

Levelling Up, Housing and Communities Committee

Oral evidence: Long-term funding of adult social care, HC 19

Monday 23 May 2022

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Florence Eshalomi; Ben Everitt; Darren Henry; Kate Hollern; Andrew Lewer; Mary Robinson; Mohammad Yasin.

Questions 215 - 323

Witnesses

I: 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.

Examination of witnesses

Witnesses: Kemi Badenoch MP, Alex Skinner, Gillian Keegan MP and Michelle Dyson.

Chair: Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Committee. This afternoon we have the final evidence session in our inquiry into the long-term funding of adult social care. It is a subject we have discussed as a Committee many times in the past, and is no less relevant today than it was on previous occasions.

It is a pleasure this afternoon to have two Ministers with us. Before I ask the Ministers to introduce themselves and their officials, I will ask members of the Committee to put on the record any interests they may have that may be directly relevant to this inquiry. I am a vice-president of the Local Government Association.

Ian Byrne: I employ a councillor.



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Kate Hollern: I employ a councillor.

Florence Eshalomi: I am also a vice-president of the LGA.

Ben Everitt: I employ a councillor.

Mary Robinson: I employ a councillor on my staff team.

Andrew Lewer: I am a vice-president of the LGA.

Darren Henry: I have family members in residential care, and I employ a councillor.

Q215 **Chair:** Thank you all for that. Moving on to our witnesses today, as I say, we have two Ministers, one from DLUHC and from DHSC. According to the order I have on my sheet here, without any particular preference, Kemi Badenoch, first of all, I will ask you to introduce yourself and your official, if I could.

Kemi Badenoch: I am Kemi Badenoch, and I am the Minister for Local Government in the Department for Levelling Up, Housing and Communities. I will let Alex introduce himself.

Alex Skinner: I am Alex Skinner, and I was the director of local government finance.

Chair: You were.

Kemi Badenoch: Until very recently.

Alex Skinner: Until about a day ago. We thought it was best that I came along today, since I have lived through five years of the history.

Chair: You know something about it. It is always helpful to have someone who knows something about the subject coming along. It is a complicated subject, as we know.

Gillian Keegan: I am Gillian Keegan. I am the Minister for Social Care and Mental Health, and I have with me Michelle Dyson, who is the director general for adult social care in the Department of Health and Social Care.

Q216 **Chair:** Thank you both for coming. As I explained at the beginning then, this is one of those issues that very obviously transcend Government Departments. DHSC is responsible for overall policy, but local authorities, which are responsible for the delivery of care in the localities, get their money from the Department for Levelling Up, Housing and Communities.

Ministers, you are very welcome indeed to talk to us this afternoon and give us evidence in, as I say, our final session. We have taken a lot of evidence from care providers, care users, local authorities and others over the past few weeks. The funding of social care is absolutely key. Virtually every estimate we have had from the Local Government



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Association and others involved in social care always draws attention to the funding gap that exists. There simply is not enough money to deliver not merely the existing standards of care as they should be provided, but the standards of care that people think ought to be provided, if we are going to give really good care for older people and people of working age as well.

The health and social care levy was introduced. The money that is going towards social care is for the reforms that are being proposed rather than providing funding for existing levels of care where there may be a gap in terms of what is being delivered with regard to the funding.

Do you accept, fundamentally, that there is a gap in terms of social care funding currently and councils are having to struggle with that gap? Perhaps the Local Government Minister would like to respond first.

Kemi Badenoch: We accept that funding is difficult across the board. We have been doing everything we can as a Department to get what financial settlement is most appropriate for the sector. Where it comes to social care, we have worked with the Treasury and the DHSC. We think the funding is at the right amount. We have increased the funding that councils are receiving to take account of that. That includes some specific social care grants. We are not saying it is easy. We understand the pressure, which is why we have been looking at the funding that is being distributed across councils to make sure social care needs are taken into account more broadly.

Q217 **Chair:** The basic message from you, then, Minister, is that there is enough money for social care funding.

Kemi Badenoch: Within the envelope that we have available, we think social care is—

Q218 **Chair:** That was not quite the question I asked. You are saying “with the money available”. I am asking, full stop, whether there is enough money to provide social care.

Kemi Badenoch: As far as we can see, we are providing enough money to the sector.

Q219 **Chair:** I will come on to Minister Keegan from the Department of Health and Social Care. With regard to the levy, we are getting the message across from the sector as a whole, whether it is providers, councils or care users, that there is not enough money. The social care levy was hailed as a great reform that was going to come in. Why is there no money to deal with the here-and-now funding challenges that are being faced?

Gillian Keegan: There are three elements to this. First, this is a three-year spending review within a 10-year reform. You have to put that into context. There is more money going into the system than ever before. We put an extra £6 billion of funding in just for the pandemic. The local government finance settlement is £3.7 billion. On top of that is the



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reform money of £5.4 billion. That is doing a number of things; it is putting a number of foundations in place. You have the £3.7 billion, which includes additional funding for adult social care.

Chair: We will come back to the detail of that in due course.

Gillian Keegan: There are a lot of different elements to the money. In terms of the £5.4 billion, which is the levy part, most of the reforms kick in between April and October 2023. There is a lot of work that we have to do to get the foundations in place for when the charging reform comes in and so on. We do expect—and we have said this—that later on, for the next three-year period, a bigger proportion of that will go to adult social care. Within these three years, we are taking up quite a lot of that time to make sure we put in place the foundations of the reform.

Q220 **Chair:** You are probably both going to agree with each other that there is this long-term plan, except local authorities do not seem to understand what it is and nobody else does either. That is the problem, is it not? We have a funding settlement for councils, which is only a one-year funding settlement. That is the key money they get. Anything else is almost on top of that. We are still waiting for the fair funding review. We have no idea when that might come in.

The issue, therefore, is that councils cannot plan ahead. They do not know what is going to happen with the fair funding review. We have a social care relative needs formula that is years, almost decades, out of date, and we have a one-year overall settlement. That does not sound like a very clear long-term plan.

Kemi Badenoch: Why don't I come back on the local government settlement aspects? Yes, there was only a one-year settlement given after the spending review. That is because we are taking into account so many things that 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.

I have had multiple meetings with councils all across the country and with the LGA regularly. I have said publicly that the multi-year certainty is critical. However, the longest period I can now give any certainty for is two years, after which there is an election. Things change after that. New CSRs will come into effect. There is a reason why. It is not because we do not want to do anything. It is because we are buffeted by events constantly. What I am trying to do is make sure that councils do not have too much upheaval in terms of the level of change they have to deal with, given how much change has come into being over the last two years.

Chair: That is a bit of interesting information, Minister. After this year, they cannot be planning any more than one year ahead.



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Kemi Badenoch: Within the local government finance settlement process.

Q221 **Chair:** Does that mean next year's local government finance settlement will only be one year as well?

Kemi Badenoch: No, there are two more financial years that it would run through. That is the basis on which I am planning, because I have told the sector that I agree with it on multi-year certainty.

Q222 **Chair:** Will we get the fair funding review at the same time?

Kemi Badenoch: It depends on what you mean by "the fair funding review".

Chair: You tell us, Minister. You are doing it.

Kemi Badenoch: 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 to make things better for them. That cannot be the case. We are working on getting the system into shape so that councils have the funding they need long term, as their needs and resources are evolving throughout the period.

Q223 **Chair:** What you have said is a truth that some of us have tried to say for a long time: one person's fair funding review is another person's unfair funding review. Is it going to happen? Is something going to happen in terms of an assessment of the funding formula in the next settlement?

Kemi Badenoch: What can I say?

Chair: It is a difficult question, so over to your official.

Kemi Badenoch: I cannot give semi-fiscal statements at Select Committee, but I am trying to give you as much information as possible that could be helpful. This is something I am actively working on with officials. It will depend on the final decisions that the Secretary of State makes, but we have been talking about adjusting the system to make it fairer. There are so many different ways of cutting it.

So much has happened in the last couple of years. We now have new inflation figures, and the great settlement we got last year does not look quite as good. What do we do in that circumstance? I am actively considering all of this.

Q224 **Chair:** We are going to follow up on the inflation issue in just a second. In terms of the issue of the adult social care relative needs formula, is that going to be updated in the next settlement?

Kemi Badenoch: I would defer to Alex. While we set the policy direction generally, the formula questions are looked at more by officials.

Alex Skinner: The formula is a joint enterprise between us and DHSC. As the Minister said, we are considering all sorts of options for reform.



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The formula would be part of it. The only thing I would highlight is that it is important to consider not just the adult social care formula itself but the totality of what is being changed in order to avoid unintended consequences. As you update one bit of the system, if you leave the rest of the system where it is, you might come up with some consequences that you had not expected.

The answer is that we are unable to tell you today that it definitely will change. It is something we are looking at. If you were to do it, you would want to do it in a comprehensive way when you were looking at the reform as a whole.

Q225 **Chair:** We know it is difficult, but you have had a long time to consider the difficulties, have you not?

Alex Skinner: Absolutely, but, as the Minister said, a lot has changed. The last time we consulted on the adult social care formula was in 2018. The world in 2018 looked very different from now. The formula was up to date in 2018. The pandemic has happened. Rates of disability have changed across the country. Other funding pressures on local government have changed.

The point I am making is that, yes, absolutely it is something we are considering, but, if you were to do it, you would want to consider it in the whole so it resulted in a situation where funding as a whole did what the Minister said it should and we got a better distribution of funding across the sector.

Q226 **Chair:** Finally, Minister, given that you seemed happy with the current state of funding for social care, can we be convinced that you are really knocking on the Chancellor's door very hard to draw his attention to the problems and saying, "Chancellor, we would like a bit more money"?

Kemi Badenoch: Yes, you can be convinced. You have seen the result of that with the £1.6 billion extra that we got in the settlement last year, which was pre-inflation. There are pre-inflation and post-inflation figures. Before inflation, that was a very good settlement. That is a testament to the work the Secretary of State did with the Chancellor to negotiate a better financial deal for local government.

What I am not saying is that everything in social care funding is perfect. It feels like we are chasing a bus that is going faster and faster. Every time we think we are close, it moves on a little bit. The demand for adult social care in particular is outstripping the rate at which we can fund it. Within the package that we have financially, we think we have done very well in terms of providing for local government. The money that we are getting comes from Treasury, which comes from taxpayers and which depends on growth. Given the growth that we have at the moment in the country—this is the point I am making—we are doing relatively well in terms of funding adult social care.

Chair: The words there were "are doing" rather than "can do". Some



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might argue that there has to be a bit more emphasis on the “can”. Anyway, I am sure we will come back to those points.

Q227 Ben Everitt: It is heartening to hear, Alex, from you the appreciation that it is complex and that there will be unintended consequences of changing one part of the system. Wholesale reform needs to be considered. It is a big, complex mass. When Government pull one lever, particularly with the relationship and the shifting context between local government, central Government and the providers, it can change everything. Fair funding will not be perceived as fair by some authorities.

I was a councillor before I was a Member of Parliament. We all knew that the system was broken. Needs were not being recognised in the allocation of central funding. Ultimately, it was a two-paced or three-paced system, depending on where you were, what provision you had and what your authority signed up to on your behalf.

That all said, all of the reforms that we have spoken about so far were about solving the long-term funding deficit. As Minister Badenoch referred to, there are significant pressures on the sector and the country as a whole now not just because of Covid but because of things like inflation. There is also the knock-on effect of the national living wage and national insurance contributions for the providers themselves in terms of paying for their employees.

As part of this inquiry, we have heard concern from those in the sector that, having got that one-year settlement this year, there will be no more extra money to keep them afloat this year. They are struggling, because of all those reasons and because it was tight anyway. Is there any form of additional funding coming their way this year so they can keep the show on the road and cover these additional immediate external pressures?

Kemi Badenoch: By “this year”, you mean 2022-23. All the funding that we are giving was announced in the settlement. The settlement overall was £54 billion, which included a £3.7 billion increase. It is quite a significant amount of money, and £1 billion of that is made up of funds that are specifically to do with adult social care. That is an extra billion that we have put in made up of the various grants and the precept as well, which makes up a couple of hundred million, along with some deferred flexibilities.

We have already provided extra funding from councils’ perspective. Separate from the settlement funding, there are exceptional circumstances where councils do come to me and the Secretary of State to make requests, depending on what it is. Sometimes there are cases for exceptional financial support. That option is always there, if it meets the criteria. We do expect councils to be able to look at their own income generating capacity as well. They cannot always rely on central Government funding for everything.

Q228 Ben Everitt: Councils will respect that. They have certainly understood



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the need to cover that gap between central funding and local exposure with income generation. I would argue that, for those that could, they will have done so already and the cupboard is pretty bare in terms of income-generating opportunities. What you are saying is that there has been some additional support; there is no planned support, but it would be considered on a case-by-case basis.

Kemi Badenoch: This is where the £1.6 billion of additional grant funding would come in. That also covers the following two years within the SR period. There is extra money. The issue that we have is that, whenever we put in extra money, the baseline for what is needed keeps changing. That is what I meant by always feeling like you are chasing the bus and never catching it, though you are running faster and faster. It is a function of the wider economic growth issues we are having, rather than exactly how we are cutting the budget in any particular financial year.

Q229 **Ben Everitt:** Councils and providers will appreciate that, the harder you look at this, the more you end up increasing demand. Turning to Minister Keegan on this, the latest survey findings from the Association of Directors of Adult Social Services found that over half a million people are waiting for an adult social care assessment, either for care or for a direct payment to begin, or even just for a review of their care. The implication there is that there is this unmet and unrecognised demand in the system that is going to be pushed through.

I have two questions. First, is it acceptable that they are waiting so long? What impact is processing all of that going to have on the immediate finances in the system?

Gillian Keegan: One of the reasons we very urgently need to reform the system is that we do not have centralised data on how many assessments are being weighted. That was a qualitative survey; we do not collect that data. It is absolutely key that we have that. We do have an additional £1 billion a year, as the Minister pointed out. What we knew about national insurance, the national living wage and inflation at the time was all taken into account as part of those settlements. That was included in that.

There is, in our assessment, sufficient funding to allow councils to continue to deliver adult care services effectively, but there is no doubt that we are talking about a system that needs to be reformed. I cannot stress strongly enough how important the underpinning foundations of those reforms are to be able to get into a situation where we are managing much better the care, the broadness of the offer, the staff and the workforce security.

There are so many things that we need to do. The other part of it, which we have not alighted on but is absolutely key for local authorities, is the integration White Paper and how we integrate. The better care fund has helped to look locally at how local authorities work much better with the



NHS. They put that money to much better use. Many of us have probably been local councillors. That part of the system is one you see every day. There is more time and effort spent on budget brinkmanship than bringing those budgets together to provide better services, which is a win-win overall for both the health service and local government services.

That ability to work together is another fundamental foundation of where we need to get to. We know we are going to go through changes and we need go through these changes, but there has been more funding than ever before into this system. The Minister and I will never go to a meeting where the first question is not "more money". That just goes with the job.

Q230 Ben Everitt: Yes, and it has done for ages. It feels like you are playing to the gallery, because we all agree that the system needs to be urgently reviewed and does not quite work. One of my colleagues will touch further on integration, but for now let us look at some of the levers we have in terms of the immediate pressures.

One of those is the fact that the Government are still advising care workers to isolate if they test positive for Covid-19, yet the Covid funding streams ended in March. Why were they not extended when the self-assessment policy clearly suggests that this is still an issue and there is still a risk to the sector? In this respect, Covid is not over.

Gillian Keegan: Living with Covid means that we basically go back to living with Covid and managing infections. Managing infections and preventing infections within a care home is core business. Some of the country's most vulnerable people are in residential care homes. That is core business.

With the brunt of the pandemic, there was a lot of additional funding to help with adjusting to the sheer volume. However, managing how you isolate, how you manage staff with sickness and how you make sure they are not coming in et cetera is business as usual. As we said, we have started to live with Covid. We did put in £6 billion of extra funding during the pandemic. There was a lot of additional funding to local authorities for a number of things that they had to do. A lot of that was passed on to care homes. Living with Covid means living with Covid; managing infections means managing infections. Managing your staff and making sure you have the right terms and conditions that help you to manage infections is absolutely key.

Q231 Ben Everitt: It is that terms and conditions bit that is key here. While care workers are expected to self-isolate, it is our understanding that the Government are no longer covering care workers' sick pay as a result.

Gillian Keegan: Workers' sick pay is covered. These are private businesses. They set the terms and conditions. They set the pay; they set the terms and conditions vis-à-vis sick pay as well. That has always been the case. We did bring in some specific measures specially just for the pandemic, and they were really just for the pandemic. Now we are living



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with Covid, we will go back to what we had before. There are systems in place.

There is a very competitive market. One of the things I am sure we will get to is the shortage in staff and workforce, which is something we talk about a lot. What I would say is that many care providers are seriously looking at how to retain their staff and make sure they can recruit staff to keep their services going. They will have to treat staff fairly. They are private businesses; it is not for me to set their terms and conditions.

Q232 Ben Everitt: Of course, everybody would recognise that and the relationship that the private sector, local government and central Government have in delivering care. The point, though, is that this is yet another financial pressure on the sector at a time when the sector is on its knees in terms of its finances.

Gillian Keegan: The sector has had a lot more investment than it has had for many years. There is more to come as well, which will enable us to move to the fair cost of care, as we know we need to do in order to close that differential between cross-subsidies et cetera. A lot of the moneys that are coming as part of the reforms are for additional funding as well.

Yes, I understand that there are pressures. During the pandemic, there were incredible pressures. There are also uncertainties for those who are managing businesses. They know we have to move to a fair cost of care and change aspects of the workforce et cetera. Of course, there is uncertainty. The funding that has been provided—we have been very transparent about how we are doing that—is more than the sector has ever had before.

You will find two messages. One will be, “Yes, it was about time this was done. We very much welcome it”. As I say, you will always have a request for more funding, because it is really about how you manage risk. When you are delivering anything, you have to manage risk. That is part of what we all have to do, including local governments and care providers.

Q233 Ben Everitt: This session is on the long-term funding solutions. We have had a little segue into the short-term pressures. After the next funding round, will we be having this conversation about the short-term pressures again?

Gillian Keegan: My honest answer is that this is a conversation everybody has in our jobs. It goes with the job; it goes with the territory. There is always a request; there is always a business case. There is always a genuine case. The job of Government is to try to get those balances right and have the right incentives to make sure people work together, look for improvements in processes and really put the service to the person at the heart of the decision making. That is part of the need for the reform.



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Honestly, I have worked now in two ministerial roles; Kemi has worked in three. It has gone with the territory so far. It is a normal part of the discussions about how you allocate resources.

Ben Everitt: Thank you for being so candid.

Q234 **Ian Byrne:** Minister Keegan, during Covid, 75% of care workers, according to a major GMB survey, reported that Covid had a serious negative impact on their mental health. Care workers report anxiety levels almost 44% higher than any other sector. We know the undervalued care sector suffered during Covid. There are lessons to be learned, and surely sick pay is one of them.

The mental pressure of having Covid and having to go into work because you were not getting sick pay is a systemic failing; it is a breakdown in the system, as Ben alluded to before. Are we not learning lessons from that? Are we not putting pressure on private providers to ensure that terms and conditions mean that the people in the care homes are kept safe because care workers have the ability to go off sick when they are sick?

Gillian Keegan: It is a very important part of running a care home. As I say, infection prevention control and managing infection is a key part of what care providers have to do and what local authorities ensure care providers do.

You are right: the social care workforce bore the brunt of the pressure during the pandemic. It was incredible. They did an absolutely amazing job on the frontline. It has taken its toll, including on mental health. One of the key parts of the reforms is not only the skills and the investment in training and in being able to progress their careers; it is in their mental health and wellbeing. That is really important.

Q235 **Ian Byrne:** It feels as though there is a dereliction of duty. You are just saying, "It is the private sector". Surely you have a responsibility, as a Government, to ensure that those people are kept safe and that they have the ability to work in a safe environment.

Gillian Keegan: Local authorities commission the care under their own terms and conditions, so they have that responsibility. There are 18,800 private providers.

Q236 **Ian Byrne:** Have you no levers of power to get the private providers in and have an adult discussion about sick pay? We have seen that it absolutely broke the system during the Covid. We cannot have a repeat of that, if there is another pandemic. Surely that is what we are here to do.

Gillian Keegan: In terms of the actual terms and conditions, they have to ensure infection prevention control within their care homes. The councils, which procure a lot of the places, have to make sure the



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infection prevention control measures are followed. If you need to follow those measures, you need to put sensible rules in place.

Q237 **Ian Byrne:** Maybe the Government could call for national collective bargaining on terms and conditions right across the sector. Maybe that is something we should be looking at.

Gillian Keegan: That is not the intention. Certainly that is not the intention of any of the reforms in the White Paper, which I am sure you have read in great detail.

Ian Byrne: No, it is not.

Gillian Keegan: It is the private sector. As I say, there are many different businesses and many different business models as well. It is our intention to put these reforms and improvements in place particularly for staff—for the workforce. No business has anything without a workforce. In this business of care, the workforce is absolutely everything. It is what they deliver. The workforce is absolutely key.

Ian Byrne: I will watch intently, then.

Q238 **Kate Hollern:** That was interesting. You quite often stressed that these were private businesses. In how many private businesses are the Government advising that people should self-isolate?

Gillian Keegan: I do not know the answer to that question, because I have not looked at it, but I imagine quite a lot. We were all being advised to self-isolate as individuals, were we not, if we had Covid?

Q239 **Kate Hollern:** I am sorry. I am talking about now. The point has been made that the funding ended in March, but the advice from Government is still that care workers should self-isolate. I agree with that entirely, because our care homes were let down very badly during Covid. You would think that lessons were learned by Government, because of the difficulties caused for patients and staff. You would imagine that it would be sensible to extend that funding to the care sector.

Gillian Keegan: We had a pandemic measure in place. What we have said is that, as we are living with Covid, we have removed those pandemic measures. As I have said, infection prevention control is a core thing to ensure, if you are running a care home. What you do not want to do is infect everybody in there or your staff. That is something that care homes have to live with and have always had to live with for flu and other infectious diseases. That is part of what they have to manage.

They should act responsibly, and councils that are commissioning their services should also ensure that they are acting responsibly. It is an area where we put something in place purely for the pressures of the pandemic. We would expect that they operate infection prevention control measures.



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Michelle Dyson: I would agree that it is akin to flu. If you have a temperature, you do not go into work. You are in the same position as if you have Covid. In fact, many more people are off work in the care sector with things other than Covid, particularly now, with rates having plummeted. Even a couple of months ago that was true as well.

Q240 **Kate Hollern:** I would like to see some data on that, because that is certainly not the experience according to the information I am getting from Blackburn. The basic point is that the Government recognised the failure in the care sector during the pandemic. They recognised that there were exceptional circumstances. The Government have recognised that going forward there is still a need for an extra level of care in the care sector. Therefore, they are advising people to self-isolate, but they have not extended the funding for it.

Everybody in the room is agreeing that the sector is stretched to the limit. Infection control is really important. Given the tragic losses in the care sector at the beginning of the pandemic, I would have thought that the Government would be a bit more careful in supporting the sector until we are in a safer place.

Gillian Keegan: Just so it is clear, we did add £6 billion of funding to secure a lot of different measures during the pandemic. As we have said, infection prevention control is a core part of what every care provider needs to do. As we have said, Covid is now a much smaller amount of sickness; we can provide the details on that. It is just the same as if you were managing any other infectious condition now.

Q241 **Chair:** Before we move on to the levy and the charging reforms, I just have a simple question. Both Ministers referred to the fact that, pretty obviously, the rate of inflation is now higher than it was when the local government finance settlement was announced. That is a lot to do with factors on the international stage. Has the Department done an assessment of how much the cost of social care will have risen with the higher rate of inflation compared with the rate of inflation when the settlement was announced?

Kemi Badenoch: Which Department are you referring to?

Chair: I presume it is DLUHC, because funding is given to local authorities from yourselves.

Kemi Badenoch: From an inflationary perspective, there are some elements that increase with inflation and others that are impacted by it. It is a very difficult scenario. We look at all the decisions in the round. Certainly at the rates we are seeing, inflation is an unbelievably difficult thing to tackle. It is only resolved by increased funding through serious borrowing or serious taxation, neither of which is appetising at the moment. We are doing everything we can to help those pinch points.

Q242 **Chair:** I was not just asking about the help; I was asking about an assessment of the actual costs. When the local government funding



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settlement was announced, the Government gave a figure of the increase in funding in real terms, so an assessment of inflation must have been done at that point.

Kemi Badenoch: Yes, based on that year's inflation figures.

Q243 **Chair:** Given inflation has now gone up, the Department must surely have done an assessment of the extra costs that have resulted from the higher level of inflation.

Kemi Badenoch: If we are talking about what we are going to do over the next few years in terms of the settlement, we are looking at—

Q244 **Chair:** No, I am not asking that. Has an assessment been done of the extra costs this year arising from the higher level of inflation that exists now compared with that which existed when the funding settlement was agreed?

Kemi Badenoch: Alex, can you give a more specific answer on that?

Alex Skinner: I can, but I am not sure you will find it that helpful. Unsurprisingly, we look at this stuff all of the time; we talk to local authorities all of the time. It is a very dynamic picture, as the Minister said. We do not have a definitive view, because literally day by day we are learning new information.

As the Minister said, in some cases it is very obvious what the feed-through is from the headline rate of inflation that you will see on the news to the costs that local authorities are seeing. In some cases, local authorities have long-term contracts that they put in place some time ago, so it will be very different. In others they have different size and scale, and that means they can operate in different ways.

Have we looked at it? Do we understand what the broad implications are? Yes. I suspect your next question might be, "So, Mr Skinner, what is the number?" to which I cannot give you an answer. We do not have a definitive number yet. Yes, we do look at it.

Q245 **Chair:** When will you have a definitive number?

Alex Skinner: I doubt we will ever have a definitive number, in the sense that the situation keeps developing and we will need to keep a sense of it. In the run-up to a fiscal event, we will give advice to Ministers about what is going on. At the moment, I could not tell you what the number is.

Kemi Badenoch: Certainly from now onwards and probably for several years, we will need long, in-depth discussions with councils. Alex gave the good example of a council that has entered into a long-term contract. If they did that just before the inflation figures changed, they are not likely to be particularly impacted. If they make particular decisions around council tax, they might have a cushion that other councils that chose not to do so will not have. It is all in flux.



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It is not that we press a button, put in the inflation figures and something comes out at the end of it. The inflation figures themselves have only relatively recently been given. There is quite a lot of work to do in terms of understanding that total impact.

Q246 **Chair:** Presumably, Minister, though, you did press a button and come up with a number when you did the funding settlement, because you told us what the number was.

Kemi Badenoch: Yes, but the settlement was at the end of last year. That settlement was for three years.

Chair: Yes, but you made an estimate then of what inflation was likely to be during that period. You must have changed that estimate now.

Alex Skinner: We should be clear about the process. Spending reviews are done on the basis of information that is provided by the OBR. The OBR does that on a regular timescale and does it to fiscal events. Yes, there is work we do internally. We do look at the same numbers that you would see, but that is different from the formal process that would happen around a fiscal event.

Q247 **Chair:** Perhaps you can give us a note on this, because it is clearly of importance. How far the money goes is a pretty important issue. Maybe we can do a follow-up question on that.

Alex Skinner: I am very happy to give you a note about the processes we use when we go into fiscal events that sets out how we do the calculations.

Chair: Yes, and what up-to-date information you have as well, even if it is imperfect.

Alex Skinner: I will do my best.

Q248 **Mary Robinson:** We are moving from process to principles and decision making. Of the £36 billion raised over the next three years from the health and social care levy, £5.4 billion will go to social care. How was that decision made? What principles or criteria were used in making it?

Gillian Keegan: That one is probably for me. As part of the development, we considered a range of options for tackling the elective care backlog, reforming social care and our response to Covid. We had proposals for each of those elements. They are subject to the usual scrutiny and the usual negotiation et cetera.

I arrived just after those discussions had taken place, but, as I said at the beginning, the way I looked at it was that these are the first three years of a 10-year journey. In these three years, we still have to build a lot of those foundations. For a lot of the moneys that we will build and will be required to build, you need to put the foundations in place first. For example, the cap of £86,000, which will protect everybody from catastrophic care costs, is introduced in October 2023. People will start to



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meter towards that cap, but it is only a small part of this spending review. It is still quite a lot of money, because the Government are going to take a lot of people's care on the state. It does build, as you can appreciate, over time.

It is a settlement based on understanding that most of these reforms will take the first part of these three years to build and then will come in over the latter part. The real key question—this is where the nervousness comes for lots of people—is whether we will be able to wrestle that money off the NHS and whether we will be able to get a bigger portion of the pie et cetera. The White Paper is very clear. It says that we expect that this proportion for adult social care will increase over time.

Q249 Mary Robinson: The £5.4 billion is sort of a precise figure.

Gillian Keegan: Yes.

Mary Robinson: It is a very large figure. What criteria were used to come to £5.4 billion out of the estimated £36 billion?

Gillian Keegan: 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. The £1.7 billion is the system reform. That is the money we are spending on reforming the system. The biggest portion of that is £500 million on workforce. As we were talking about earlier, the workforce is very fragmented. It has 1.54 million people. It is one of the biggest workforces in the country, but it is employed over many different employers. We need to build a knowledge and skills framework, and to put a lot more investment into the training and development of that workforce. That is £500 million, which will be to build the knowledge and skills framework, and to have a care certificate that works to support the wellbeing and mental health of people.

There is also £300 million that is for innovation in housing. We will be working with the local authorities and local housing associations to look for innovative models. That is not only to enable elderly people to move and downsize more effectively, but also for working-age adults and for people to get better care in the community as well. We need the housing for that. There are a number of parts to that.

There is very little digitisation across the sector. When you look at efficiencies and reforms, not many of them are working on digital care records. When you are trying to share information across systems locally, between the NHS, doctors, GPs and everybody, it is all a bit random, let us just say. A lot of it is on paper et cetera. We need to digitise the sector. We need to collect data so that we can make better decisions in



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terms of the money and where the money goes. A lot of it is going into that.

Finally, there is some for support specifically for unpaid carers, because they are a vital part of the system. We really need to make sure we support them better. Then we are also getting local authorities ready. There will be a lot of change in how they will commission. There is a new assessment and assurance process. There is also £70 million for local authorities to build up their capability and for the metering and monitoring systems. The IT system that will keep track of the metering is a big system that we need to build as well.

Q250 **Mary Robinson:** There was an awful lot covered there. Thank you for such a detailed answer, but there was not a lot about the immediate cost pressures, such as rising demand and—you did mention carers—covering more breaks for unpaid carers. How was that decision made? They do not feature so highly in the otherwise comprehensive list of spending commitments.

Gillian Keegan: Within the Care Act, one of the duties local authorities have is to take account of unpaid carers and make sure there is a respite offer. During the pandemic, there were elements of that that were more difficult to deliver, particularly day care services. Many of those were not open during the pandemic. One of the first things I did in role was write to everybody to say, “We need to get these open”. If they are not there and they are not open, what happens is the unpaid carer is taking on those additional burdens. That was during the pandemic.

There is a duty to provide that, but there is also some additional funding in the better care fund that said, “This is an important part of the overall system”. Some 75% of those unpaid carers are caring for a loved one at home, usually their spouse or partner or their child with long-term disabilities or additional needs, so 75% of people are caring for a loved one at home. The other 25% are caring for a loved one outside of their home. Clearly, we do recognise that we need to do more to support them, to help signpost them and to help them get the support that is available in their areas as well.

Often, when you are an unpaid carer it is not a job you advertised for or one you knew you were going to get yesterday; it is one you suddenly get overnight. Making sure that people get much better support at the beginning of that journey is also important.

Q251 **Mary Robinson:** They may have expected or perhaps wanted to hear a little bit more about how this £5.4 billion was going to affect them or something a little bit concrete around how their lives are going to be affected. Taking into account all the other things that are happening, I do understand that.

After three years, the Treasury will decide how to split the proceeds from the health and social care levy. How would you like to see the Treasury



approach that decision, then?

Gillian Keegan: With facts—that is the simple answer.

Q252 **Mary Robinson:** What would be pertinent to their decision making?

Gillian Keegan: We have the Care Policy and Evaluation Centre, which looks at long-term projections of demand on adult social care. That is for both working-age adults and elderly adults. As Alex was saying, we combine that with the parameters set by the Office for Budget Responsibility.

There are some unknowns in how this all develops, but we really want to enable more people to stay at home for longer with the right type of support. I did not mention care tech. The right kind of technology can help somebody stay at home and be cared for. It can enable them to anticipate some illnesses that are very common in elderly people and avoid them, such as urinary tract infections et cetera. There is a lot of work being done and a lot of technology that can help.

That equation of how many people we manage to enable to stay in their own home in the future will also make a big difference to the whole discussion we have had about residential care as a proportion of the elderly population going forward. There are a number of things that are changing, but that discussion will be based on the data, the facts and the projections that we have.

The other part of this is the electives in the NHS. Hopefully, we will have got to a point where we are recovering and catching up from the pandemic.

Q253 **Mary Robinson:** You have mentioned a lot of reforms, a lot of changes and that you are tackling some issues that needed to be tackled. After three years, can we expect more of the proceeds from the health and social care levy to go to the frontline, not just for funding reforms?

Gillian Keegan: Yes. As we move through the fair cost of care, we will effectively not have the cross-subsidy we have at the moment, with self-funders cross-subsidising some of the council funders. In some cases that is a very small differential; in some cases it is massive. As part of that, I would expect that to be passed on. I was at a care home in my local constituency on Friday. For dementia residential care, they advised me that they had had an 18% increase in the fee rate to take account of the fact that we need to move towards the fair cost of care. We have put some of this funding in, and they know they need to be able to pass that on.

Ultimately, the local authorities have a duty to make sure the local market works. We are doing a lot of work in the local market. They have a duty to make sure that market works. Clearly, passing that to the frontline and making sure you take care of the people who work in your business is absolutely vital.



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Q254 **Mary Robinson:** The local market will be affected by the levy itself. It is an extra tax to fund health and social care. It is a cost of employment, if you like. It has been said that public sector employers are going to be compensated for the increase in their payroll. Most care providers are independent companies and they will not be. Is that fair in principle or in practice?

Gillian Keegan: That is fair in principle. 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.

Q255 **Mary Robinson:** In terms of the marketplace between the public sector and the private sector, will the independents feel it is fair?

Gillian Keegan: As you said, in this role, there will always be a reason why someone will say, "This is why you should give me more money". As I say, we have put more money into the system. We have put more money in than ever before.

I know there was a request. People did request that the national insurance rise was for this particular sector or for another sector, but, as I said, if the Government raised the levy and then gave everybody the money to pay the levy, there would not be an awful lot of use for the levy. We do need to accept that there is a line between public sector and private sector businesses.

Q256 **Mary Robinson:** Finally, is there any prospect that it could skew the balance of provision?

Gillian Keegan: The vast majority of the provision is private sector, so I do not believe that to be the case. Local authorities are also the commissioners. They are also a big part of the market. What they pay—as I say, we have put more money into the fair cost of care to enable them to pay more—has a huge impact on the care homes.

It is really difficult when we look across the care homes. They are so different. Of the 18,800, some are large conglomerates owned by private equity. Some are family businesses that have owned the actual property for years. They do not owe anything on the property and they are running it as a care home. Others in the middle are in rented property and services. It is a really difficult market even to categorise. It is almost like there are probably 15,000 different business models.

Q257 **Mary Robinson:** An independent provider might say, "Why am I paying this extra tax to employ my staff when in the public sector they are not?"

Gillian Keegan: Many employers across the country would say the same, but they know that, with national insurance, the deal is that employers pay part and the individuals pay part. In fact, that was one of the reasons for this: to get both contributions from individuals and



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contributions from employers towards our adult social care reforms and our health catch-up programme. We all benefit from that.

Q258 **Kate Hollern:** Our witnesses have not been able to account for how the £5.4 billion will be spent. Can you outline exactly how that will be spent?

Gillian Keegan: Yes. Would you prefer me to set it out in a note? I have been through quite a few of the elements there. Not all of them are confirmed; not every final I is dotted and T is crossed, but a lot of it we have already laid out. I have a very nice sheet here, which I am very happy to send you. It has how much is in terms of reform, how much is for the fair cost of care, how much is for workforce, housing, technology, unpaid carers et cetera.

Q259 **Kate Hollern:** Just for this session, can we focus on the sector reforms?

Gillian Keegan: Yes. Of the £5.4 billion, £3.6 billion is the charging reforms and the fair cost of care. That is protecting people from the £86,000 and moving to this more equal care rate in terms of what the providers charge. Of the reforms—the £1.7 billion—do you want me to go through the detailed breakdown?

Q260 **Kate Hollern:** Yes. It would help just to understand how it is going to be distributed and how local authorities will bid in, if it is a bidding process.

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, which is what you were talking about earlier.

Gillian Keegan: We have the breakdown of how much in each part—that is what I went through earlier, but we will write to you on this—and then what we have is the process, which we are working on at the moment. We will be publishing which one of those funds— But we have not got quite to that point.

Michelle Dyson: We have published quite a bit on the charging reform side. We have published our draft operational guidance and we have consulted on that. On the system reforms—

Gillian Keegan: Yes, on the system reforms, the first one is to come soon.

Q261 **Kate Hollern:** It may be useful to have a document just to get an understanding. It does not seem to add up or join up. It is very unclear, from the local authorities' perspective, how it is going to work and how it is going to be distributed. We are saying that local authorities will have to bid. I am sure you are aware that, when local authorities have to put in



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bids, it is very costly in both time and resources. A clear direction on that would be useful.

Gillian Keegan: We are working with local authorities and shareholders as well. It is a massive transformational programme. There are a number of different plans that we are developing with the stakeholders. 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.

Q262 **Kate Hollern:** We know that local authorities are very concerned about the £3.6 billion allocated for charging reforms, particularly the fair cost of care. The general feeling is that it simply will not be enough.

Gillian Keegan: Yes, we have put a model in place, which has modelled it, but there are several other models that people have put in place as well. We are talking about regularising the self-funders and what they are paying, and the councils and what they are paying, and trying to make sure we bring those up to a level over time. We have put some moneys in, which we have calculated is what we think is sufficient to do that.

Q263 **Kate Hollern:** How was that calculation made?

Gillian Keegan: We put a model together, like everybody does, to model what the differential is. Nobody has all the data that shows every care home in the country, every council and every differential et cetera. We have modelled based on what we think we know about the differential and how they will change over time.

It is incredibly complex. It is fair in terms of what we have put together, how much money et cetera, but what we have also said is we will work with local authorities and make sure we keep close to them to understand how that is done. Right now, all local authorities are working on a market sustainability review plan. It is called something else. It has a longer title than that.

Michelle Dyson: We are collecting data on the fair cost of care. They are going out to their providers to collect the data. We have also asked them to produce a market sustainability plan. How do you sustain your market over the next X years? That is the forward-looking bit. The data is on how it looks at the moment.

Gillian Keegan: We will have a lot more of that information coming in as well, but there is another unknown, which is that these are businesses. There are about 15,000 businesses and lots of providers. They will also develop over time, because what has happened is the market has developed. I am sure that years ago the market was the same. People were paying the same, but as these markets developed they have been charging more and more for self-funders to cross-subsidise elements of local authority funders. As we now equalise that, there will be many different business models that will develop. For example, I was at one the other day and they had many different services that people could



individually choose to pay for if they wanted to have other aspects. They even had a spa and all kinds of things.

They will develop in different ways and, if you go into a lot of the care providers now, they do have a lot of differentiated offers in terms of rooms, size, views, packages and other support and services that they offer. Because they are businesses, they will start to look at how they differentiate. That is something that the models do not take into account, so it is an unknown and this is a discussion about who bears the risk, et cetera. These are models, and these businesses will be highly incentivised to make sure that they have a good offer for people and a value proposition that people want to pay for, over and above what the base rates are.

Q264 Kate Hollern: It reminds me of a conversation I had with a developer who was refurbishing some apartments. Sorry, I am just straying a bit, but it is important. This developer came along to the council and said, "People need a concierge; they can have this or this". It was all well and good, but what happened then is a lot of people just could not afford it. We need to look at the sustainability of care.

It is not whether you have a heated pool. It is whether people are getting good quality, affordable care. There is a real concern that neither the market nor the councils can sustain properly funded care. That is the real concern and it is lovely to say you can have all these extras, but the main issue is whether your reforms will provide good quality. Are you satisfied that your predictions of the £5.4 billion or the £3.6 billion will meet the needs?

To go back to Clive's original point, with the rate of inflation, surely you must recognise there is already a gap. Do we need to be putting a chunk of money in now to get the market, whether it is private or public, back on an even keel and instil some confidence for providers, regardless of who they are, and, again, ensure we can deliver quality care for vulnerable people?

Gillian Keegan: There are a number of things there. Going back to your apartment analogy, a massive difference here is that people will be means tested and, once they meet the means test, then the councils will pay a contribution up to £86,000, at which time the local authority will be paying. That will be the base thing and then there will be other models as well that develop.

Q265 Kate Hollern: That brings into question the sustainability financially for councils.

Gillian Keegan: Which is why we have put more money into the fair cost of care and the charging reforms, which takes account of how many people will move from one system to another. The charging reforms, which is £3.6 billion, are for the number of people who were paying for themselves who now will move to the local authority paying for them, so that is fully costed there.



I expect that the transformation programme will make a massive difference. What we are talking about today is today's system. We recognise that the quality of care, the sustainability of care, the investment in the workforce and all of that needs to change, which is why we have put these reforms in place.

If we get right these reforms plus the integration reforms, which are a very important foundational pillar as well to make sure the system works better for people, it will transform our social care system and also how our local services work to be able to deliver what is best for the person as opposed to what is best for each individual part of the organisation. I do believe that and that is something I am excited about, but I do not underestimate the hard work.

Q266 Chair: We do need to move on, because I am just conscious of time. I do not want to keep you for three hours if we can avoid it. I just have one quick question. If the modelling you are doing on these funding reforms, particularly the fair cost of care, proves to be wrong, which it might be because we do not know how many people are going to opt for it, do you then compensate local authorities for the difference?

Gillian Keegan: We are getting this data back and we will be getting the data back all the time. The reality is that nobody has a complete picture and probably no one will have a complete picture. It is so fragmented and it is a very complex system in terms of how much people are paying. I do not know if you have had anyone in care. My nan, as she moved room, changed to different rates, whether she had an en suite or did not.

Q267 Chair: You may not have a complete picture, but when you get a more complete picture, and if it proves that it is going to cost more than you have estimated so far, will you compensate local authorities?

Gillian Keegan: We will be looking to help them make sure it is a sustainable market. The real test is whether there are enough people providing spaces for the demand that we have. That is the real test and, as I say, we will be getting that and then we will be keeping an eye on that data all the time, because, most importantly, we need to make sure that all of these reforms enhance the offer and do not mean that we have an unsustainable marketplace and people cannot afford to offer care homes or operate a care home. We are very focused on that and will be working with local authorities to make sure that we manage that transition in a way that means we have a sustainable market.

Q268 Mary Robinson: This is more for Minister Badenoch this time—on the role of local authorities with regard to the charging reforms. The reforms will require local authorities to carry out significantly more assessments. However, when we hosted an engagement event with people with lived experience they told us that the assessments were already too complicated and were often carried out improperly. How will you ensure that care assessments and financial assessments then are conducted efficiently and properly?



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Kemi Badenoch: I cannot say that I am familiar with the specific detail of how local authorities would do that. That is something I would have to come back to you on. Certainly, the discussions that I have around this issue are very much at a high level of funding overall. I have not had any specific discussions around the reforms that would allow me to be able to answer that question in any more detail.

Gillian Keegan: I can come in a little bit on that. 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.

Michelle Dyson: We are very conscious that we are bringing loads more people into the system who will need to be assessed and we are working incredibly closely with local government on this, looking at whether there are different ways that you can do that assessment.

For example, in certain simple cases, could you have at least an element of self-assessment to triage? Can you have more mixed teams? Does it always have to be a social worker who does it or could you have a team that is led by a social worker, but it does not have to be the social worker actually doing it? If someone is already in a care home, could the care home help with the assessment? We are looking at all sorts of innovative models of how you could do assessment to reduce the pressure that you referred to.

Gillian Keegan: It is fair to say there definitely are improvements that could be made and also technology could probably help over time.

Q269 **Mary Robinson:** You have consulted with the sector on these improvements.

Michelle Dyson: On charging reforms, we are working day in, day out with local government on it.

Q270 **Mary Robinson:** The new cap and means test are due to be implemented across England in October 2023. However, Age UK suggested that the means test could be brought forward sooner and bring some benefit to those already in the system. Is that something the Government have considered?

Gillian Keegan: It is certainly true that, if you bring forward a means test that is increased and will help more people earlier, that is the case, but we need to have the lead-in time. I went into some detail on the systems that we need to get in place to be able to do the means test, to monitor the cap and to have the fair cost of care, so you know what you are inputting into the cap.



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The complexity behind the systems is very ambitious. October 2023 is very ambitious, bearing in mind a lot of the things that we have to do to put those pillars in place. You cannot bring forward the benefits without having the systems to be able to do the assessment, to do the monitoring, to meter the cap, et cetera.

Yes, this is one of the reasons we say we are glad we have done it now. Probably many wish we would have done it before, because a lot of the things that we talk about would greatly benefit from the reforms that we are going through now and it really has not come soon enough with the demographic challenges that we face going forward.

Q271 Mary Robinson: We have heard from some working-age adults that it was unfair that income from work be disregarded from the cap, but that their disability benefits will not be. Will you reconsider this policy for disabled adults who are unable to work for any reason?

Gillian Keegan: Whether or not a disabled person is working and has earned income is a consideration that the DWP looks at, so it is part of their assessment when they assess somebody's entitlement to benefits, including disability benefits. There has been a lot of progress in many more people with disabilities going into the workplace, which has been a fantastic success of the DWP programme.

It is only the income available after DWP has assessed these entitlement to benefits, where earnings have been taken into account, that is considered in the financial assessment. The means test, which is determining how much they should contribute, is taken into account. It is quite complicated between DWP and what it used for its assessments to get the benefits in the first place. Then when somebody contributes towards their care costs, it is only the amount that is their income available after their assessment of entitled benefits. It is quite complicated, but we do believe that it is the right system. We are not seeking to change it.

Q272 Mary Robinson: The Queen's Speech introduced legislation to extend from six to 12 months certain benefit entitlements for people who are terminally ill. How will that affect their progress towards the cap?

Gillian Keegan: The Social Security (Special Rules for End of Life) Bill is a single topic Bill that will enable people who are thought to be in the final year of their life to get a fast-tracked access to disability living allowance, personal independence payments and attendance allowance. I know it is something that a number of you have campaigned for.

The measures will amend the definition of end of life in existing legislation, which is based on the claimant having six months or less to live, by replacing it with a new definition, which is 12 months or less to live. It will make a massive difference and I know many of our constituents who have lobbied us on this will be, I am sure, delighted. We



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are working with DWP colleagues and others to ensure that the interaction between the two schemes works well.

Q273 **Bob Blackman:** The fair cost of care policy, as set out, talks about moving towards a fair system, which implies that the system is not fair to start with and, indeed, implies that it is going to be a very long time before the system is fair. Does that mean there is always going to be an element of unfairness in the system?

Gillian Keegan: It depends how broad your definition of unfairness is. If you mean in terms of how much you pay as a self-funder versus how much you pay as—

Q274 **Bob Blackman:** I would suggest that, if the Government want to be clear about this, they need to be setting out what a fair cost of care policy is. We should be comparing it against that.

Gillian Keegan: It is that. At the moment in many care homes, and certainly the one my nan was in, if you are funded by the council one rate is paid, and if you are funding yourself another rate is paid, which can be considerably higher. My nan was paying £650 and the council was paying £430, I think, so it was cross-subsidised. In her case, there were only two of them who were self-funders, so maybe that was why.

It differs greatly across the country according to your self-funder to non-self-funder ratio and how much councils have pushed that. For some councils, it is a very small difference; for some it is great. We need to get that all to a level funding, because it is not really sustainable to have a cross-subsidy from private payers to councils, which are a monopsony and have quite a lot of purchasing power. There is one thing having volume contracts. There is another getting cross-subsidy. That is something that we will be focused on.

We will be getting, for the same service, to a single rate that anyone can access and the way it will happen is that a self-funder can access that rate that the council also accesses. That is how we will make that right available.

Q275 **Bob Blackman:** The recent report by the County Councils Network and LaingBuisson said that the Government's impact assessment did not estimate the combined financial impact of section 18(3) and the fair cost of care on providers. Are you concerned about the fact that you are going to introduce these two principles at more or less the same time and the assessment of the financial impact has not been done?

Gillian Keegan: No, we have made an assessment of the financial impact, but, as I say, there are more—

Q276 **Bob Blackman:** Just to be clear, are you saying that the County Councils Network and LaingBuisson's report is not correct?



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Gillian Keegan: It is a different model with different assumptions in the model and every one of us, if we modelled it today, would come up with a different model with different assumptions in the model.

Michelle Dyson: 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. As the Minister says, it is all about the assumptions that you make.

Gillian Keegan: Trying to have standardised return on capital when you have some that are owned by huge private equity groups and some that have been in a family for hundreds of years is really difficult. It is really difficult to generalise across this market. We have tried to make it as localised as possible and they have taken some assumptions that are higher level. We have all done modelling. You can set your assumptions.

Q277 **Bob Blackman:** You have asked various councils to provide the cost of care exercise reports, et cetera, by October this year. The Department needs information to allocate future funding, but we have also heard from the LGA that the deadline is exceptionally tight and it is difficult to design a market sustainability plan without knowing what funding you will have. Will you consider pushing back the deadline for the market sustainability plan?

Gillian Keegan: We have pushed back the deadline already from September to 14 October and what we have asked for on 14 October is a provisional market sustainability plan. That is in advance of submitting their final plan by February 2023 and that is after local government budgets will have been finalised, et cetera. We have that two-step provisional and final plan.

There is no doubt that the work we need to do to reform adult social care, a lot of the changes we have to go through and this transformational project are extremely challenging and ambitious, but it is vital that we do it. We have been fair by extending it until 14 October and saying it is provisional. Then you have until February to finalise it. If we are going to introduce it in October 2023, there is an element— You can see from this conversation how fundamental it is to get those bits of the system working right.

Q278 **Bob Blackman:** Can I just be clear? Minister Badenoch, you said in an earlier answer that the funding for local authorities had been agreed on a three-year basis. We are not expecting then any changes at all, so local authorities should be expecting that level of income and should make their plans associated with that. Is that right?

Kemi Badenoch: No, not quite, because if that was the case we would have done a three-year settlement. What we know is that this is the pot of money we are getting. How we cut it is what we are working on.

Q279 **Bob Blackman:** Local authorities are sitting there right now thinking, “We have to provide this data”, quite reasonably, but they will not know



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how much money they are going to get until the funding settlement in November.

Kemi Badenoch: Yes, until I tell them sometime this year.

Bob Blackman: The autumn.

Chair: At least that is a commitment it is going to be this year.

Q280 **Bob Blackman:** We have also heard from the Nuffield Trust. This comes back, Minister Keegan, to the issues of cross-subsidy. There is a danger of geographical cross-subsidisation, where the large organisations that operate could potentially, because costs and other inputs are different in different parts of the country, choose to cross-subsidise from one authority to another. Have the Government taken that into consideration? What action are you going to take if this does happen?

Gillian Keegan: As I said, business models are all very different and to some degree that is part of the complexity, but that is why these market sustainability plans and the spending reports that we are going to get are going to be really important, because we will be able to look at them and we will be able to see aspects where there could be differences. We do expect there will be differences. There will be things that are based on different things, like rurality, personalisation of care, specific care packages for people, et cetera.

What we are doing will ensure much greater consistency than we have today, because today it is based on a negotiation, it is based on the volume that the local authority buys and it is based on the market, and the supply and demand aspects of the market as well. There are some areas where they do not take local authority funders and there are some where they are pretty much all dependent on local authority funding.

Our cost of care guidance will ensure there is a greater consistency. However, there will be some differences, it is expected, in terms of more rural services or personalisation of care and wider circumstances. I am sure that it will be a continual discussion and we are going to have these market sustainability plans, which are a continual feature and a continual factor. Sustainability will be part of what the CQC also will be looking at.

Q281 **Bob Blackman:** One of the problems has been local authorities competing for beds in care homes and, therefore, the costs go up as a direct result of competition between local authorities bidding to the private sector and asking for beds. That has often been a case then of local authorities coming together in groupings to pool their resources and their procurement. Have you taken that into account as well?

Gillian Keegan: No, but local authorities competing with each other is just going to drive the prices up, so we need to have a more sensible approach. However, to be fair, when you have cross-subsidisation I would imagine— although I have not looked at those particular cases—that, if they have driven the prices up, they are probably closer to where we



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need to get to in terms of the fair cost of care, if you see what I mean, because a lot of them are paying under the market price, which is why you have cross-subsidisation in the first place.

Q282 Andrew Lewer: The “People at the Heart of Care” White Paper key quotation is “the strategic commitment in all local places to connect housing with health and care”. How is this to be achieved?

Gillian Keegan: We have a £300 million fund, which is a significant new investment to enable innovation in housing. It 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. We hope ultimately it will help increase investment in these commissioned services.

They have been a major barrier to increasing the supply of supported housing, which has had a number of knock-on effects to either in-patients who are miles from home or people who cannot be cared for in their local community. That is a fund. We have not said how it will be accessed yet. That is something that we still need to publish and make clear, but the idea is that that fund will be used to innovate.

Q283 Andrew Lewer: We do not know yet where it is going—whether it is going to local authorities or the NHS is going to hand it out.

Gillian Keegan: No. It is local authorities, housing associations or wherever we can get partnerships for housing. The NHS does not have much of a role there. It is mostly local authorities and housing associations.

Michelle Dyson: This will almost certainly be about local authorities and one of the things that we will ask each of them to do is to create a plan on how they are going to do exactly what you have described, so how you are going to integrate housing with health and care in your particular area in your circumstances.

Q284 Andrew Lewer: Will there be a bidding in sort of thing where people have to draw together plans and submit them for your approval?

Gillian Keegan: We have not set that out yet and I have not seen it yet, so I cannot even say, but that is what they are working on with the stakeholders, to try to design these to make sure that it is going to have the right outcomes.

Q285 Andrew Lewer: Turning to DLUHC then, given those needs, can we expect a national strategy for building a suitable quantity and variety of housing that we assess is needed for older people and disabled adults?

Kemi Badenoch: It is not where we would start. I do not cover the housing policy, but I have spoken to officials, just to get a briefing, and



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what Stuart would want me to tell the Committee is that there is a taskforce being set up. We are establishing a new taskforce on the issue of older people's housing and he will chair that as Housing Minister. That will look at ways of providing greater choice, quality and security of housing.

A national strategy could end up being yet another thing that we spend lots of time on. We spend a lot of central Government time creating strategies rather than implementing them. He would confirm that using the facilities in the Levelling-up And Regeneration Bill can allow councils to make those decisions, but give them a little bit more clarity in terms of how they should go about doing that. In terms of a national strategy, there is certainly nothing planned.

Q286 Andrew Lewer: We have heard about the £300 million there, but also as part of this there are some very specific references in the White Paper to a new service for minor repairs work. Is that going to be backed up by funding as well?

Gillian Keegan: Yes. The Government fund the disabled facilities grant to support those eligible older and disabled people to adapt their homes and we are taking steps to ensure that that can benefit more people in need in the adult social care White Paper. We announced £573 million for the grant in the years 2022-23 to 2024-2025, and a commitment to consult on some key reforms to that grant, which included means testing and reviewing the allocation methodology.

We also announced that we will make funding available for a new minor adaptations service. This is really to make sure that local authorities are empowered to just get stuff done really quickly. Sometimes, if you look at the processes and systems in place to put a handle on a wall or whatever, like all of these things, the cost of it is more in the process than actually doing it, so we are trying to have a very sensible approach to just have some money to be able to get on with it, because people need it.

It is another thing that people need often before either they can return home from hospital or they can return home from wherever they have been. Sometimes you are waiting on a process that is taking too long, so we want to basically cut through that and make sure that we have this. There will be some funding available for it.

Q287 Andrew Lewer: That is good. That chimes in with the Motor Neurone Disease Association's Act to Adapt campaign. We heard about someone, for instance, where the only time they ever used the ramp that was put in as a disabled adaptation was to put them in a wheelchair and take them to hospital to go and die. The measure you described would certainly be welcome. That is useful information about the disabled facilities grant, but the reference in the White Paper is to minor repairs service, which is not so much about stairlifts and adaptations that are new, but day-to-day repairs that allow old people who cannot deal with



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those sorts of repairs to have them done and, therefore, be able to stay in their own home for longer, as distinct from DFG. Is there some funding for that as well?

Gillian Keegan: Yes.

Q288 **Andrew Lewer:** Do we know how much yet?

Gillian Keegan: No, we have not published the amount yet.

Andrew Lewer: There will be some.

Gillian Keegan: There will be some.

Q289 **Andrew Lewer:** We will look out for that with some interest, I think we will say. Finally then to you, Minister Badenoch, when will the outcome of the Department's 2020 consultation on the accessibility of new homes be published?

Kemi Badenoch: The answer to that question is soon. I know we say that all the time, and the excuse I am going to give is that this is not my policy area, but I know that we have consulted on options. We did that in September 2020 and the team explained why it was taking so long, but I cannot exactly remember. They do believe that this is something that will be coming up shortly, so I would expect it very soon.

Andrew Lewer: We may chase that, because that is a key part of all of this change to care services.

Q290 **Chair:** Just to point out that the recommendation about a handyman service was something we made in our report on housing for older people a few years ago, so it is good to see the Government have got themselves in the right place.

Gillian Keegan: We listen.

Q291 **Ian Byrne:** I just have a really quick one to Minister Badenoch. What impact do we think the right to buy would have on housing for older people and disabled adults? Is there any modelling available?

Kemi Badenoch: I would not know, just because housing is not my area. I would have to get the Department to write to you on that.

Ian Byrne: Could you do that?

Kemi Badenoch: Yes.

Q292 **Florence Eshalomi:** Just coming back to planning, Minister Badenoch, the Chair just cited the Committee's 2018 report, "Housing for older people", which made a series of recommendations on how the planning system could be reformed to help find suitable homes for older people. The Government's guidance for councils on preparing planning policies for disabled people is there, but recent research by Knight Frank found that 50% of local authorities do not have an older people strategy. I note in your earlier reply to my colleague, Andrew Lewer, that you mention that



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having a national strategy is not the right way, you feel, and you are allowing councils to make those decisions, but, where you are seeing more than 50% of local authorities not having a plan, what plan do the Government have to strengthen this and essentially help councils?

Kemi Badenoch: I was quite curious when I saw planning on the list, because I did not understand the link with it and adult social care. It was one of the questions that I asked during the briefing and they explained the context of the 2018 report that you had done. The way I would answer that would be to point to the Levelling-up and Regeneration Bill.

It makes local plan preparation a statutory requirement and that includes measures to accelerate their production, because that is where a lot of those issues need to be dealt with. National policy and guidance will set expectations as to what those plans would address, and that includes homes for groups of particular needs. We will need to consult on that fully, but the Levelling-up and Regeneration Bill is the answer in terms of getting councils to focus more on what is needed.

We have also consulted on raising the accessibility of new homes, which we mentioned previously, and that is part of a full review of building regulations that we have been doing. There is a lot that has been going on in terms of a research programme, getting the different experiences of people, especially disabled people, and just ensuring that we are being inclusive in terms of how we are looking at housing policy. That taskforce, which I mentioned in the previous answer, will be another area that will consider how we can mitigate the impact of this problem.

Q293 **Florence Eshalomi:** You may not have the answer now, but will that taskforce look at housing needs assessment? Again, in one of the evidence sessions to our Committee, we heard from housing associations that we need to have a more robust housing needs assessment—whether it is looking at old people’s homes, people with autism or right across the piece. A number of people within the sector currently feel that that is just not available and it is not being planned for. Do you feel that there is a lot more that Government can do to look at housing needs assessments and will you require local authorities to set targets on that?

Kemi Badenoch: The national planning policy framework states that local authorities need to do their own assessment on the tenure, the size of housing and so on, so that is not going to change. It also specifies the need to consider specialist housing.

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 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.



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Q294 **Florence Eshalomi:** You cited the Levelling-up and Regeneration Bill. You may be aware that clause 83 will require local authorities to have regard to the national management policies, which you cited again. Will this apply to older people and disabled housing needs?

Kemi Badenoch: That is something that we are going to consult on. The finalised set of policies is not completely decided, but we are going to consult fully on the scope and the content before they are put into place.

Q295 **Florence Eshalomi:** Just bearing in mind everything you have heard from our Committee this afternoon, would you not think that would be a way that the Government should go? Would there be any push or indication from the Government for people to support that as a policy?

Kemi Badenoch: Clause 83 is asking local authorities to think about their local need. It may not necessarily be something that is very salient in some local authorities. What we are trying to avoid doing is creating blanket approaches, which we have seen so far, where everybody is up in arms about it because one-size-fits-all does not work. We do genuinely believe in devolution and giving power to local authorities, so the best way to manage those sorts of specific issues is to allow them to make the decisions, but we will consult more broadly on what that would entail specifically around the question that you mentioned.

Q296 **Florence Eshalomi:** Just lastly, there are eight possible use classes that are relevant to the use of social care and, in those eight, five specifically mention care. Do you feel that that is clear enough in terms of the range of housing options for older people and disabled people or should we be looking at a new class definition?

Kemi Badenoch: I am not an expert on use classes, but my understanding from what I know is that they are there to provide flexibility, so they will not be too rigid in terms of the definitions. I would be surprised if the Minister for Housing was looking at a new class. It is making sure that people understand better how to use the existing categories.

Q297 **Chair:** That is something we might follow up on, because there is a problem here that we looked at in our previous report and it falls between two use classes, as I understand it. It is a retirement village, and designated land for that purpose might stop what happens now—where the volume spec developers outbid retirement home providers in terms of purchasing the land.

Kemi Badenoch: I have just seen in the note I was provided that we did update planning practice guidance in 2019 to make clear that, in respect of housing for older people, it is for the local authority to consider into which use class it may fall, but that might be something that you had considered already, so I will get a letter or a note out to clarify.

Chair: It is a very technical point, I appreciate, so we can probably come back and pursue that with you. Thank you for that.



Q298 Ian Byrne: Minister Keegan, the Committee received a number of calls in evidence for a national care workforce strategy. The Government committed to publishing a national care workforce strategy by December 2021. From our inquiry, this strategy is vital to build public confidence in the sector and the confidence of the workforce in the viability of the sector. Why has it been delayed?

Gillian Keegan: What we did in December 2021 is publish the adult social care workforce part of "People at the Heart of Care", so it was superseded by the "People at the Heart of Care: adult social care reform" White Paper. The strategy is vital. When I started as an MP in 2017 I set up an APPG on professionalisation of the social care workforce, so you have to be careful what you wish for sometimes in life. Now I have to deliver on it.

It really has the strands there to ensure that: people are well trained and their training is championed; they are supported and developed throughout their career, which will give them career advancement opportunities; they are healthy and supported, and their wellbeing is supported; and they are sustainable and recognised. There are quite a lot of things that we have to do to make sure that we have that knowledge and skills framework, and for those routes to be able to progress in the workforce, et cetera. It is a massive fundamental reform.

Q299 Ian Byrne: Is the White Paper the strategy—so you are not publishing a strategy now?

Gillian Keegan: The White Paper is the strategy and there will be more detail on the strategy as we evolve what we are going to be doing with that £500 million.

Q300 Ian Byrne: When are we going to get that?

Gillian Keegan: It is a strategy with money as well, which is even better than a strategy because there is money behind it. I do not know if we have any dates. Normally, it comes in seasons, or "shortly" or "soon". I have not seen it yet, but it will be being worked on. I do not know if you have any updates.

Michelle Dyson: As I said earlier, the 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.

Q301 Ian Byrne: You have sort of answered it. I will take that. We are also repeatedly told that one of the key levers to stabilise the adult social care market—to ensure that people receive the care they need and unpaid carers crucially, as you touched on before, get a break—is to increase the wages of social care workers. It is a sector that is historically undervalued and I hear that horrible phrase "low skilled" an awful lot for that sector.



We have seen during Covid it is anything but. The call by the GMB Union for pay justice is absolutely overwhelming and that is something that we should be considering from a moral perspective as well. Would you commit to a minimum pay level for care workers that reflects the values of the country and also where we are now with the cost of living crisis?

Gillian Keegan: First of all, you are absolutely right that all of us saw—if we did not see it before, if we did not have our loved ones in care homes—what an absolute lifeline the social care workforce was for the most vulnerable people in our society. They were an absolute lifeline and we owe them a debt of gratitude for that. We do appreciate everything that they do.

We have worked with the local providers and, as we said, the local authorities, because fundamentally there are factors of this. We were talking about one of them before, which is how much local authorities pay for the care in the first place. We need to move that up, so that we are making sure that cross-subsidisation is removed.

The national living wage is the minimum wage, which has increased by 6.6% this year, but the most important thing that I have learned is that Skills for Care, which looks at the adult social care workforce, found that only 21% of the workforce are on the national minimum wage; 79% are above the national minimum wage and there has been quite a shift recently as well. During the pandemic, we have certainly put a lot more money into retention workforce funds to be able to shore up the sector, because there are many discussions about the competition for labour.

It is really very important that we not only put the right fees that we are paying, so that that can be part of the business case, which can be passed on to workers, but also that we build the knowledge and skills framework. There is a lot of very bad practice. There is a lot of training and retraining. The training does not get captured. Most people know how to do some very complicated things. It is a skilled job in many cases. It is very complex and almost akin to medical in somebody's home or within a care home, but it is never captured and then you have to retrain again and all of those specific things.

It is a very inefficient approach that we have at the moment. Once we can get much more transparency and efficiency, and enable people to capture what they know, and to show and demonstrate what they know and their years of experience, that should help us get what would be the normal fundamentals to enable them to get the earnings up the ladder and progress in their career.

Q302 **Ian Byrne:** We will be leaving the actual pay to the market. The market will decide the pay.

Gillian Keegan: Yes, the market will, but what we need to ensure is that, first of all, the bit of the market that we are responsible for, which is how much local authorities are paying, is fair and also that we help the



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market, because we do not want to just leave it to the market. We are putting the knowledge and skills frameworks in to make sure that we develop a foundation for the market to be able to recognise the skill of the workers.

Q303 Ian Byrne: You are confident the market will reflect the value of that workforce, because it has not done so far.

Gillian Keegan: As I say, only 21% of the 1.54 million people in the social care workforce are on the national living wage, so 79% are paid above the national living wage, according to Skills for Care, who are the experts in this sector.

Q304 Chair: How is that basically half of care workers leave within a year? They go on to do something else. Is that because half of them are on zero-hours contracts?

Gillian Keegan: In my personal opinion, there is overuse of zero-hours contracts in some parts of the system. For example, in domiciliary care there is still quite a lot of use of zero-hours contracts and, in many cases, that means the risk can flow down to the individual, which is not the right thing to do. I have heard examples when I have been out with domiciliary care workers doing the rounds with them in the morning. Someone will tell me that, if they are looking after four people and two of those people go into hospital, they do not get paid for those two people, so suddenly they have half of their salaries. You cannot expect anybody to be able to manage their family finances on that with all that insecurity, and it is going to lead to people leaving or going to find a more stable and secure job.

Q305 Chair: Within two years of these reforms coming in, will we expect to see a significant drop, both of care workers leaving within a year of their employment and of zero-hours contracts?

Gillian Keegan: 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.

Chair: That will be one of the ways in which we can monitor success.

Gillian Keegan: It is to some degree. Again, there is very little data, but there is a churn factor. There are many people who are going from one care home or domiciliary provider to another, so some of them are leaving and staying within the sector; some of them are leaving and going out of the sector as well.

Michelle Dyson: Skills for Care produced some data that said that 25% of social care employers had turnover of less than 10%. What they attributed that to was not pay, slightly surprisingly, but terms and conditions, the values of that employer and empowerment.

The terms and conditions point is interesting, because that goes to our reforms and how we are trying to develop people. That does give us



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some hope for our reforms. For a start, it can be done now, so 25% of employers is quite a big achievement here, but hopefully our reforms will build on that. I very much agree with the Minister that this is not going to be a quick reform, but we should be judged over time on retention levels, because that is what our reforms are all about.

Q306 Mohammad Yasin: Unpaid carers are doing a great job by looking after their families and loved ones, and they are saving our economy £132 billion per year, which is an average of £19,336 per carer. Carers UK is saying that we need £1.5 billion to give them a break because these carers are getting mental health and other health issues, but the Government are only offering as little as £25 million to support unpaid carers. Do you not think it is so little to help these carers and this is not the right reward for what they are doing?

Gillian Keegan: The £25 million is the money in the reforms to put in place some additional support—signposting, wellbeing and respite models—and to look at innovation in terms of what will work.

Q307 Mohammad Yasin: How much is available for their breaks?

Gillian Keegan: Local authorities are required to provide or arrange those services that meet the needs of the population, including carers, and we did give additional funding for respite and short breaks for unpaid carers in the NHS contribution to the better care fund.

Mohammad Yasin: How much is that?

Gillian Keegan: The better care fund was—

Michelle Dyson: I do not know how much that element was.

Gillian Keegan: I do not know. We will find out what that element is. I do have some funding on the better care fund.

Michelle Dyson: We put in around £6 billion, but we should follow up on this element.

Gillian Keegan: There is something under the better care fund, which is how that should be seen. It is local authorities and additional money from the NHS. It is clear that we need to have a more well-understood offer for unpaid cares, so they know what is available in their local area, what things they can access, et cetera.

Q308 Mohammad Yasin: You say the money is there for them to have breaks.

Gillian Keegan: Yes. In fact, I have been to the respite centres and met people staying on breaks with their other half, or sometimes a break for the person who has additional needs and the other half is away. Yes, there is money there and many local authorities do this very well.

Michelle Dyson: It is part of core local government funding, because the Care Act puts duties on local authorities to help people who need care



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and to help carers. Then the core local government funding is all designed to ensure that local government can meet those duties. It should be part of core local government funding and core local government duties.

Gillian Keegan: The better care fund I have just found is £2.14 billion in 2022-23.

Mohammad Yasin: What is included in that is a wider question, but there will be many other services included in that as well.

Gillian Keegan: Yes, it was about integration and working better locally as well, but it was specifically put that that was part of what should be funded there.

Mohammad Yasin: My question was whether there is £1.5 billion for unpaid carers to have their breaks. You are talking about the collective money, which is maybe not enough to spend somewhere else.

Gillian Keegan: First of all, I have no understanding of how Carers UK made its estimate. There is £2.14 billion, which is for a number of things, but part of that is for respite breaks for carers to be able to take a break. The £25 million is to be able to reform, innovate and signpost better and is also for mental health and wellbeing support for unpaid carers. That is a reform as opposed to the actual moneys. There is money there.

One of the things that you sometimes hear is that the money is there and people get given the options, but they cannot always use the options because there were not enough services available, as some of those were impacted by the pandemic.

Q309 **Mohammad Yasin:** Carers UK told us that only 24% of the carers have received the care assessment. What are the Government doing to improve the take-up?

Gillian Keegan: Local authorities are responsible for assessing the needs of the people in their area. There has been the local government finance settlement, which we talked about with the £3.7 billion, and we are bringing forward measures to provide a greater understanding of practice and provision at local level. What is going to make a big difference is an independent assessment of local authorities by the CQC, which will look at what processes they have in place, how they are doing the assessment, what take-up is like, et cetera. It will look at overall care provision in the area, so there is an assurance framework.

Q310 **Darren Henry:** To Minister Keegan, our witnesses have said that the "People at the Heart of Care" White Paper lacks milestones to chart progress against the 10-year vision. Will the Department be publishing milestones and measures of success?

Gillian Keegan: That is part of what we have been discussing today—when is the next bit of information? We will be working with stakeholders, as we are at the moment, to develop and design the implementation of



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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.

I am very keen to have outcomes-based measurement to check that all of the work we are doing, all of the money we are putting in and all of the efforts that everybody is going to make to reform this system ultimately make a massive difference to the people who rely on social care.

Q311 Darren Henry: Witnesses have welcomed data sharing itself. Is there going to be a social care data framework published at some point?

Gillian Keegan: Yes, we will be sharing our proposed approach on the framework with the Data Alliance Partnership in June. After that, we will be engaging with the sector to include what data we need to collect, can collect and want to collect. This is new and, I believe, will be transformative as well, because how you make some of these decisions and make sure we put the right things in place when you do not have any data is part of the problem that we need to address.

Q312 Darren Henry: Will that data include the number of carer assessments and a list of unpaid carers?

Gillian Keegan: We need to provide it in June. I do not have the details yet, but I am very happy to make sure we forward that to you once we publish it in the early stages. It has clearly got to have things that make sense in terms of measurement, and the stakeholders and a lot of the sector, I am sure, will come up with many ideas on that.

Q313 Darren Henry: We are putting these systems in place to collect the data, plus we have the data reform Bill, which will introduce data protection legislation as well. I am just concerned about how we make sure that local authorities and care providers do not get overwhelmed by this new data regime. Do you want to comment on that, please?

Gillian Keegan: First of all, our aim is to collect and share the data across the sector in a way that minimises the burdens. Technology can help a lot with this and it may be that we need to evolve the technology over the 10-year period as well, but we need to carefully consider the frequency, how much data we collect, when we collect it and how much we can automate the collection of it, which will probably be a longer-term ambition because we are starting from a very low base, but that is absolutely our focus.

We will work with the sector, including the CQC, because it will be using a lot of data. It is the most sensible approach that we can have and we will minimise the burdens as far as possible, but clearly, if you have not been collecting much data and you do not have much data, there will be burdens to collect data that are not there today. I would argue that making decisions on data relieves a lot of other burdens.



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Q314 Darren Henry: The Care Quality Commission has a new duty to assess local authorities' delivery of their adult social care functions. This is expected no sooner than October 2023, but there is a concern about bringing in this new assurance process while councils are trying to grapple with the new charging and integration, as well as the aftermath of Covid. Do you want to comment on that—just being overwhelmed?

Gillian Keegan: We are moving to a point where there is going to be a CQC assessment that is not there today, with more accountability and transparency that is not there today, so that is clearly going to be concerning a lot of local authorities to make sure that they get ready to be able demonstrate their good performance.

They will begin in April 2023 with a two-year programme of comprehensive assessments for local authorities, and that will help us to establish a clear picture across the country. We will roll out with the sector a system that supports local authorities. I mentioned there was £70 million, which is there to help local authorities get ready, continue to share best practice and be able to deliver on those. We are not going to leave them alone in this process.

We are very much there to say, "We realise it is a big change", and we will be committing to £70 million, but we need to do this, because they are an integral part of the system. They are an integral check and balance in terms of how we are delivering on our promises to the people to be able to fix adult social care. We will be there alongside them as well.

Q315 Chair: Moving on to the issue of integration, everyone thinks that this is where it has to be done. If we get it right, it will work. If we do not get it right, it will not work in terms of the service delivered to individuals. There is just one particular problem. We have seen the integrated care boards established, but there is a problem in some areas where the boards and local authority boundaries do not relate to each other. Is anything going to be done about that? It is an organisational and administrative problem.

Gillian Keegan: If you look at all aspects of it, you have the integrated care systems, the integrated care boards and the integrated care partnerships. They will not all neatly align. We have tried as far as possible to get areas that make sense in terms of size and population, but they do not all neatly overlap. Certainly with the partnerships, they may not as well, because they are charities, they are third parties and they are organised in different ways.

The key here is to be able to work much more in partnership with other parts of the public sector or the voluntary sector and third sector. By and large, they should overlap to some degree. 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.



Chair: It makes it more difficult, does it not?

Gillian Keegan: This is going to be difficult anyway, but it is having that conversation, which is effectively, “How are we going to pool what we do and our budget?”, and, “How are we going to focus our attention on the outcome for that particular group of people?” Flo was talking about people with autism or whatever. Whatever it is that they look at, this is a change of approach and it means working across much more in an integrated fashion.

The pandemic and the lessons from the pandemic have given many of our local authorities, local NHS, local GPs and the voluntary sector much greater impetus to work together, because they saw the benefits of doing that. They did that a lot in the pandemic and they have seen the benefits of doing that.

Q316 **Chair:** I agree with you on that. In my home city of Sheffield, the relations between the local authority, public health, adult social care, the CCG and the teaching hospital have been absolutely great. They work well together. Indeed, they are a long way down the road to getting pooled budgets; they are almost a leader in that. We are waiting for a review of the pooled budget arrangements and more information about next year’s better care fund. Do we have a timeframe for those? These issues are important where organisations want this certainty about how they are going to work together in the future.

Gillian Keegan: To use a line from Minister Badenoch, the better care fund is continuing in 2022-23 and the policy framework will be published shortly. “Shortly” means not that long, actually. You get a season if it is longer.

Q317 **Chair:** Is it sooner than “soon”? This is the debate we have.

Kemi Badenoch: It is, because we need to get it ready for 2023, so the policy framework has to come well before that.

Q318 **Chair:** That is helpful—and the review of the pooled budget arrangements?

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.

Chair: That is important.

Gillian Keegan: We will advise you as soon as we have that.

Q319 **Chair:** Have we resolved all of the data sharing problems that have occurred historically between the health service and local authorities?



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Gillian Keegan: I do not think we have resolved them all. The pooled budgets and a lot of the working that has happened have helped with that. From what I understand they have data sharing arrangements in place in many cases. I do not know if there are any specific insights we have. Clearly you have to share data to make sensible decisions, and if you look at the integration White Paper, it runs right through it. It is an absolute foundation. Some will do it better than others.

Chair: Often there are barriers where the NHS simply says, "We are not allowed to".

Gillian Keegan: That could be, what, confidentiality of patient records?

Michelle Dyson: 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.

Q320 **Chair:** Can you not make it easier for them to make it work, by getting around these problems?

Michelle Dyson: Yes, in principle we must be able to, but I cannot give you any detail on that.

Q321 **Chair:** It has been a problem for years, has it not?

Michelle Dyson: Can we come back to you on that? It is part of our integration White Paper.

Gillian Keegan: It is, and if you look at the integration White Paper there is a lot of signposting and signalling of where we need to get to, but it is not laid out yet because that is again a 10-year journey. If you read through it, there is an expectation, there is some funding to enable it, there is a clear goal, and there is a clear expectation that some aspects will be figured out, but that we will have to also do other things. Over the 10-year period there will be a lot more that we will be seeking to achieve.

Q322 **Mary Robinson:** Pooled budgets and the arrangements depend on good will and we know that is really important, but we also know there have been difficulties in the past because local authorities have a set budget, which they have to set and keep to by law, whereas if NHS trusts, for instance, run out of money they can go to the Government to get some. It is a much more flexible arrangement. How will you overcome that? Are you confident you will be able to overcome that in your arrangements?

Michelle Dyson: The better care fund has an element where you have to pool, which in the last year has been around £6.9 billion. Then areas have put in an additional £3 billion voluntarily because they think it is a good thing. They have found ways to overcome that, and by putting in an extra 50% it feels like it is working, but Alex is more of an expert on this than I am.



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Alex Skinner: No, you are right. In total it is about £10 billion, and then the voluntary contribution, as you said, is about £3 billion. That does demonstrate that local authorities are prepared to pool it. Historically, you are right that local authorities have had some reticence where, if you like, on the other side of the partnership they have looked across the table and said, "We are not quite sure about the financial circumstances of the partner". From the anecdotal evidence I have heard from when I do visits, that is an improving situation.

Q323 **Chair:** Just finally, one of the problems has been hospital beds with people in them who should not be there, either for their sake or because other people need the beds for elective surgery. At one of my regular meetings with the teaching hospital trust in Sheffield, they indicated they had got over 100 people in beds who ought to be discharged, and more in their community provision who ought to be discharged. Talking to the director of adult social care in Sheffield this morning, about 30 of those people are simply there because of the lack of funding so far. Until March, what apparently was working really well was the discharge to assess funding, which came out through Covid, but was a really good way of the various partners working together with joint funding. Why did the Government just discontinue that? Was it not something you might have looked at continuing post Covid?

Gillian Keegan: This has been a problem for a long time. I was a board governor in 2015, and it was the very first problem I heard about then. I think 85% of the patients were over 85, and this was a huge problem. Actually, there are a number of initiatives. One is to try to prevent and be able to predict who may need an intervention to avoid them going into hospital in the first place. That is some of the work that has been going on. The other is to speed up the discharge processes. One of those was the discharge to assess and the home first approach, both of which predate the pandemic, but we put a fund in place to respond to the incredibly high demand during the pandemic.

The NHS bodies and local authorities should adopt the discharge processes that best meet them, and of course they have seen that these work. If it does work for them, they should be adopting that. Funding to support discharge can and is being funded under section 75. That is where they pool the budgets, et cetera. The better care fund literally is the mechanism that will enable them to build those processes in place.

We believe, if they pool their money and have what we say is the bedrock of integration in terms of working together for the local population, it is clear that it is a win-win benefit to enable people to be discharged from hospitals. From what I understand of those lessons and learnings, people have seen locally the power of doing that. There has been a lot of funding going into the NHS and local authorities.

Chair: That was £13 million to Sheffield, and similar amounts to other authorities. It is now not there. That is causing additional strain. Given this is an area where partners are working together, there is no blame



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culture there. They are simply saying, "The money is causing the problems".

Gillian Keegan: The better care fund is £10 billion. It is £2.14 billion this year, and then, over the time period, is considerably more than that. Plus we put additional funding into the NHS—nearly £34 billion a year—and into local authorities, again a record. There are a number of funding streams. Someone will always say, "Keep this one going and keep this one going", but we believe the lessons are there. Actually, if you are looking at it from an integrated level, it is more efficient than what we are doing today, and less costly.

Michelle Dyson: Anecdotally, I recently visited a couple of local authorities. I was in Greenwich last week and Buckinghamshire a few weeks before that. Both of them 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. There is an element of local prioritisation going on that is where we should be post pandemic, with the end of all of the additional Covid funding.

Chair: Ministers, thank you very much for coming in and answering a wide range of questions today, on what we all agree is a really challenging and important area. Thank you very much indeed for coming.