support them to do so.

7. This is why, in the Queen's Speech the Government committed to work to improve social care and to bring forward proposals for consultation. The consultation will set out options to improve the social care system and to put it on a more secure financial footing, supporting people, families and communities to prepare for old age, and address issues related to the quality of care and variation in practice. We will provide further details on the next steps on social care in due course.

Recommendation 1

We therefore urge all councils to consider how to identify unmet need and to put arrangements in place for this. This will help to build up a national picture of unmet need and inform overall funding decisions. (Paragraph 16)

8. The Government notes this recommendation.

Recommendation 2

The Government should provide extra funding to increase social care provision in order to relieve pressure on the NHS, as recommended by the Health Committee in its report of October 2016 on winter pressures in accident and emergency departments. (Paragraph 36)

9. The stability of the social care sector is a key Government priority. Consequently, at the Spring Budget 2017 the Government announced that it was providing an additional £2 billion to councils in England for social care.

10. The system has agreed spending plans and put in place actions to make use of the £1 billion provided in 2017-18 to meet the three purposes of the funding:

- meeting adult social care needs;
- reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready; and,
- ensuring that the local social care provider market is supported.

11. This is in addition to the council tax flexibility given to local authorities who are responsible for social care, to raise additional funding to spend exclusively on adult social care.

Recommendation 3

The Government, working with the Local Government Association, should increase efforts to share examples of best practice, including the use of reablement beds. (Paragraph 39)

12. The LGA is currently collecting examples of emerging practice around the High Impact Changes, which it presented in September at two events showcasing good practice. It also intends to publish a wider selection of good practice in the autumn based around the eight High Impact Changes. National partners contribute to range of national offers around Delayed Transfers of Care (DTC), for example: 'Developing trusted assessment schemes: essential elements' (NHS Improvement July 2017) which signposts to case studies and other support tools.

13. Examples of best practice in integrated care are shared through a number of channels, including the Better Care Fund bulletin, a weekly e-newsletter sent by the Better Care Support team, providing updates on integration and the BCF for health and local government colleagues involved in the planning and delivery of the BCF. There are currently over 2,700 subscribers to this bulletin.

14. This is in addition to other Better Care Support Programme work, and the Care and Health Improvement Programme, which is funded by the Department of Health. Through this, the Local Government Association (LGA) has developed an online integration library, with case studies on a range of issues and enablers.

Recommendation 4

The Government should take steps to resolve the uncertainty over paying for sleep in shifts and confirm the approach to paying for sleep in shifts. Furthermore, the Government should, with the HMRC, find a solution to the payment of back pay for sleep ins which avoids severe financial consequences on care providers. (Paragraph 46)

15. Following this report Government made announcements in July and September on this issue. Government expects all employers to pay their workers according to the law, including for sleep-in shifts, as set out in guidance entitled 'Calculating the National Minimum Wage'.

16. Government is committed to creating an economy that works for everyone, and ensuring workers are paid fairly according to the law, including the National Minimum Wage.

17. In July Government announced that it would:

- waive historic financial penalties owed by employers who underpaid their workers for overnight sleep-in shifts before 26 July 2017; and
- temporarily suspend HMRC enforcement activity concerning payment of sleep-in shifts by social care providers until 2 October 2017.

18. Over the summer, Government worked with representatives of the social care sector to understand how liabilities of back pay for "sleep-in" shifts impact the provision of care for vulnerable people.

19. The organisations that were able to participate have allowed the Government to form a clearer picture of the likely impact on the social care sector, recognising that the timescales involved meant that many were not able to contribute. Government recognises the pressures these liabilities are placing on providers of social care, and the Government is exploring options to minimise any impact on the sector.

20. Any support that Government provides directly to external organisations may be subject to the approval of the European Commission under EU State Aid rules. The conditions for offering any Government support to private organisations will always need to be made on the basis of a strong understanding of the market and a clear justification for action, based on need and value for money considerations. This means any intervention will need to be proportionate and necessary.

21. The Government intends to continue to strengthen the evidence base, engaging more widely with the social care sector to build on the work begun over the summer, and have discussions with the European Commission as required.

22. While this work is conducted, HMRC will follow an interim enforcement approach for employers in the social care sector. The approach will include HMRC providing additional time and support, where appropriate, to providers to enable employers to review their own compliance in relation to “sleep-in” shifts and ensure workers receive arrears owed.

23. Guidelines on this new approach will be published in the next month. The suspension of HMRC enforcement measures announced on 26 July will remain in place for up to another month until the new enforcement approach is launched.

Recommendation 5

Central government should take responsibility for funding the costs to local authorities linked to care of initiatives such as the National Living Wage. (Paragraph 51)

24. The 2015 Spending Review looked at the pressures on Local Government over the Spending Review period and particular attention was paid to adult social care services.

25. Spending Review decisions on social care services took into account a range of financial and economic factors, including:

- Independent academic modelling of future demand for services;
- Projections and data including on the National Living Wage from the Office of Budget Responsibility and Skills for Care;
- GDP deflators for inflation;
- Consideration of the potential for efficiencies & savings, based on a range of sources.

26. The Government’s analysis of demand for adult social care is informed by work undertaken by academic experts in the field, notably the Personal Social Services Research Unit, which produces future projections of disability amongst older people. Their models were developed under a programme of research funded by the Department of Health and other funding agencies.

27. In addition the Department for Communities and Local Government, the Department of Health and HM Treasury worked closely together throughout the pre-Spending Review period to share analysis and understanding of how local authorities had managed through the earlier Spending Review period.

28. The Department of Health also undertook work with internal analysts and independent consultants to develop case studies of local areas to understand the savings that councils had already made the impact of savings and the potential for further savings.

Recommendations 6 and 7 have been grouped

Recommendation 6: Councils should take into account the fact that providers use profit for these reasons, as should a future review of the long-term funding of social care. (Paragraph 52)

Recommendation 7: Councils should be reminded that their market shaping responsibilities

extend to and include oversight of the financial viability of their local providers. (Paragraph 63)

29. The Government set out its plans to consult on social care at the Queen's Speech, when all sector stakeholders will have the opportunity to provide views on reform of the care system. Further details on the consultation will be provided in due course.

30. The Care Act gave the Care Quality Commission the function to oversee the finances of care providers which are either so large or whose provision is geographically concentrated so that their financial failure would make it difficult for local authorities to discharge their statutory responsibilities (this function is carried out by the CQC Market Oversight Scheme). The Care Act also placed duties on local authorities to promote their own local markets to ensure all service users have a choice of high quality services available.

31. In 2016, the Department of Health, the Local Government Association and the Association of Directors of Adult Social Services commissioned the Institute of Public Care at Oxford Brookes University, working in collaboration with the Care Provider Alliance, to undertake a Market Shaping Review to support local authorities to help them discharge these market shaping duties. This included providing guidance on maintaining market position statements which says that effective market positions statements set out an assessment of the stability of the local care market. In addition, the Department of Health worked with the Local Government Association, the Association of Directors of Adult Social Services, the care sector and other partners to produce guidance and support to help achieve better commissioning, market shaping and contingency planning. This includes 'Commissioning for Better Outcomes: A Route Map' which sets out that effective commissioning to support a diverse and sustainable market includes: decisions taking account of the commercial and financial context for providers; that information shared between providers and commissioners includes information about costs, profit margins and staff costs; and, that commissioners have plans in place to manage provider failure. All guidance related to market shaping responsibilities is collected on a markets Hub available on GOV.UK <https://www.gov.uk/government/publications/adult-social-care-market-shaping/adult-social-care-market-shaping>

Recommendation 8

A standard process for assessing the costs of care, which takes into account local variations in wage rates, and setting fair prices that reflect costs, would help guide local authorities. It should focus on key services such as residential care for older people and home care, be designed by an independent body and agreed by provider representatives and councils through the Local Government Association, the Association of Directors of Adult Social Care, and the Department of Health. (Paragraph 68)

32. The Government does not accept this recommendation. Commissioning social care is a matter for local authorities who are best placed to understand the needs of local people and communities, and how best to meet them. The Government is clear that local authorities should have regard to the cost of care when setting fee rates. The Care Act set out a duty on local authorities to have regard to the importance of ensuring the sustainability of the market overall in order to meet the needs of local people. This includes, where the local authority commissions services itself, considering the impact of how it contracts with individual providers including the price it pays in fees.

33. The Department of Health has already taken action to support commissioners to meet their duties and understand the costs of care. The Department of Health worked with local government, the care sector and the Chartered Institute for Public Finance and Accountancy to produce a guide to understanding providers' costs and fair fees. This was published in January 2017. All guidance related to market shaping and commissioning responsibilities is collected on a markets Hub available on GOV.UK <https://www.gov.uk/government/publications/adult-social-care-market-shaping/adult-social-care-market-shaping>

Recommendation 9

The Care Quality Commission's remit should be extended to include oversight of these activities, as well as the extent to which councils comply with the fair costs of care in their negotiations and contractual relationships with providers. It should also work with the sector to produce best practice template contracts for the provision of care services. The Department of Health should also review the guidance on commissioning which accompanies the Care Act 2014. (Paragraph 73)

34. The Government does not accept this recommendation. As described in response to Recommendation 8, the Department of Health has provided guidance to support local authorities understand the costs of care when agreeing fee rates with providers. While the Care Quality Commission is carrying out 20 reviews in local areas over this year (2017/18) to consider how well local systems are working at the health and social care boundary, the Department of Health does not plan to extend the remit of the Care Quality Commission to include oversight of how local authorities agree prices with providers.

35. The Department of Health has also welcomed the Competition and Markets Authority (CMA) market study of care homes. We look forward to the CMA's findings to identify what more we can do to ensure that we have a sustainable and diverse social care market.

36. The Department of Health worked with the Local Government Association, the Association of Directors of Adult Social Services, the care sector and other partners to produce 'Commissioning for Better Outcomes: A Route Map'; a set of commissioning standards designed to improve commissioning, provide a framework for councils to self-assess their progress against best practice and enable them to identify areas for further improvement. The Department is now working with partners to review and develop this framework to ensure that it supports integrated commissioning for better outcomes. All guidance related to market shaping and commissioning responsibilities is collected on a markets Hub available on GOV.UK <https://www.gov.uk/government/publications/adult-social-care-market-shaping/adult-social-care-market-shaping>

Recommendation 10

Councils should undertake annual auditing of the services they commission and the Care Quality Commission's extended remit should also oversee councils' arrangements for monitoring the care services they have purchased and the effectiveness of that monitoring. (Paragraph 75)

37. The Government does not accept this recommendation. The Department of Health has

developed statutory guidance to support local authorities to meet their duties in the Care Act. As part of this 'Commissioning for Better Outcomes: A Route Map' sets out that effective commissioning to support a diverse and sustainable market includes systems to ensure continuous improvement and respond to quality issues and effective use of evidence for performance management and have evidence based quality assurance systems. All guidance related to market shaping and commissioning responsibilities is collected on a markets Hub available on GOV.UK <https://www.gov.uk/government/publications/adult-social-care-market-shaping/adult-social-care-market-shaping>

38. The Department of Health does not plan to extend the remit of the Care Quality Commission to include oversight of how local authorities monitor and care services. The CMA market study of care homes will help identify what more we can do to ensure a sustainable social care market and address variation in practice

Recommendation 11

Councils should regularly carry out 'spot checks' to ensure that people are actually receiving the care they require and be alert to new technological developments in this area (Paragraph 76)

39. The Government notes this recommendation.

Recommendation 12

When commissioning care, councils must ensure that providers pay enough to comply with the national minimum wage and to cover care workers' travel time and costs and 'sleep ins'. Contracts between councils and providers should stipulate this and councils should regularly monitor compliance. (Paragraph 93)

40. The Government notes this recommendation. The Department of Health has taken action to support commissioners to understand the costs of care, including the costs of complying with national minimum wage regulations, when agreeing rates with providers. The Department of Health worked with local government, the care sector and the Chartered Institute for Public Finance and Accountancy to produce a guide to understanding providers' costs and fair fees. This was published in January 2017 and is available on GOV.UK <https://www.gov.uk/government/publications/adult-social-care-market-shaping/adult-social-care-market-shaping>

Recommendation 13

The Government, working with the Local Government Association, should publish a care workers' charter, drawing upon UNISON's Ethical Care Charter, which sets out what care workers can expect from their employer. Employers should be expected to demonstrate their commitment to supporting and developing care workers. (Paragraph 94)

41. Skills for Care have published a Code of Conduct for employees and employers. This sets out employer's responsibilities in supporting and developing their staff, and what care workers can expect from their employers. The Department of Health will work with Skills for Care to review the

content in line with this recommendation and consider awareness of existing resources for care workers and their employers.

Recommendation 14

The Government should request that Skills for Care, in discussion with unions and providers, conducts research to determine what level of wage is needed to sustain the workforce and attract new entrants. (Paragraph 95)

42. The Department of Health agrees that research is required to understand better how to ensure the workforce is sustainable going forward and will work with Skills for Care, DCLG and BEIS colleagues to research this issue.

Recommendation 15

The Government should encourage local authorities and their NHS partners to develop local joint strategies for recruitment and retention of social care nurses and to reduce competition between sectors for staff. (Paragraph 96)

43. This is a known issue and we recognise that more can be done to ensure local joint strategies for recruitment and retention of nurses into both health and social care careers. Skills for Care are addressing this issue as part of their annual agreed work programme.

Recommendation 16

However, councils must ensure that people are comfortable with and able to take on the employment responsibilities that direct payments entail and guide people to sources of support and advice on being an employer. (Paragraph 97)

44. The Care Act 2014 requires local authorities to involve adults in certain care and support processes such as assessment, care planning and review. The planning process must also ensure that where people wish to take a direct payment, they have the support necessary to do so, this would include assistance with fulfilling employment responsibilities, such as paying pensions.

45. Where an individual chooses to opt for direct payments for care costs from their local authority to employ a personal assistant or carer, the start-up and on-going costs including recruitment costs, Employers' National Insurance Contributions should be included in the persons care package.

46. Some local authorities include one-off payments within the direct payment to cover these factors. In addition, other authorities have commissioned support services such as brokerage, payroll and employment advice as part of their general direct payment offer. Where a direct payment recipient is using their payment to employ a personal assistant (PA) or other staff, the local authority should ensure that there are clear plans in place of how needs will be met in the event of the PA being absent, for example due to sickness, maternity or holiday. Local authorities

still have a duty to ensure needs are being met, even if the person makes their own arrangements via the direct payment, so contingencies may be needed. Where appropriate, these should be detailed in the care and support plan or support plan.

Recommendation 17

The status of care work must be improved to ensure a high quality and sustainable workforce which keeps pace with demographic change. 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. The Department of Health should consider whether a national recruitment campaign, similar to Teach First or Step Up To Social Work, would be an appropriate mechanism to achieve this and whether care work should be designated a registered profession. (Paragraph 100)

47. These are recognised areas for improvement in the social care sector. Skills for Care, in partnership with the Department of Health and the adult social care sector are addressing all these challenges as part of their annually agreed work programme.

48. The Department of Health already sponsors Think Ahead, a successful graduate programme for Mental Health Social Workers.

Recommendation 18

Extra funding is needed to enable councils to fulfil their duties to assess and support carers and, in so doing, maintain their health and well-being, participation in education and employment and ability to continue caring. (Paragraph 114)

49. The Government remains committed to supporting carers to provide care as they would wish, and to do so in a way that supports their own health and wellbeing, employment and wider life chances.

50. The 2014 Care Act introduced important new rights for carers, for the first time putting them on the same footing as the people for whom they care. They now have legal rights to an assessment of, and support for, their needs where eligible. Local Authorities also have a wider duty to offer information and advice to all carers.

51. However, we recognise that the new offer for carers is not yet as fully embedded as it needs to be, and the Department of Health is committed to continuing to work with partners, including the LGA and ADASS, to support and challenge Local Authorities, in order to ensure that carers and their families receive the support they're entitled to.

52. The Department of Health completed an impact assessment including a new burdens assessment of the costs for local government of implementing the Care Act; these were taken into account in the Local Government Finance Settlement and through the introduction of the Better

Care Fund at the last Spending Review.

Recommendation 19

We look forward to progress on the Health and Work Green Paper and the Fuller Working Lives Strategy which the Minister indicated would look at how carers might be better supported to enter, stay in and return to work. As part of this the Government should consider whether the approach taken in Germany to carers' leave might be a basis for giving carers dedicated employment rights. (Paragraph 117)

53. The Government is looking at the question of dedicated employment rights for carers alongside existing employment rights (such as the right to request flexible working and the right to time off for family and dependents) and has looked at a range of international experience.

54. The question arises in a number of contexts – these include the Department for Work and Pensions' Fuller Working Lives partnership approach, the Green Paper on Work, Health and Disability and the Department of Health's work with informal carers generally. Matthew Taylor's Review of Modern Working Practices was also clear about the importance for carers of flexibility in the work place.

55. We will be looking at the effectiveness of existing rights in meeting the needs of carers and also the possible creation of new rights. This work is at an early stage. For example, one of the recommendations made by John Cridland in his report on the State Pension age was for a new entitlement to 5 days paid carer's leave, and a similar proposal features in the proposed EU Directive on Work Life Balance. Meanwhile the Conservative manifesto proposed an entitlement to long term unpaid leave for carers.

56. We introduced three headline measures to monitor progress on Fuller Working Lives. This is publicly available so that individuals, employers, stakeholders and Government can monitor change transparently. The first report on the official statistics on older workers was released earlier in September. On the same day, the Government Business Champion for Older Workers published its first progress report 'One Million More' on the Business in the Community website. The report sets out the Business Champion Target – 'one million more older workers by 2022' – and how they intend to achieve that by means of their 'Commit & Publish' and 'Create, Scale and Role' strategy.

57. The Improving Lives; the Work, Health and Disability Green Paper was published on 31 October 2016 and the consultation closed on 17 February 2017. The Green Paper explored a range of ways to improve the prospects and transform the lives of disabled people by removing barriers that prevent them from working, and helping ensure that they are able to remain in employment. We received around 6,000 responses and engaged in a wide range of conversations with stakeholders during the consultation period and we are extremely grateful to those who contributed. We are now carefully considering the consultation responses and next steps for longer-term reform and will set these out in the autumn.

Recommendation 20

Carers Allowance should be increased to reflect the increasing contribution that carers make to

the social care system. In addition, the earnings limit should be higher and more flexible to enable carers to maintain some contact with the labour market. (Paragraph 119)

58. This recommendation about Carer's Allowance is based on paragraph 118 of the Committee's report. That paragraph refers to evidence given by the Minister for Disabled People and suggests that she said that the level of the benefit would be considered in the Health and Work Green Paper. The Minister made no such direct commitment to consider increasing the rate of Carer's Allowance. A detailed examination of her evidence shows that she is clearly trying to put carers finances in the wider context of support for carers (not just benefits), and particularly carers employment.

59. Nevertheless the Government has already increased the rate of Carer's Allowance from £53.90 to £62.70 a week since 2010, meaning an additional £450 a year for carers. In addition to Carer's Allowance, carers on low incomes can claim income-related benefits, such as Income Support and Pension Credit. These benefits can be paid to carers at a higher rate than those without caring responsibilities through the carer premium or the equivalent additional amount for carers respectively, both worth up to £34.95 a week. These amounts recognise the additional contribution and responsibilities associated with caring and mean that lower-income carers can receive more money than others who receive these benefits. Benefits for carers will continue to be uprated by the Consumer Price Index to ensure they maintain their value.

60. Whilst the Government does not link the weekly earnings limit to any other particular factor, it does keep it under regular review and increases it when it is warranted and affordable. For example, in April 2015, the earnings limit was increased to £110 and in April 2017 to £116. Average earnings are expected to increase by around 5% between 2015 and 2017, whereas the Government will have increased the CA earnings limit by nearly 14%. The Government will continue to keep the earnings limit under review.

61. DWP is working with employers nationwide to encourage the adoption of carer friendly employment policies - for instance more flexible working opportunities - whilst providing practical support for carers. The Right to Request Flexible Working was extended to all employees with 26 weeks continuous service in June 2014. It enables qualifying employees to agree a working pattern that works for them and their employer's business and to better balance work with caring responsibilities. Access to flexible working practices, such as flexi-time, compressed hours and remote working, is key to helping people to stay in the labour market.

Recommendation 21

The Department for Communities and Local Government should review the operation of the Disabled Facilities Grant, and in particular the extent to which its administration and operation is hampered by the split in responsibility between district and county councils and between housing and social care departments in unitary authorities (Paragraph 124)

62. The Department for Communities and Local Government, and the Department of Health, keep the operation of the Disabled Facilities Grant under regular review. We will carefully consider the Committee's recommendation as part of this ongoing work.

Recommendation 22

The Government should be more realistic in its expectations for integration. (Paragraph 134)

63. For the health and care system to achieve better outcomes and meet the challenges of rising demand at a time of fiscal challenge, better and closer working between the NHS and local authorities will be necessary. We know that some areas have gone further than others and that areas are adopting different approaches.

64. The Better Care Fund (BCF) has incentivised local areas to work together better. In both 2015-16 and 2016-17, local areas voluntarily pooled more than the minimum required taking the total to £5.3bn and £5.9bn respectively. Beyond the BCF the government is allowing areas to integrate as they see fit, whilst ensuring all areas continue to make progress.

65. The evidence base for integration continues to grow as local areas test and refine new models of care. A Quality and Outcomes of Person-centred Care Policy Research Unit (QORU) system-level evaluation of the BCF is underway, with interim findings to be published shortly. The final report will be ready in winter 2017-18, and will provide valuable learning on what has worked well.

Recommendation 23

There are various barriers to integration which the Government must address. (Paragraph 135)

66. Evidence and feedback from local areas to date has highlighted some common enablers and / or barriers which help or hinder local areas as they seek to join up care. The Government has work underway to understand these factors in more detail and to assess what more could be done nationally to help overcome these barriers.

67. There is already work underway to address some barriers including workforce, information sharing and social care funding.

68. On workforce, the Department of Health launched the Care Certificate in April 2015. This has established a common set of training standards for healthcare assistants and social care support workers, helping to lay the foundation for staff working across sectors. DH has also commissioned Skills for Care and the NHS Leadership Academy to co-design a cost-effective, one-year integrated graduate programme. Bringing together health and social care experience with a leadership development offer to graduates. It aims to contribute to the growth of a skilled and capable management workforce with the leadership qualities to drive forward the integration of health and social care throughout their careers. The first cohort is due to start this programme at the beginning of 2018.

69. On information sharing, the National Information board reports on the progress of PHC2020 (Personalised Health and Care 2020) which includes commitments to support local implementation of paperless discharge from hospital to local authority care and support care homes to access NHSMail to allow secure transfer of care information. There is also an investment programme, in collaboration with LGA, to catalyse local innovation in IT and data sharing and establishing strategic needs. NHS Digital has recently worked on improving the Information Governance

toolkit. Furthermore the Better Care Support Team has held workshops where frontline problems are discussed and advice is fed back to a national level to reduce risk averse behaviour in sharing patient data. DH is working closely within the Information Governance Alliance and the Centre of Excellence for Information Sharing to work on national initiatives to improve Information Governance.

70. The National Data Guardian for Health and Care (NDG) was asked to undertake a review of data security and data sharing in the health and social care system which was published in July 2016. The Government published its response to the NDG review on 12 July 2017, accepting all of the NDG's recommendations. We are committed to ensuring the health and social care system in England realises the full benefits of sharing data in a safe, secure and legal way.'

71. On funding, Spending Review 2015 and Spring Budget 2017 made available, from April 2017, further social care funding for local government - distributed through the improved Better Care Fund (iBCF) grant. The £2bn announced at Spring Budget 2017 means that this funding will total nearly £4.5 billion over the next three years.

Recommendation 24

The Government should acknowledge the challenge that this presents and with Skills for Care and Health Education England set out a strategy for aligning the two workforces. (Paragraph 136)

72. The Department of Health continues to work with Skills for Care to improve conditions for social care staff including proper training and more opportunities for career progression. As part of their annually agreed work programme Skills for Care are addressing the challenges of recruitment and retention in the sector.

73. The Department working with Skills for Care and Health Education England will explore options to align and integrate the two workforces.

74. The Government recognises the workforce challenges and opportunities involved in providing more integrated care. The Mandate to Health Education England (HEE) requires them to support the development of an integrated workforce, building on a similar requirement in 2015-16.

75. There is now closer working between the NHS Leadership Academy (now part of Health Education England) and the National Skills Academy for Social Care to enable health and social care leaders and managers to train and learn together.

76. In addition HEE and Skills for Care are working closely with regulators and professional royal colleges to better align pre-registration curricula across sectors, to ensure closer join-up.

Recommendation 25

Decisions on pooling health and social care budgets should be made locally. If this is not the case, there is a risk that local areas will not have the flexibility to use their budgets on local integration priorities and progress on integration will be impeded. Furthermore, we agree with Stephen Dorrell of the NHS Confederation that local government should be involved in the commissioning of local

health services. This would further ensure that decisions about local health services are informed by the needs of the local population and the shape of existing local public services. (Paragraph 138)

77. The Better Care Fund aims to facilitate local commissioners to come together to jointly plan and prioritise in relation to integrated care for the benefit of their population. In 2016-17, the planning and assurance process was streamlined and changed from a centrally driven process to a regional one. This promotes local leadership and ownership and reduces the burden of bureaucracy on local areas.

Recommendation 26

The Government and NHS England should review the STP footprints with the aim of making them better aligned with local authority boundaries. (Paragraph 141)

78. We understand that Sustainability and Transformation Partnership (STP) footprints and local authority boundaries are not completely aligned, but do not consider we need to review the STP footprints to make them better aligned with local authority boundaries.

79. As part of STP development, NHS organisations and local authorities in 44 footprints across England were required to come together to develop 'place-based plans' for the future of health and care services in their area. The STP footprints were designed locally and with local authority involvement, based on local need and necessity.

80. The STP footprints we see today reflect existing local health economies, bringing together GPs, hospitals, mental health services, local authorities and social care together to keep people healthier for longer, integrating services and improving flow through the system for those patients who need it most.

81. NHS Operational Planning and Contracting Guidance 2017-2019 made clear that the future of the NHS is through local partnerships with local government and local authorities - working together to resolve challenges in health and social care – enabling local plans to provide the basis of operational planning and contracting moving forward. It is our expectation that these partnerships continue to develop and grow, and that local authorities continue to play their part in shaping the future of health and care services in their area.

Recommendation 27

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. 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. (Paragraph 144)

82. Whilst funding constraints are a fact, spend on adult social care has been relatively protected by councils recognising the need to ensure they continue to deliver quality services for their most vulnerable residents. We do not believe "most councils are in panic mode".

83. As mentioned above, the stability of the social care sector is a key Government priority and the 2015 Spending Review introduced a number of steps to ensure the stability of the sector including continuing the Better Care Fund, creating the improved Better Care Fund which rises to £1.5

billion of new money for adult social care a year by 2019-20, and introducing the adult social care precept. The iBCF was subsequently supplemented at the Spring Budget 2017 with a further £2 billion to councils in England for adult social care.

84. Overall, local government will be able to increase spending on adult social care in real terms in each of the next three years. Local councils are best placed to think about the future needs of their residents and how innovative technology could assist but we, both local and central Government, recognise that we should always be considering new and innovative ways to improve services and will continue to do so.

Recommendation 28

The Government should commission a wide-scale evaluation on the outcomes and cost effectiveness of the [Shared Lives] scheme and, where appropriate, care commissioners should consider it as one of a range of available care options. (Paragraph 154)

85. The Government does not accept this recommendation. There is already various data available about the impact of Shared Lives schemes. In the 'Care Quality Commission report on the state of adult social care services 2014 – 2017' the CQC reported that, between October 2014 and May 2017, 91% of 98 Shared Lives Plus services were rated as good or outstanding. The CQC reported considerable variation across different types of services with community social care, including Shared Lives Plus, rated the best overall (87% rated good or outstanding) when compared with other services. The report included a 'Focus on Shared Lives' section.

86. The Personal Social Services Research Unit at the University of Kent was commissioned by Shared lives Plus to develop an outcome measuring tool for Shared Lives. The result is 'My Shared Life' which provides an evidence base to demonstrate the benefits of Shared Lives. In addition, Shared Lives Plus was awarded grant funding by the Department of Health from the Innovation, Excellence and Strategic Development Fund (IESD) in 2015-16 which continues through to 2018-19 to support development of the schemes. The Care Act placed a duty on local authorities for ensuring there is an effective pool of quality providers of adult social care in their area, with capacity to meet the needs of their local population. Local Authorities are able to consider Shared Lives as one of a range of options when commissioning adult social care provision.

Recommendation 29

We agree that local government should be allowed to use some of the additional business rates revenue, according to need, to close any adult social care funding shortfall that exists when 100% business rates retention comes into effect, before being allocated new responsibilities. (Paragraph 157)

87. The Government remains committed to further business rates retention as a means of giving local government greater control of the income it raises. We recognise that local authorities are best placed to understand the unique pressures and demands of their local areas and to make decisions on how best to meet those demands. The Government is therefore actively collaborating with the sector to develop future policy in this area. Local authorities should be able to direct growth in their business rates as they see fit, whether this be the development of new infrastructure or the funding of other local priorities. These reforms remain a priority for Ministers.

Recommendation 30

The Government should report on what measures it intends to use to tackle the disparity that this will create. We recommend that funding should be made available for adult social care via a central government grant linked to need and rising demand. As further insurance against future shortfalls in funding, the Government should consider giving local authorities greater flexibility on the level at which they set council tax. (Paragraph 159)

88. The Government has always been clear that there will be redistribution of resources between councils so that areas do not lose out because they currently collect less in local business rates. Last year the Government announced the Fair Funding Review to address concerns about the fairness of current funding distributions. The Review is reconsidering how the relative needs and resources of local authorities should be assessed in a world in which they continue to have greater control over the money that they raise.

89. The Government recognises that there are pressures facing adult social care services in particular and has provided additional funding to support local authorities in their statutory duty to look after their most vulnerable residents. In addition there is a consensus that, in the long term, there is a need to develop reforms to make social care sustainable and effective for everyone involved. A fundamental review of the distribution of funding to local authorities through the Fair Funding Review is an important aspect of those long term reforms.

Recommendations 31 – 37 have been grouped

Recommendation 31: Expenditure on adult social care will need to rise as a proportion of total public expenditure.

Recommendation 32: The solution needs to be implemented in the next spending round.

Recommendation 33: It is vital that political parties across the spectrum, together with the social care sector and the wider public, are involved in the process of reaching a solution. As a first step, political parties should agree to work together.

Recommendation 34: There then needs to be an open debate about where the money to fund social care should come from. The review must consider taking funding from a wide range of sources, including:

- a. Hypothecating national taxation (income tax, National Insurance Contributions, asset taxes, inheritance tax) and, in particular, the feasibility of introducing compulsory social insurance, publicly owned and administered, on the German or Japanese model.
- b. All age-related expenditure (the state pension, including the triple lock pension guarantee, winter fuel allowance, concessionary bus fares, free prescriptions and, indirectly, TV licences).

Recommendation 35: Although they are likely to remain an important part of funding adult social care, local taxes, which will not grow at the same rate as need, cannot be the main funding solution. We have already called for significant reforms to council tax in our report on fiscal devolution in the last parliament and reiterated these in the report we published last year, *Devolution: the next five years and beyond*.

Recommendation 36: As well as considering future sources of funding for social care, the review

should also take 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;

Meeting providers' business costs and generating profit to invest in their capital assets and the workforce.

Recommendation 37: The review will also need to consider whether to go ahead with implementation of Phase Two of the Care Act 2014, as well as, more broadly, whether people should be means tested and, if so, how they should contribute to the costs of their care. As part of this, it should also consider the different approaches to including the value of a person's home in the means test for residential and home care.

90. The Government committed to addressing the challenges of social care for our ageing population, outlining at the Queen's Speech that it will bring forward proposals for consultation to build widespread support for reform.

91. The consultation will set out the Government's views on how to improve the social care system. This will include how the system can be put on a more sustainable footing and support individuals and families to prepare better for care. The Government wants to ensure there is a balanced package of reforms that supports quality and dignified care, but which is financially sustainable for current and future generations.

92. The Government is committed to listening to a wide range of views on how to reform the social care system and will want to work with key partners to shape proposals going forwards.

93. Further details on the next steps on social care reform will be provided in due course.