

Public Accounts Committee

Oral evidence: Reforming adult social care in England, HC 427

Wednesday 24 January 2024

Ordered by the House of Commons to be published on 24 January 2024.

Watch the meeting

Members present: Dame Meg Hillier (Chair); Paula Barker; Olivia Blake; Sir Geoffrey Clifton-Brown; Ben Lake; Anne Marie Morris.

Gareth Davies, Comptroller and Auditor General, National Audit Office; Vicky Davis, Director, National Audit Office; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; Linda Mills, Deputy Director of Parliamentary Relations, National Audit Office; and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Questions 1 - 115

Witnesses

[I](#): Sir Chris Wormald, Permanent Secretary, Department of Health and Social Care; Michelle Dyson, Director General for Adult Social Care, Department of Health and Social Care; Catherine Frances, Director General for Local Government, Resilience and Communities, Department for Levelling Up, Housing and Communities.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Report by the Comptroller and Auditor General
Reforming adult social care in England (HC 184)

Examination of witnesses

Witnesses: Sir Chris Wormald, Michelle Dyson and Catherine Frances.

Chair: Welcome to the Public Accounts Committee on Wednesday 24 January 2024. Today we are looking at the knotty issue of reforming adult social care in England. Thanks to the National Audit Office for its latest Report on this issue.

The Department of Health and Social Care has overall responsibility for health and social care, but often it feels like social care is dealt with rather differently, partly because it is delivered largely through local government funding, routed through Government and from private providers. It is a market that is not controlled, in the same way as the NHS is, through the Department. Nevertheless, it is vitally important to the thousands of people who rely on adult social care up and down the country. With all the recent announcements about the challenges in local government, it is very pressing as an issue, even more than it has been in recent years.

I am pleased to welcome our witnesses. Sir Chris Wormald is the permanent secretary at the Department of Health and Social Care, the longest-serving permanent secretary in Whitehall. Michelle Dyson is the director general for adult social care at the Department of Health and Social Care. Catherine Frances is the director general for local government resilience and communities at the Department for Levelling Up, Housing and Communities.

A warm welcome to you all. Before we kick off, we just have some other questions about other subjects while you are here, if you can indulge us. Anne Marie Morris is going to kick off.

Q1 Anne Marie Morris: Sir Chris, you will be aware that there is a significant planned building programme for new hospitals. This is the original 40 new hospitals programme. Following RAAC, that was reviewed to ensure that those hospitals with RAAC were included and/or excluded as appropriate. That led to development of a new list as to which hospitals were in phases 1, 2, 3 and 4. I have a particular interest in Devon because two of my hospitals were within the programme. The one in north Devon fell outside the 2030 cut-off, but Torbay stayed within it.

As I understand it, since you looked at including the RAAC hospitals, no further changes have been made to the named hospitals included, but I understand that has not yet been approved by the Treasury. Clearly, that is important. If the Treasury does not agree to increase funding, no doubt



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you will have to look at that list all over again. Do you know where we are on that and whether the Treasury has signed off on it?

Sir Chris Wormald: I will need to go and check the exact position with my colleagues back at the Department and the NHS, including on the hospitals. The Committee held a very extensive hearing on the new hospitals programme quite recently. Certainly, the list has not changed since then. I will go back and check the exact position on both the specific hospitals and the overall programme for you and write, if that is okay.

Q2 **Anne Marie Morris:** That would be helpful, particularly as to whether or not the Treasury signed off and, if not, when it will.

Sir Chris Wormald: I will give you the update of where it is. As ever, I will not get into a departmental blame game. This is a Government programme that runs to its timetable. I do not want to leave any suggestion that there is any difference between us and my Treasury colleagues on these issues.

Chair: The Treasury Officer of Accounts is here and can hear that there is an impatience in Parliament to get an answer on this issue, so point well made, Ms Morris. Thank you very much indeed.

Q3 **Sir Geoffrey Clifton-Brown:** Good afternoon, Ms Frances. I have a couple of very simple questions on the local government finance settlement. You have published a draft. I believe you are currently consulting on that draft and you also have a firm date when there will be a ministerial statement to Parliament. What is that date, please?

Catherine Frances: We issued the provisional local government finance settlement in December, as you say, and we have been consulting on that. That consultation shut last week. We have been processing the responses. I am anticipating a response shortly. We have said that we will issue the full details of the LGFS by the recess. That is important so that councils can go on and factor those detailed numbers into their budgeting.

Q4 **Sir Geoffrey Clifton-Brown:** They have to prepare their budgets for the next financial year. The longer it is delayed, the more difficulty that is going to cause them.

Catherine Frances: That is absolutely right. That is why we have been mindful, over the last few years, to try to get ahead as far as possible on local government finance. Back in 2022, we set out a policy statement that outlined not only the settlement for 2023-24 but also the outlines and main grants for this coming year. We are expecting to lay additional information about the local government finance settlement in the House, but that has not been done yet. I will be able to update, if I am notified that it happens.

Q5 **Sir Geoffrey Clifton-Brown:** I understand that the draft that you



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mention does not include any provision for the update in the minimum wage announced in the autumn statement. Given the parlous financial state of some councils—indeed, one or two more are sadly coming forward with section 114 provisions—how will you deal with the upgrade to the minimum wage, which is going to cause some councils a great deal more of expenditure?

Catherine Frances: When we published the local government finance settlement back in December, we built on the settlement that was set out—the headlines—in 2022, which included a significant uplift for local government of 6.5% in cash terms at that point. When the autumn statement announcement was made about the national living wage, we did not adjust those figures at that point, but we had used in our original modelling for the local government settlement the figures that were available from the OBR's forecast of wage growth at the time, which is the normal process.

We would expect a couple of things to happen in local government. First, in the actual local government sector itself, members of staff are paid above the national living wage in the pay scales, which, as you know, we do not set in central Government. For the wider providers that local government uses, we would expect those to respond as with the other employers in the economy.

Q6 **Sir Geoffrey Clifton-Brown:** Let us be clear: that 6.5% figure that you talked about assumes that all councils put through the maximum increase allowed up to a referendum point.

Catherine Frances: The 6.5% is “up to 6.5%”—you are absolutely right—in terms of cash uplift in 2024-25 over 2023-24. That figure was derived from the combination of Government grant going in and an assumption that councils would use their council tax flexibility. It is very much for them to decide whether they do so. Historically, the vast majority of councils have tended to do so.

Q7 **Chair:** Just to be clear, was there a difference between the OBR figures and the actual increase in minimum wage? I am sorry; I do not have those to hand.

Catherine Frances: When we set the overarching numbers for the consulted-on LGFS provisional settlement, we used the OBR figures, which predated the autumn statement announcement in 2023. Yes, there will have been a change from that.

Q8 **Chair:** They had predicted ahead. You are using the figures that they predicted for the year in question.

Catherine Frances: Exactly, yes.

Q9 **Chair:** What was the gap?

Catherine Frances: I do not have the data partly because the way this will work is that every council in the country will contract services out



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with their providers and they themselves will pay at different rates. They will have to meet the national living wage requirements. It will be a question that arises when contracts are renegotiated or when those things are changed. If we think about adult social care, for example, it may be reflected in fees or not, but we need to let that roll through the system. I do not have a specific figure to estimate that.

Chair: We know what the general picture is and about the challenges for local government funding, whatever happens with the settlement. We will leave that there for now and we will make sure we pass on that and further questions to our sister Select Committee. Thank you for that because we do need to get on to the important issue of reforming adult social care. To kick off our main session, I am going to ask Anne Marie Morris to start.

Q10 Anne Marie Morris: There was a White Paper and there was a quite extensive plan for the reform of social care, including introducing a new charging scheme. By November 2022, when we got to the autumn statement, it was clear to the Government that the money needed to be reprioritised and redirected. Effectively, there was a 58% reduction in the pot and charging was deferred, so we were left with £7.5 billion. At the same time, there were specific focused packages to look at discharge and how we might pay carers who were providing the care better in order to ensure that the system stood up.

We had these two funds. We had the £1.1 billion that went to the market sustainability and improvement fund, which was all about trying to ensure that we still had a motivated workforce that was able to deliver care and being properly paid. We also had the £1.6 billion, which was hospital discharge.

Sir Chris—Ms Dyson may wish to contribute—did those funds deliver what was expected? Let us start with the market sustainability and improvement fund. Did the average rate being paid to care workers go up? If so, by how much?

Sir Chris Wormald: I will get Ms Dyson to answer on the specifics, but there was an awful lot in your question.

Q11 Anne Marie Morris: Indeed, what I wanted, Sir Chris, was to stop you just telling me what was in the autumn statement. I wanted some commentary on what was in it, rather than what it was.

Sir Chris Wormald: I will do the general bit, and then I will pass on to Ms Dyson on the specifics. The first thing to say is thanks to the National Audit Office for the report, of which we have agreed the facts. It is extremely important. For the first time, certainly since I have been permanent secretary, we are able to have a report on reforming social care as opposed to the sustainability of social care. This is the most extensive package of reforms since the 2014 Care Act.



Overall, as the report sets out, we think we have achieved quite a lot. More has happened in the last year than in any preceding year since that Act. As the National Audit Office also sets out, we have had to make a series of changes, and we have not delivered everything that we set out in the original White Paper. We have been very explicit about our reprioritisations and the changes that you have quoted from the autumn statement.

Our overall position on this is that an awful lot has been achieved, but not as much as we wanted, and there is a lot more to come.

Q12 Anne Marie Morris: Ms Dyson, are you able to help me with the market sustainability and improvement fund? I will probably go back to you, Sir Chris, on hospital discharge.

Sir Chris Wormald: No, all these programmes report to Ms Dyson.

Chair: Ms Dyson comes with the numbers.

Michelle Dyson: On the market sustainability and improvement fund, it is worth saying at the start that it is a two-year fund. We are still in the first year. We originally put it out in July and then we put out a subsequent grant. We have done two tranches this year, and then there is more to come next year.

In terms of what it has achieved, we said to local authorities that there were three things they could do with that grant. They could put it directly into the workforce; they could use it on fee rates; or they could use it to reduce waiting lists in councils for social care.

85% of local authorities told us that they wanted to use it on fee rates. It is worth saying that, given that 70% of the money that care providers spend in fact goes on the workforce, putting money into fee rates is itself a way of putting money into the workforce. A lot of local authorities have told us that the average fee rate this year has gone up by 8.9%, which is above inflation.

On discharge, there is £600 million this year and £1 billion next year. The metric that we use most of all is the delayed discharge metric. In the last six months, we have seen in the published data that the number of delayed discharges has consistently been lower than at the same point last year, although it is worth saying that winter is not yet over and the data fluctuates. That is against a backdrop of emergency admissions being up. It is more difficult to reduce delayed discharges this year than it was last year.

Given that the delayed discharge metric is confounded by other issues such as emergency admissions being up, the best measure of whether our money has been well spent is what has happened with supported discharges. Supported discharges are people being discharged with a package of social care or community care. At the end of December, compared to December a year ago, that was up by 17%. There were



17% more supported discharges at the end of December 2023 than at the end of December 2022.

When people talk about delayed discharge, they tend to think that all the problems are about social care capacity, but there are lots of other issues that can make it difficult to discharge people. There are community care issues. Are there enough rehabilitation beds, for example? There are also process issues. It is not all just about how much capacity there is in care homes. The money that we put in has very much gone on buying capacity in care homes, buying more workforce to go into people's homes and buying community and rehabilitation-type capacity.

Sir Chris Wormald: The only thing I would add on that—I am sure some of you will have seen this from the hospitals in your own constituencies—is that there is a particular challenge, where hospitals are discharging to not their local authority.

Particularly where some of the big hospitals are providing for entire regions on strokes or whatever, it is much more straightforward for them to deal with the local authority they know than when it is that one patient who is going to another local authority. When you get into the discharges, quite a lot of the delays can be around those process questions as opposed to the straight capacity.

Q13 **Anne Marie Morris:** I just have a couple of follow-ups, if I may, Ms Dyson. First of all, are those figures comparable in terms of what used to be the steady state and where you are now? As I understand it, the new scheme effectively provided packages for people who otherwise would not have been entitled to packages because they were below the threshold in terms of financial need.

Michelle Dyson: They are comparable. I can give you the data from December to December. If you look at the end of December this year compared to the end of December last year, delayed discharges were down by 9%. Clearly, the data fluctuates.

Sir Chris Wormald: Just for full disclosure, the data is comparable, but, as Ms Dyson said, the externalities are very high in this. Discharge is not just about social care. The numbers fluctuate for a whole series of other reasons. Just to be absolutely clear, while the numbers are comparable, there can be lots of other factors in there.

With all that said, we can trace through from the investments we made to the outcomes that we wanted to see. The problem is not solved, but we can see the impact of the money.

Q14 **Anne Marie Morris:** Inevitably, this must be the follow-up question: what was the impact on waiting lists in hospitals? Clearly, the whole point of clearing the backlog and trying to deal with discharge was that we would then sort out—



Sir Chris Wormald: Not quite, no. The biggest effect of discharge is on the emergency route, not the elective route. This is very rough and ready, but somewhere around 10% of hospital beds deal with elective care; 90% is the emergency pathway. Delayed discharge has a much bigger effect on front-door A&E issues as opposed to elective ones.

Q15 **Anne Marie Morris:** Was that demonstrated?

Sir Chris Wormald: As you will have seen from the overall NHS numbers that have been published, we have done considerably better this year both on ambulance waits and in terms of A&E than we did last year. Again, for full disclosure, there were an awful lot of factors that go into that. What is the level of flu and covid? How cold is it? There are all sorts of things.

We do know, reasonably scientifically, that there is a big impact on the overall bed occupancy in a hospital and the impact on A&E. We can send that to you, if you like. If it gets over 96%, there is a big impact.

Anne Marie Morris: That is really helpful.

Q16 **Sir Geoffrey Clifton-Brown:** As you know, Sir Chris—I have addressed you on this before in this Committee—at one point two years ago we had double the rate of people not being discharged from hospital compared to the national average. That has come down, although it is beginning to go up again at the moment, unfortunately. That was largely due to the fact that we did not have enough social care workers, not to put into care homes but to provide domiciliary care for people to go in their own homes. We still today have 60% fewer staff in some social care sectors than we had this time last year.

It is all very well putting the wage rates up, but if we cannot get the people—we cannot even get enough agency workers to fill the gaps in some cases—it is still leaving quite a difficult situation to get people discharged from hospitals.

Sir Chris Wormald: It is still a challenge. Michelle will have the numbers. Our overall vacancy rate in social care is falling—as I say, Michelle will give you the numbers. It is still too high. As you correctly say, within that overall number you get some quite big variations dependent on local labour markets in different places.

We have made some quite significant progress on the adult social care workforce, but we still have more to do. Do you want to give the numbers, Michelle?

Michelle Dyson: I do not recognise the figure that you quote. As we see it, there are the figures that are in the NAO Report, so the vacancy rate of 9.9% and 152,000 vacancies. That data comes from the annual Skills for Care data. It relates to March 2023. We are almost a year on.



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We do not have the next set of annual Skills for Care data, but it does publish monthly data. That is not as robust as the annual data, but we see a very clear trajectory. The latest month's data that I have seen from Skills for Care was November, which had a vacancy rate of 8.4%. As I say, we should not put too much weight on the individual month, but there is a very clear trajectory down from 9.9%.

That correlates with the data that we collect internally from providers, and it also correlates with what people tell us anecdotally. As Sir Chris says, there is real variation across the country. I certainly would not say that all the problems are solved.

Q17 Sir Geoffrey Clifton-Brown: I just put it to you that there is variation. Those are national figures, but in certain very rural constituencies, like mine and that of Ms Morris, I suspect, it is far worse than in some of the urban areas.

Sir Chris Wormald: Yes, that is undoubtedly true. I suspect you saw the chief medical officer's annual report on the ageing population. One of the things that he particularly picked out was the way that the age profile of the country is diverging. More and more young people are living in cities, and more and more elderly people are living in rural and coastal areas.

Therefore, you get a double-whammy. You have more need in a lot of rural areas and a lot of the workers who would do it are in the cities. As well as the overall numbers, those geographical disparities are very high up the list of priorities for both us and our local authority partners.

Q18 Chair: This is partly why local authorities are so important in the delivery of this.

Sir Chris Wormald: Yes, exactly. That is why it makes sense for this to be a locally owned service.

Chair: Yes, and why the health of the local government sector is particularly important.

Q19 Anne Marie Morris: Let me move, quickly and finally, on to the overall structure of funding for social care. We talk about integrated care, i.e. health care and social care integrated, but we have two separate Departments. We have one pot that is free at the point of delivery. We have another pot that is effectively means tested and provided by the private sector.

Going forward, how do you propose to manage the funding and look at how you might structure how that funding works across those two Departments to make sure that we get the benefit of this integration ideal, which is absolutely right? We know there is a connection between the two.

You have also, certainly in terms of local government, put forward a proposal to simplify the funding landscape for local authorities, which was last updated in January, but you have specifically excluded social care.



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Yet some of the pots within social care have been amalgamated. Going forward, what is your plan to make sure that the funding as it is structured in social care and the funding as it is structured in health will deliver integrated care?

Sir Chris Wormald: Again, there are many parts to your question. I will pass on to Catherine for the local government finance bit. No one is proposing changing the basic structure, as set by Parliament, that the NHS is nationally funded and free at the point of delivery, and that social care is funded via local taxation and is means-tested. No one is proposing changing that.

Our focus has been to accept everything you say about the difficulties of managing across those two things as a fact of life and ask ourselves the question, "How can we assist people to work together best?" Of course, that is one of the reasons we went for the ICB/ICS system: to create a vehicle where the NHS and its partners, particularly in local authorities, could manage resources and take decisions jointly and in some cases pool budgets. That does not get away from the basic building blocks questions that you have identified.

This is entirely anecdotal, but we have heard it a lot and have seen it in practice. Both NHS leaders and local government leaders report to us that the dialogue between the two in ICSs and ICBs has never been better. We have just gone through a winter where—I am sure I am wrong and I have missed something—I do not think there has been any finger pointing at all between local government and the NHS on the issues that have arisen.

Where problems have arisen, including in your bit of the world and particularly in some of our rural areas where winter is most difficult, we have seen absolutely brilliant co-ordination and co-operation between the local authorities involved and the NHS. As I say, we are replacing the attitude of, "This bit is your fault; this bit is our fault" with one of, "How do we solve the problem?"

It is entirely anecdotal so far, but from what we have seen the ICS model is driving a different type of behaviour.

Q20 Chair: We have had quite a lot of evidence saying that, as you might expect, it is not always the case that social care gets the right weighting in ICS structures because it is Department of Health-led.

Sir Chris Wormald: Yes, absolutely. I am not saying the system is perfect and it works everywhere. It is also variable depending on how—

Q21 Chair: Ms Morris' point is partly about where the money for this is coming from. Pots of money have been thrown in rather ad hoc. They are now being amalgamated from your Department for social care.

Sir Chris Wormald: That is a slightly different point.



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Chair: There were a lot of points in Ms Morris' question.

Sir Chris Wormald: The fundamentals of how those two systems work can be changed only by Act of Parliament. No one has any proposals to change the basic foundation at this time.

Q22 **Anne Marie Morris:** We all accept the basics of where we are, but nice conversations do not really cut it. Are you putting in place any key performance indicators? Are you putting in place any way of measuring whether those two parts, social care and health, are working together in ICBs to deliver better outcomes for patients?

Sir Chris Wormald: I have two things to say on that. Ms Dyson might want to add to this. First, all the numbers we were quoting earlier are the real KPIs. Are discharges actually going down? Is the number of care packages actually going up? All those things are measures of how the system works, not measures of the individual components.

Absolutely crucially, following from some of the changes in the 2022 Act, the CQC now inspects systems as well as individual institutions. It inspects the commissioning of adult social care for the first time. It looks at ICSs and their performance as a whole. I do not know whether you want to add anything, Michelle.

Michelle Dyson: I would just mention the better care fund, which is an £8 billion fund topped up with voluntary contributions to £10 billion. That is the main way in which we want to bring systems together. We put the discharge funding—the extra £1.6 billion that we talked about before—into the better care fund because that is our main vehicle for yanking the two halves of the system together.

On metrics, as Sir Chris said, the discharge metric is very much a measure of how well that is working. There are also metrics attached to the better care fund itself, which go wider than discharge. For example, they measure whether the people who are discharged come back into hospital within 90 days. That is very much looking at the join-up between health and social care.

Q23 **Chair:** The better care fund was a temporary fund, and then it was a temporary fund again. It has now become—

Sir Chris Wormald: It is now an established part of the system. With ICSs as the decision-making body, you have joint decision making over a joint fund.

The other area where there has been a colossal improvement, which we made during covid and have now put into law, is on data. You will notice that we have a lot more numbers about this system than we did when we came to this Committee pre-covid in terms of how many people are working, etc. If we put together better data on the system, and the focus of inspection is on the system as opposed to the individual institution, we end up with a lot—



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Q24 Chair: I am going to come back to Ms Morris because she has been trying to get you to answer the question. Let us go to the evidence that we had from the Association of Directors of Adult Social Services. I would like to thank everyone who has submitted evidence. We have had a lot and it has been very useful. This is just an example, but it is from the Association of Directors of Adult Social Services so it is worth quoting.

The certainty of funding is an issue that they have raised. They raised insufficient funding—we would probably all acknowledge that—and short-term funding settlements. The better care fund is now a part of the system, but it was not at the beginning. They also raised a lack of certainty, the pressures on local government finances and the issues about freedom to spend in local areas. The council tax increase depends on the council tax base, and the will of the local people and the council to do that. It might depend on whether they have commissioners in. There are all sorts of moving parts.

It is the uncertainty around all of this. It is like a patchwork of different bits of funding. The ICSs are supposed to be putting it together. As Ms Morris has said, it is not always the case that that happens because they are health-dominated. You cannot pretend it is all rosy out there.

Sir Chris Wormald: No, I am not pretending it is all rosy. I am saying it has improved since we were last here. As I said at the beginning, one of the reasons why this is a 10-year plan is that there are a lot of systemic issues here that will take a long time to solve.

What I am saying is that we have seen, both in the outcome numbers and in what is reported to us, considerable signs of progress. We have some levers in the system that we have never had before, in terms of data and inspection, that mean we can go further. That is not the same as all being rosy.

As this Committee knows—

Q25 Anne Marie Morris: I am very conscious that the Chair is going to lose patience with me and with you if we spend too much time on this, because there is quite a lot more to cover. If the Chair will allow me, rather than asking a lot more questions, I will leave you with the view with which I think we have been left.

We have not an integrated but a very complex way of dealing with this. Yes, you have measures and you have data, but there is no clear strategy. Accepting that these are two separate Departments with different ways of funding, there does not seem to be a strategy for pulling together all the data and a lot of KPIs across a number of areas to give us an answer, then publishing that data and making it accessible.

Sir Chris Wormald: I agree with the first bit of what you said. It is a very complex system.

Chair: We do not need to repeat it. If you agree with it, just say you agree.



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Sir Chris Wormald: I do not agree with the second bit. We have made considerable progress on data and joint inspections.

Q26 **Anne Marie Morris:** Is that published? Where is the clear strategy about how you are going to deliver the outcome with all of these measures? Where is the data? Where is the transparency?

Sir Chris Wormald: The transparency comes from inspection. That is a huge thing.

Q27 **Anne Marie Morris:** That is for the CQC. What about the great British public and the parliamentarians? The CQC will come up with its report, but its report will specifically look at the particular objectives that a CQC inspection is supposed to deliver. They are not required to look at whether the integration—

Chair: Just to be really clear, Sir Chris, do you publish the measures that you have just outlined, the KPIs?

Sir Chris Wormald: What do we publish?

Michelle Dyson: I had better check, but I believe the better care fund metrics I referred to are published. I will check that.

Q28 **Chair:** Maybe bits of it are, but not all of it. It would be very helpful if you could write to us to clarify and tell us where it is published. Maybe we have missed something.

Michelle Dyson: Yes. The other thing is that the integrated care systems are themselves going to be inspected by CQC.

Q29 **Chair:** Yes, but in the olden days, in old money, when you had a local primary care trust, you could see very clearly what was happening in your area. It would pull together information from GP surgeries and all sorts of places. ICSs are a very difficult thing for MPs, other local politicians and the public to engage with.

We have looked at this in a separate hearing about ICSs and how they work. Ms Morris played a lead part in that, and we raised our concerns in our report on that. It is really opaque. From ground level, a patient or a citizen might want to know how their money is being spent and what the outcome is going to be locally. It is even opaque how the chairpersons of these bodies are appointed. Some of them are appointed; some are advertised; some are paid more or less than others. It is very much an “a thousand flowers bloom” approach.

You have some figures. You are sitting at the centre. We are just wondering whether we can see those.

Sir Chris Wormald: We are talking slightly at cross-purposes. I am happy to debate ICSs with you. As you say, we did that in a separate hearing.

Chair: We do not necessarily want to revisit all that today.



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Sir Chris Wormald: The bit where I really disagree with you is about the importance of inspection. Across the public services, proper transparency—

- Q30 **Anne Marie Morris:** No, it is about what you get as a result of that inspection. It is about having the information to give you the answer to the question, “How are we as a country integrating health and social care with the disparity between how these two funding pots work?” You are not going to get that through an individual inquiry.

Sir Chris Wormald: How well the system works and whether it is delivering for its people is what inspection is for.

- Q31 **Chair:** I am sorry, Sir Chris. Individually, we might look at our own inspections, but you see the aggregate figures. You are seeing the measures that you have talked about, the KPIs. Where is the visibility for your average person, for the Public Accounts Committee, for Parliament or for the average MP to compare their area with another area?

Sir Chris Wormald: We will write you a very long list of everything that is published and where you can find it.

Chair: It is not just that it is published. It needs to be accessible and easy to understand, with comparative figures, so that I can compare what is going on in my area with Devon or, perhaps more pertinently, Merseyside, because Merseyside and London might have more in common, to see whether there is a difference and why.

Sir Chris Wormald: We will set out what is available and where.

Chair: We will probably come back to you on that.

- Q32 **Paula Barker:** I will try to be succinct with my questions, as I would ask you to be with your responses. Sir Chris and Ms Dyson, we did see a slight improvement in vacancy rates, but unfortunately that is now going the other way. We currently have more than 150,000 vacancies. How on earth can the sector cope with an increasing vacancy rate like that?

Sir Chris Wormald: It is not going in the wrong direction, as Ms Dyson explained earlier.

- Q33 **Chair:** We have to be careful about what baseline figures we are talking about. Ms Dyson was quoting a figure from November, which was 8.2%. As you pointed out, you cannot take a snapshot. It was 9.9% in March of last year. Can you just be clear, Ms Barker, about which figure you are quoting from?

Paula Barker: Yes, the 9.9%, which is the higher number.

Michelle Dyson: We are confident that it has improved since then. We will have the full comparative figure only once Skills for Care publishes its annual data, which last year it did in July and then it followed up in October. That is when we will be able to see exactly what has happened since that March figure.



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Everything we see from the monthly data that Skills for Care publishes, from the internal data that we have and from conversations that we have with our stakeholders tells us that it has got better since the figures that you quote.

Sir Chris Wormald: Just to be clear, it is still too high.

Chair: This is figure 2, as Sir Geoffrey just reminded me.

Sir Geoffrey Clifton-Brown: It is better, compared to when?

Q34 **Chair:** Yes, it is slightly better than the very high point of 2021-22. It is still nowhere near even 2012-13, when it was still 60,000.

Sir Chris Wormald: Yes, exactly. It is still too high. I am not quite sure what the right phrase is, but the natural vacancy rate in any organisation would be about 5%. Clearly, 8.8% is still too high. We still want to see it come down. What we are saying is that it is moving in the right direction at the moment.

Q35 **Chair:** On that basis, it is still about a decade since it has been at that low rate.

Sir Chris Wormald: I am not denying at all that vacancy rates have been too high.

Q36 **Chair:** You are running a big organisation and you have a lot going on. It is always good to look for the things that are positive, but let us not over-egg a slight improvement.

Sir Chris Wormald: I have been very clear that it is too high. I am not trying to disagree with you at all.

Q37 **Paula Barker:** Regardless of which snapshot or figure we use, to go back to my earlier question, how can the sector cope with vacancy rates such as these? Whether you use Ms Dyson's earlier figure or my figure, and whether or not we wait for the Skills for Care report, the fact is that vacancy rates are exceptionally high. How does the sector cope?

Michelle Dyson: We made international recruitment available from February 2022. That has proven to be very popular. In the longer term, we hope our workforce reforms, which I expect that we will come on to talk about, will make social care a more attractive field to go into, recognise the underlying professionalism of the care workforce and therefore enhance the reputation of the sector.

We do things like run recruitment campaigns. We work very closely with Jobcentre Plus to advertise social care vacancies. There is lots of innovation going on in the sector in terms of how it is trying to recruit people, but I do not deny that it is difficult.



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Paula Barker: Just to go back to your international recruitment campaign that you spoke about, of the 70,000 staff who were recruited from overseas, how many are still working in the sector?

Michelle Dyson: The only data I have on this—there is limited data from the Home Office to assess this robustly—is from Skills for Care. It estimates that 16.5% of internationally recruited workers left a role in the sector between December 2022 and July 2023, but it is unclear how many of those staff left the sector as opposed to moving between adult social care employers. That would suggest that the vast majority of people recruited have stayed with their employers, but not all of them.

Q38 **Chair:** Just to be clear, 16.5% of people moved from the job for which they got their immigration visa, but it does not record whether they still worked in social care.

Michelle Dyson: Yes, exactly. That was over a seven-month period.

Sir Chris Wormald: They would have to move to a place of work that—

Chair: It would have to be compliant with their visa, yes.

Q39 **Paula Barker:** We are all aware of the recent Government changes in terms of immigration, etc. How can you continue to attract staff from overseas, if they cannot bring their family with them? Is that going to be a huge challenge? Is that going to prove to be a barrier?

Michelle Dyson: We do not know for certain because it is subject to behaviour change. We are going to have to monitor this very closely. Everything that we see tells us that the global labour supply of people willing to come to this country to do care work jobs here is very high. Providers here tell us that when they advertise internationally they are inundated with responses.

While it is uncertain, our best assessment—DHSC analysts have worked very closely with Home Office analysts on this, using all the data they have—is that those without dependents may well replace those who would have come with dependents, and therefore we may not see too much impact in terms of the care workforce. Clearly, we will see an impact in terms of immigration with this change.

Sir Chris Wormald: The other thing to say on that subject is that we ended the right of non-registered care homes to bring in people internationally, which takes out 22% of the demand. That was partly an immigration measure, but it is also because—this is an extremely serious issue—where we have seen abuse of the system, including people being treated badly and modern slavery, that has frequently been in the unregulated sector.

We have reduced the demand for international recruitment as well as the change we have made. As Michelle says, the UK remains a very attractive place for people to come.



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Q40 Olivia Blake: I have a couple of questions about modern slavery, which you just mentioned. For vacancies and overseas recruitment in the NHS, it is a very low risk. I am just wondering whether you were aware of how high a risk it would be in the care sector.

Sir Chris Wormald: I will hand over to Michelle for some of the detail, but it is very important that the primary responsibilities for preventing modern slavery are with the statutory organisations charged with that: the Home Office, the police and a lot of other agencies. We are not one of the statutory agencies, but we take very seriously both working with them and setting policy to make sure this awful practice does not happen. That was one of the reasons for the change to the unregulated market.

Clearly, when it is a public sector employer you have even more control. For care homes, as I am sure you know, being CQC-regulated is quite a big burden. That is quite a heavily regulated market. That is very different from being an unregulated employer. That makes quite a big difference.

Michelle, do you want to say a bit more about what we do around this?

Michelle Dyson: The Home Office made two changes recently that will help on this. The first is the one that Sir Chris has referred to, which is to say that you can recruit internationally only if you are CQC-regulated. The other is that UK Visas and Immigration has said it is going to apply much more stringently its genuine vacancy test. You can only bring people in if there is a genuine vacancy. They are going to test whether that is really the case. Some of the problems that we have seen have been where there is not actually work for people and then they are not paid enough, etc.

As Sir Chris said, there are statutory organisations that work on this.

Q41 Chair: Can I just be clear? The genuine vacancy rate means you have to advertise the job to the UK market for three months beforehand. There is going to be a perverse outcome of that as well, because there is a time lag.

Michelle Dyson: The bit I was talking about is whether you actually have a vacancy that you are recruiting to.

Sir Chris Wormald: You are correct that there are some trade-offs here. The more you regulate the system, the more challenging it is to get people in. You have to hit the balance to prevent abuse while still being able to get the staff.

Chair: I get the point.

Q42 Olivia Blake: This is a known growth area in modern slavery, so I just wondered how you will ensure that the right checks are being carried out.



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Michelle Dyson: UK Visas and Immigration can suspend and revoke people's licences where it finds abuse, and it is absolutely doing that. The Gangmasters and Labour Abuse Authority is charged with investigating and taking action where there are cases of exploitation and modern slavery. It is very much on the case.

The CQC does not have any explicit responsibility here, but it is going into care providers. Where it is spotting things, it is making referrals to these various organisations.

As a Department, we have been concerned about this for a long time. We are working with all those organisations. We also work with an anti-slavery charity called Unseen, which runs a helpline, so we get the data from there. We have a code of practice on ethical recruitment, and we have set up international recruitment hubs across the country. We are now pivoting those to supporting on exploitation and modern slavery issues.

Q43 Olivia Blake: I take what you say about it being the duty of other bodies to investigate and things like that, but what measures are both your Departments taking to ensure that private companies cannot exploit these workers? There must be something you can do to be preventative in this. I just wondered whether you could point to any examples across both Departments.

Michelle Dyson: I do not have anything extra to say other than that we are really on it. This is a big concern. We are working across all those organisations. We see our relationships with local authorities as being really important. For example, where UKVI is going to revoke a licence, we make sure the local authority is alerted because we do not want all the people who had jobs there, of whatever nature, to be left in the lurch. We want the local authority to be able to look after them and find them other work.

We are doing what we can, but I accept that this is a problem. The scale of international recruitment means it may be inevitable that there will be some degree of problem. The more we can minimise it, the better.

Sir Chris Wormald: It is one of these issues where, because of the numbers, things happen, but your objective has to always be zero. You have to have zero tolerance.

There are a lot of organisations involved here, but we see the Department's role as twofold. The first is to set policy so that the issue is minimised rather than maximised. That includes the changes to the scheme that we have described. The second is to make sure that the statutory organisations that have the enforcement powers find it as easy as possible to work with us, local authorities and care homes in order to do their job properly.



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Those are the two things that we bring to the party. We are not trying to be a replacement enforcement agency for the people who are professional at this. That would be the wrong approach. We need to make sure that we are the easiest people in the world to work with for the visa agency, the police and others to be able to do their jobs. It is those two roles.

Do you want to say a bit about local authorities?

Catherine Frances: From the local authority angle, the main thing that we have done is to support the Department of Health and Social Care in its communication with local authorities. We have been involved in some initiatives, such as Homes for Ukraine, where we have reviewed these things to make sure that there are as few issues as possible. We have brought to bear our collective working across Whitehall and, as Chris has said, across different Departments, including the Home Office. We are very much on the same page.

Q44 **Paula Barker:** I have a couple of questions on workforce strategy. In the future, what percentage of the workforce do you expect would or should be overseas versus domestic employees?

Michelle Dyson: We do not do workforce planning in that way. It is worth remembering that this is a big private sector workforce employed by 18,000 employers. It is very different from the public sector workforce. I do not have an answer to your question.

Q45 **Chair:** You have a tension, do you not? One bit of Government has rules about immigration that are directly creating a tension for the work you are doing to try to support overseas workers to come to the UK.

Sir Chris Wormald: Yes.

Q46 **Chair:** Have you done any projections on the attrition rate you may get because people will not be able to bring dependents under the new rules?

Sir Chris Wormald: I will say a couple of things. First, yes, there is that policy tension, but it has not played out in practice. We have very good conversations with our Home Office colleagues. Of course, we have set a scheme that is much more generous in health and care than in any other part of the economy, which is the Government recognising the trade-off that you describe.

In terms of the workforce planning bit, we do not project how many we think will be British as opposed to international. As Ms Dyson has said, we have a whole series of chunks of evidence that suggest that the market is extremely buoyant and we will therefore be able to go on recruiting internationally for people without dependents.

There are a fair number of people who, even before the rule change, came here without dependents. We know that is perfectly possible, but we will just have to monitor very carefully what the effect is.



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Chair: You are monitoring it.

Sir Chris Wormald: Yes.

Q47 **Paula Barker:** I was interested to note that in the Committee's seventh report of the 2021-22 Session we were promised a workforce strategy. Three years after promising to produce one, we still do not have a workforce strategy for adult social care. I am just wondering why that is.

Michelle Dyson: Our workforce strategy was in our White Paper, which was published in December 2021. The chapter on workforce is called "strategy for adult social care workforce" or something like that. It is a chapter of a White Paper. It is not a free-standing document, but we very much see it as our strategy. All the reforms that we are midway through delivering flow from that strategy.

Sir Chris Wormald: We are not going to, and we could not anyway, create the kind of workforce strategy we have published for the NHS because we are not the employer.

Q48 **Chair:** No, I do not think Ms Barker is expecting that and nor is the Committee. Ms Barker has read it, but some of us were here in the room when we were having that discussion.

Sir Chris Wormald: The Government have published their approach.

Chair: I remember the lead—I forget her title—who was very passionate about training social care providers and having a strategy to skill people up. You can still do that. Ms Dyson, as you were saying, you have a chapter on this.

Q49 **Paula Barker:** It is a bit of a cop-out to say, "There is a chapter"—I have to be honest. To go back to one of your earlier answers, you talked about recruitment and how you are going to advertise. One of the things that really struck me, which I am passionate about, is the professionalism of the sector. The social care sector is an unsung hero. I often refer to it as a Cinderella service. It is hugely underpaid and undervalued. There is no real impetus to professionalise the workforce, as you were alluding to earlier, Ms Dyson. If that leadership is not going to come from you, where is it going to come from?

Michelle Dyson: I could not agree more with you. What the social care workforce does is absolutely amazing. Before Christmas I spent half a day following a care worker around. What they do is absolutely phenomenal.

We are professionalising the workforce with our workforce reforms. A couple of weeks ago we published the first-ever career structure for the social care workforce.

We also announced that we are going to create for the first time an accredited care certificate. This is the baseline qualification for care workers. At the moment there is a care certificate, but everyone does a



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different care certificate so they have to retrain every time they move employer. There is going to be one care certificate that will be accredited across the whole sector. We are going to provide £50 million of subsidised training for that care certificate.

We are also going to provide a lot more subsidised training for all the different levels through that new career structure. We are going to provide a digital hub where people keep their qualifications. All of this is about improving the quality of care, improving retention and stopping the madness of having to do new forms of training every time you move employer because they do not recognise the training that your previous employer provided.

This absolutely goes to the point that you made, which I agree with, on professionalism.

Q50 Paula Barker: You have talked about this £50 million subsidised training package, career structures and accreditation, etc. All of those are very welcome steps, by the way. I will follow that closely because it is a step in the right direction.

Unlike the plans for the NHS, the adult social care workforce plans do not go beyond 2025. In terms of this £50 million subsidised training package, are there targets about how many people will be trained? Are there workforce projections? Are there any data or numbers that are attached to those?

Michelle Dyson: On the £50 million for the care certificate, we have said that up to 37,000 people will be trained through that. We have never done anything like this level of subsidised training in the adult social care workforce. From my point of view, the big risk is whether we will get the demand for it. We will do everything we can to ramp up demand and make people want these subsidised training courses, but will providers come forward and send their people on these courses?

We have the money. It will all start ramping up from probably summer this year. Will the demand be there? That is the bit that I do not know at the moment.

Sir Chris Wormald: There was one more thing that you said, which we completely agree with as well. You made clear that it cannot just be Government leadership here. There is a series of things that we can do, which Ms Dyson has explained, but we need the actual employers and the local authority commissioners to step up, and we need individuals to want to do it. Compared to what we can do in the NHS, we can create the right circumstances and the framework, but lots of people have to come with us, as it were.

Bluntly, publicising this stuff, and challenging employers and local authorities to come with us and take advantage of all the things we have put in, is a very important bit of the system.



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Just to be clear on one technical point, in terms of the money it is exactly the same as the NHS. The NHS settlement also does not run beyond 2025, the end of the spending review, as this Committee pointed out when we were talking about the workforce plan. That bit is the same. Again, that is why it is so important that this is a 10-year vision. We did not limit ourselves to just the spending review period. The kinds of changes you have been describing take a long time, a lot of effort and a lot of leadership by a lot of people.

- Q51 Paula Barker:** There is just one final question from me, Chair, because I am conscious that we need to move on. Is a long-term social care workforce strategy equivalent to the NHS long-term workforce plan being considered to ensure personalised care for people living with dementia? I am talking about dementia services in particular.

Sir Chris Wormald: We are very focused on delivering the things that we announced in the White Paper. That is the Government's agenda. Our focus is on delivering it. As your questions have all pointed to, these are the early steps on a very long journey to get the kind of care workforce that you articulated.

We would not claim to have answered every question or even that there was a plan to answer every question. The things that Michelle described are the absolutely vital building blocks, but there will be a lot more to do, including things like the issue you have just raised, which is a big and growing issue for the whole of the western world, let alone just England.

- Q52 Olivia Blake:** I just have a simple question to Ms Dyson and Sir Chris. What are you doing to monitor and manage the risk of provider failure?

Michelle Dyson: The primary duty around provider failure rests with local authorities. They have the duty to ensure that there is continuity of care, if a provider fails. For the major providers, which is about 30% of the market, CQC has a statutory duty to monitor those and see what is going on. It takes that very seriously. It gets monthly data. We have a very close working relationship with it.

We have a well-honed set of procedures for what to do if a major provider gets into financial trouble. That all comes out of the learning from the failure of Southern Cross in 2011. We have all these procedures in place. They were tested in part in 2018 when Allied Healthcare, one of the biggest domiciliary care providers, got into trouble, although it was rescued before we had to go the full way through those procedures. We regularly test those contingency plans. As I say, we work extremely closely with CQC.

Sir Chris Wormald: Just to be absolutely clear, both our and local authorities' job is to protect the people who are in care, not to protect private companies. The things that we do are about ensuring continuity of care. That might involve that provider being taken over by another provider or other providers taking the people in care. That is the purpose



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of the state intervention: it is to provide continuity for people in care, not to rescue private companies.

- Q53 **Olivia Blake:** That is helpful on a micro level, but on a macro level we have seen a massive increase in private equity firms entering this space. They tend to invest for only five to seven years. That has led to a sale-and-lease situation happening in a lot of places, which is an interesting thing to monitor. They also carry high levels of debt. With interest rates being where they are, that is quite a risk. Are Departments doing any work to measure that risk at a more macro level across the sector rather than on an individual basis?

Sir Chris Wormald: We look at the overall stability of the sector based on the information that local authorities and CQC give us. We do not take a view on the individual ownership patterns of individual companies.

We ask ourselves, "Is there a vibrant market that will deliver for the people who have the services bought for them by local authorities or who are paying themselves?" We do not take a view on ownership patterns.

- Q54 **Olivia Blake:** I am just thinking of the energy sector, for example. We had a series of closures or problems in multiple firms at the same time. Have you done any learning from other Departments about what to look out for in a sector where the debt burden might become an issue?

Sir Chris Wormald: We certainly look across Government at what good practice is. The social care market is really rather different from that. It has various different features, so there would not be a particular read-across from energy to care. There are other markets that are rather more similar to ours.

As I say, we look at whether there is a vibrant market out there, not the ownership pattern of individual companies.

- Q55 **Olivia Blake:** Could I ask about profiteering and how you are tracking the funds that you are making available for things like pay uplift? We have seen profits increase quite significantly for some of these private firms. I just want to get your understanding. From your perspective, is the money that you are putting into the system going to the right places or are we seeing it come out in profits? Take the covid funding, for example.

Sir Chris Wormald: That is mainly an issue of commissioning. We invest in local authorities, and local authorities then commission in their area. For the reasons we were discussing earlier, there is lots that is good and bad about doing this differently from health, but the local intelligence on what your demography or your market is like is something that local authorities are much better placed to do than we are at a national level.

That question would mainly be about how good the commissioning is. The big change that we have made there, which we described earlier, is that the CQC is now inspecting commissioning for the first time. We will get an



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overview of how good commissioning is. Catherine, do you want to add to that?

Catherine Frances: I am really happy to come in on that. Sir Chris is absolutely right. Social care is a such a fragmented and localised market, with a high number of providers and a few that are critical on a nationwide level.

The duty is on the council to check that its local market is working functionally and that it can continue to commission care. As Sir Chris has said, the new inspection framework will enable everybody to have greater transparency over that.

I said at the start of this hearing that I might have to update the Committee about additional funding announcements that are made. I have just been informed that a statement has been made. It is important to set out that the Government have invested quite significantly in social care via local authorities both in 2023-24, where there was a really significant uptick in the grants made available, and 2024-25. As I outlined at the start, the provisional settlement set out a 6.5% cash uplift.

The Government have just announced that they are minded to increase the local government settlement that much further by an additional £600 million, of which £500 million will be for a social care grant. It will go into the main social care grant. We will have a combination of resourcing local authorities so they can do this; as Sir Chris has said, inspecting in future how they do this; and then relying on that local expertise.

Chair: Can I just cut across you? We will want to ask some questions about this at the end, as it has come out. We discussed at the beginning whether or not this would appear. I just need to stress on the record that it is suboptimal to have a statement laid while we are in Committee and therefore unable to dig into what the figures mean. They are big figures. We know there is a lot more detail below them. We recognise that.

We are not sure where the sticking point has come. This is not laying it at your door personally, but we will want to look into this. At the end of this session, Sir Geoffrey will ask some questions about the statement itself.

I appreciate that you now know the numbers. You have had them in your head all this time, but we are unable to scrutinise them.

Sir Chris Wormald: Yes.

Catherine Frances: We understand that.

Chair: We will ask some questions about it because it is important to tease that out a little bit, if we have time at the end of this meeting.

Michelle Dyson: Could I just add another point about profitability? As the NAO Report makes clear, the profits of care providers are down. It



looked at the March 2023 figures. Where profits are to be made, they are made more on the self-funder side than they are through the local government side. In fact, we did a fair cost of care exercise. We got every local authority to get evidence from providers and look at what the fair cost of care was in its area. In most cases, the amount it was paying was below the fair cost of care in that area.

I do not think there is a particular risk with providers creaming off profits, as it were. All the points that Sir Chris and Catherine make about commissioning, etc., are absolutely right, but the profits in social care are more to be made on the self-funder side than they are on the local government side.

Q56 Anne Marie Morris: I would like to move to a specific focus on the reform. If we look at figures 4 and 5 on pages 30 and 32, figure 5 sets out the original pot of money effectively envisaged by the White Paper and then how money has been reallocated, much of which we have discussed. Figure 4 compares the original White Paper funding and then it has the funding now allocated in the next steps.

While some things have had a haircut, sometimes by 50%, it is clear that some things have fallen out altogether. The line about integrating housing into local health and care has gone. Independence at home is there, which is good. A lot of money seems to be going into digitisation and data.

You are clearly very familiar with how the moneys have been impacted and where the cuts have been made. What is your sense now of what can be delivered given those cuts? What is definitely not going to happen and what will you not be able to do as well as you would have done, or expected to, had you had the full chunk of money as envisaged in the original White Paper?

Michelle Dyson: We are still able to deliver an awful lot. We have talked a bit about our workforce reforms. Those are massively important. I will not describe those further, but we are already making progress and I hope we are going to make really significant further progress over the next year or so.

Some of the other things, like “digitalisation and data”, may sound a bit dull, but these are the really important underpinnings of everything that we do. Let me just talk about data, for example. For the first time, we are now collecting data from all providers every month. They have a legal duty to give us data. We are collecting data from local authorities every three months. We now have 5 million pieces of data on every interaction there has been between a local authority and an individual since April 2023 in a local authority. That data is shortly going to be joined up with health data.

This is going to transform our view of what goes on. It is hard to know exactly what it is going to tell us until we have done it, but to be able to track people’s journeys between the health and care system, and to see



them bouncing backwards and forwards between them, I would suggest is going to be a win.

Q57 Anne Marie Morris: I agree, but are you going to be delayed in your overall ambition, given that you have had your funding cut? At what point will that data be made into valuable information that helps you look at whether you are delivering the outcomes you want to achieve?

Michelle Dyson: It was a 10-year vision. The data is already having an impact. Local areas are telling us that it is having an impact. They are using the new database that we put out. We are using it. We are going to publish the data. We will absolutely use the data as we go into the next spending review. It is hard for me to sit here now and say that this data has transformed everything, but in the long term it really will transform things.

On the digital side, we have a programme going to get digital care records into care providers. That is really important. I still go into care homes where they are writing everything by hand. Getting a digital care record not only means you can then share data with the GP really easily; it also saves, we think, 20 minutes per care worker per shift. It is a massive productivity gain. Those care workers can spend more time with the people they are caring for.

We started at 40% of providers having a digital care record; we are now at over 60%. We know an awful lot more about it. Interestingly, it is the larger providers, rather than the smaller ones, that we are finding to be the stickiest. We have learned an awful lot about how to roll this out.

We have talked about the new CQC oversight and inspection of local authorities. We have finished five pilots there. That is all rolling out now. That is a massive shift in the landscape. We are transforming how local authorities do assessments with digital, etc. We have a big innovation fund. It is quite exciting. There is an awful lot going on, but I do not want to take up too much of your time.

Q58 Anne Marie Morris: That sounds wonderful. It is lovely to hear about what is going on, but what is not going on? Housing is an obvious area.

Michelle Dyson: That was a ministerial decision. We had a change of Government, as you will recall, whenever it was, in autumn—

Q59 Anne Marie Morris: I am less concerned about what Government it was. I appreciate some things are constrained.

Michelle Dyson: There was a change of Government.

Q60 Anne Marie Morris: In practical terms, what are the consequences of those cuts? What is it you cannot do that you would have done, if you had had the original pot of money?

Michelle Dyson: There was going to be a pot of money for supported housing. It was decided that that money should instead be redirected to



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support the system. We have talked about the extra money, up to £7.5 billion, that went in at the autumn statement. Some of that was reprioritised.

Catherine Frances: Could I come in on this point? The housing interaction is important because housing is a big system and we work cross departmentally very closely. On the supported housing side, as Michelle said, there were decisions to reprioritise in DHSC. From having spoken to my colleagues, this Committee will know that we have passed legislation to improve supported housing oversight, which is passing to local authorities a duty to plan for supported housing and to regulate and license that for the first time so we can raise the quality.

We have our ongoing investment through affordable housing, and there are elements of that programme that help to support supported housing. We recognise that we do not know enough about that sector, and so we have launched a snapshot into that. Sheffield Hallam University is doing some good work there.

Chair: We have covered this in a previous hearing.

Catherine Frances: Yes, exactly. I do not want to go back over it, but we would see it is a piece of cross-departmental work and whole-system work. It is a big old market for us to move, in addition to which we have maintained and even grown the disabled facilities grant, which has been a long-standing joint piece of work between the two Departments.

Q61 **Anne Marie Morris:** That is all good. In terms of the rest of the answer—the question was, “What are you not doing?”—we have talked about workforce, data and digitisation, and housing. Certainly, the bit about innovative models of care has been removed. You have an overview; I have a diagram. What are the significant gaps as a result of those cuts?

Michelle Dyson: I do not feel like there are significant gaps. There were other things that were cut. The workforce money was reduced, but we are still providing far more subsidised training than we ever have before. As I said earlier, I do not know what the demand is going to be. I could not sit here and say, “I do not think it is enough money” because I do not know what the demand is. I am happy with where that is. On innovation, we have repurposed the fund so there is still money for innovation.

Whichever way you look, we are still driving forward a really big reform programme. To the extent that money was repurposed, it was repurposed almost entirely for social care. It was not as though it went elsewhere.

Q62 **Anne Marie Morris:** You are saying it was repurposed, but it went towards the overall ambition to try to improve—

Michelle Dyson: Yes. In particular, a lot of it was repurposed for the market sustainability and improvement fund. That goes to workforce pay.



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Often people criticise our workforce reforms because they say there is not pay there. Actually, through a different route, we have put money into workforce pay.

The market sustainability and improvement fund has also gone on raising fee rates. We sometimes talk about that as a reform thing or as being the fair cost of care. I would challenge the dichotomy that people sometimes make between the system over here and reform over here. The two very much interlink.

Sir Chris Wormald: In terms of the specifics, I would say this, having signed it off, but the NAO got it basically right in terms of where we were on track to our original commitments, where we are not and where we have slipped. We do not have a lot to add to this.

Chair: We will take the agreed report as the oracle.

Q63 **Anne Marie Morris:** I have one final question. Ms Dyson, how will this impact the timeline? As you said, it was originally a 10-year concept. Lots has changed since the concept in the original White Paper. A lot of things will impact that, not just these cuts. Where are we in terms of timeline?

Michelle Dyson: We just want to deliver all the things we said we would deliver during this year and next year. We are largely on track, as set out in the NAO Report. The big risk is around workforce, which I have talked about. Beyond that, the ambition remains the same. Yes, we do not have detailed plans beyond that.

Sir Chris Wormald: In some ways that is a virtue and why we did it as a 10-year vision. As we have described in this hearing, we are piloting a complete data revolution. We have learned an awful lot about the system and we will learn an awful lot about it as we go on. We will want to change our plans based on what we see and learn.

That is one of the reasons why having a long-term vision and then being reasonably flexible about the components is in fact the right approach. This is not a sector where we started with every piece of data we could have possibly wanted and we could therefore set out detailed plans.

Chair: We know. The problems of data in Government are well rehearsed.

Sir Chris Wormald: We really do. This is attested both in the report and in what you see out in the system. There have been huge strides in data in this area. There were huge strides in covid and there have been big strides since then. We want to have flexible policy that allows us to respond to what we learn. We have not changed any of our 10-year ambitions. We will be flexible about how we will get there, and that does involve reprioritisation, as we have described.

Q64 **Olivia Blake:** Just moving on to figure 7 and some of the discussion of workforce in 3.11, there is a massive budget even with the reallocation of



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funding, but there does not seem to have been a huge amount of progress.

Michelle Dyson: Are you talking about the workforce one?

Olivia Blake: Yes, the workforce reforms. Why does this seem to be stalling?

Michelle Dyson: Yes, nearly all the budget goes on training. The NHS Business Services Authority is building for us the new digital platform. It is putting in a scale of money that we have never dealt with before, so we need a proper way of dealing with this to guard against fraud risk and a proper way of assessing the requests that come in, processing them and getting the money out, etc.

They are building that platform for us. It will be ready in the summer, and then we will be able to start spending money at scale. We had hoped that we would have a workaround so we could have spent some of that money beforehand, but there was too great a fraud risk.

Q65 **Olivia Blake:** That deals with quite a few of the individual strands described in figure 7, but some are not related to that training need—for example, increasing the number of regulated professionals. There is zero against that spend.

Michelle Dyson: That is the same thing. We will also put that money through the digital platform.

Q66 **Olivia Blake:** Are you expecting that to be delivered on time? Will there be any further delay?

Michelle Dyson: It is still at risk, but we are aiming for the summer.

Q67 **Chair:** When you say “at risk”, can you give us an example of what that means?

Michelle Dyson: It is a digital platform. It is difficult; it is complex.

Chair: We know about that.

Michelle Dyson: It is novel. It has never been done before.

Q68 **Chair:** That sends chills down our spine. What is it rated? You are saying “at risk”, but you are still hoping for the summer. Is it rated amber?

Michelle Dyson: I do not know. It is being built by the NHS Business Services Authority, as I say. I cannot give you any further assurance on that.

Q69 **Chair:** You are confident that it will be in place by the summer.

Michelle Dyson: I would not like to go as far as that. If you want us to give a proper view, we should come back and do that in writing.



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Sir Chris Wormald: Why don't we get the Business Services Authority to give you a proper analysis?

Q70 **Chair:** It is all those words like "novel" and "deadlines".

Sir Chris Wormald: Yes, I was going to say. On one side of the equation, as you know, NHSBSA is very good at these things. It is a very good service organisation that does this all the time.

Chair: I think you should write to us.

Sir Chris Wormald: On the other side are all the buzzwords that the Committee has noticed before.

Chair: They alarm us instinctively. If you can write to us, that would be helpful. Thank you.

Q71 **Olivia Blake:** We mentioned this a bit earlier, but, Sir Chris, would you like to expand a bit more on what improvements you expect to see as a result of CQC's new powers?

Sir Chris Wormald: Again, Michelle will add to this. There is a big thing about places being inspected at all. We see this across the public services. One of the things that struck me in moving from education to health was that we inspected children's social care, but we did not inspect adult social care. That seemed a curious position to me.

You can see—we see this across the public sector, and it is true with the National Audit Office—that external focus makes you concentrate, even before you get to the substance of the thing. Of itself, inspection will bring focus. The fact that it is a system inspection, not just an inspection of individual institutions, is very important in terms of driving the joint thinking and joint working that Ms Morris described right at the beginning of this hearing.

The third big chunk is that we want to know what makes good commissioning and what makes bad commissioning. Those things are equally important. If we get the inspection regime right, we will not only identify those places that need to improve their commissioning; we should also, as we do with children's social services, identify those places that do it really well and spread the good practice.

We are in the very early days. CQC has just done the first five pilot inspections. Again, as the Committee knows, inspecting systems is much more difficult technically than going into an institution and asking, "Is it good or is it bad?" We need to see all that proved in practice, but that is what we would want out of a successful inspection system.

Q72 **Olivia Blake:** Excuse my ignorance on this, but is there much focus on sharing best practice from the results of this, particularly in terms of commissioning?



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Sir Chris Wormald: Not yet, no, because we have only just started. We would certainly want there to be. CQC, as is its normal practice, reports both on things that need to improve and best practice.

Michelle Dyson: Can I just come back on your prior question quickly? Part of the benefit of this is how local authorities are preparing for it. At every local authority that I visit, it is so top of mind that they are now going to be inspected and they have not been before on adult social care.

They are doing self-assessments and getting peer assessments in advance of being inspected. That assessment is happening across the full gamut of the Care Act. I think we will see improvements almost ahead of CQC going in.

Q73 **Olivia Blake:** That is what we would all want.

Sir Chris Wormald: On your specific question, we could not point to whether that has happened already because it is too early. This is what we want.

Q74 **Olivia Blake:** Is there a ballpark for when you expect to see these improvements coming through? When will the first tranche of these inspections bear fruit?

Michelle Dyson: Everyone is looking at the first five reports. The Secretary of State has given CQC five areas on which to focus, of which I can remember three: commissioning practice, as we have discussed; workforce; and capacity for people coming out of hospital. Another one might be waiting lists.

In reality, we will see improvements across the whole of the Care Act because CQC is asking questions across all those areas and leadership, etc.

Catherine Frances: If I could build on that and connect it to DHSC's reforms for CQC, our Department has launched Oflog. One of the principal aims of Oflog is to draw from existing data sources, not to create loads of new ones, and to look at where there is good practice and try to build the sharing of good practice.

That is across a range of services, but its aim is to achieve something that Sir Chris was talking about earlier, which is to prevent a single-minded focus on a few services and instead get both that cultural piece of sharing best practice across the sector and helping people before they hit problems, while taking a look across the whole council and the situation of this service within that.

Q75 **Chair:** I am just going back to this novel database to pay providers for training. It is interesting that you chose to go that route. There are local authorities up and down the country that have good connections with their providers and are in touch with them all the time. Did you not consider routing it through local authorities to make the payments?



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Michelle Dyson: The business case will have looked at all the different routes for doing this. One of the benefits of doing it in this way is that it gives us a direct route to providers.

One of the things we learned in the pandemic was that we had no direct route to make payments to providers. We have now taken legal powers such that we can do that directly. In the pandemic, we had to give money to local authorities to passport straight on.

Q76 **Chair:** What was wrong with that?

Michelle Dyson: It is not a very direct route. Mostly, I am sure we will absolutely still want to put money into local authorities, but the aim is to get money to providers. You have to remember that not all providers have a relationship with local authorities. Most do, but not every single one does.

Q77 **Chair:** Perhaps they all should. Is there not a benefit in place-based policy making?

Michelle Dyson: That is how we mostly we do things. Here, we are trying to get people to do training that the provider pays and then claims back for. They claim back direct from the Government rather than going through the local authority. There is an efficiency to it. Building this platform gives us a route to do that in the future, if we need to use it in the future for other purposes.

Catherine Frances: One of the things that councils say to us about local government workforces, recognising that there is a range of different workforces, is that national leadership in this area is really helpful. It comes back to the point earlier about valuing this workforce, sending a very clear signal that you value it and putting in place regular measurements that are transparent and you can take from place to place.

I accept your point that there is a lot that is local in social care commissioning, but they do also give us this feedback that sometimes on workforce the national signal and the national systems are really helpful, too.

Chair: So are national standards.

Michelle Dyson: Yes, exactly. It is a balance.

Sir Chris Wormald: As we were discussing with Ms Barker, one of the problems in this area has been the fragmentation and people not recognising each other's systems. We want some national system and some national consistency around training.

Q78 **Chair:** I am still puzzled. You will always defend what you have agreed to do in a sense, and it is hopefully nearly there, but there are an awful lot of other things that go through local government. A number of us around this table have been councillors. We could list examples of cases where money goes through to the local authority and then the local authority



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works out how to package it up, so providing some central parts of services and then parcelling things out other ways.

There are lots of ways that local government can cut it. Sometimes that will mean passporting it straight through, at the behest of Whitehall. I am puzzled as to why particularly for this issue. Is it about a national standard?

Michelle Dyson: Can we come back to you on that, since we are coming back to you on this digital platform all together? I would like to give you a proper response.

Chair: We will take that for now. We can endlessly discuss the structures of funding through local government and they are important, but Ms Barker probably has more pertinent questions to ask for this session.

Q79 **Paula Barker:** I would just like to look at the implementation of delivering charging reform by 2025.

If I look at the report on page 44, paragraph 3.15 says, "A DHSC lessons learned exercise into charging reform concluded that securing the necessary internal delivery expertise and capability had been difficult and that a public commitment to an ambitious timetable had 'impacted the sustainability of work and constrained options'. DHSC said that, at times, it had struggled to secure delivery expertise and capability in a timely manner due to internal resource pressures. DHSC acknowledged it lacked front-line experience and that it was not effectively co-ordinating charging reform with system reform".

What lessons have been learned? How will you use that going forward to make the reforms by 2025?

Sir Chris Wormald: I will say something about the overall position and then Michelle can pick up the detail. As you know, in the autumn statement in 2022 the Chancellor announced that we would be delaying the rollout of charging reform from October 2023 to October 2025.

In doing that, we are particularly mindful of the impact of the reforms on local authorities and their capacity, and we continue to be so, particularly given the context in which we are operating. The Government have been considering what form the rollout from October 2025 will take. We will be making further announcements on the implementation planning in due course. That is the overall position.

Throughout, we have been very mindful of the resource constraints in the Department—it is an intensive thing to do—and the capacity of local government do more reforms in this area. Do you want to pick up the particular point, Michelle?

Michelle Dyson: A lessons learned report is always going to say what could have been even better and put everything out on the table.



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Why did we delay charging reform in November 2022? We were ready from a delivery point of view. We had six trailblazers that were ready to turn on the system. It was not a delivery challenge; it was a money challenge. That is why we delayed it. That is why we redirected the money from charging reform into the system.

We had made an awful lot of progress in terms of implementation. We consulted on how to divvy up the funding in a different way from how we normally do it. We consulted on really complex operational guidance and published the final version of it. We got six trailblazers on board that, as I say, were ready to go.

We learned some really important things from those trailblazers. In particular, I would just pull out one of those. At the time, people were saying to us, "How are you possibly going to assess all these extra people? You have all these waiting lists in social care already, and you are going to bring all these new people in".

Those six trailblazers discovered innovative ways of doing assessments, using online digital assessments for needs or financial situations. It does not always have to be a social worker doing the assessment. You can have different mixes of teams. Where someone is already in a care home, you can use that care home as a trusted assessor. We are now rolling out a programme—we have put out a grant of £27 million—to streamline assessments, building on the experience of the trailblazers. Oxfordshire, which was one of the trailblazers, made a 40% productivity improvement through those approaches.

We want to get this learning out across the whole system. It will be useful for charging reform implementation, but it is also really useful generally because it makes the assessment process more efficient.

Q80 Paula Barker: We have just been speaking about funding. How will you fund charging reform now that the funding has been spent on other priorities and the levy has been dropped?

Sir Chris Wormald: How shall I put this? As far as the Department is concerned, the original source of the money is not relevant to us. Money is money when it arrives to us. Whether it is raised from a levy, through general taxation or whatever, that is a set of decisions for my friends at the Treasury.

On the timetable we are talking about, this now becomes a question for the next spending review. As you know, in spending reviews the Government have to look across all their commitments and decide what they want to allocate to what. This is no different from any other area of future reform and future action that goes out the end of a spending review period. It will be dealt with in the spending review in the usual way.

Q81 Paula Barker: I appreciate that. Given that it will be dealt with in the



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next spending review, how do we know this reform will go ahead as planned, to your timetable and in the way that you plan?

Sir Chris Wormald: Governments take their decisions. It is no different from any other commitment that the Government have that goes beyond the end of a spending review period. The Government have set out their commitments. At every spending review, they have to take decisions on exactly what to invest in what. As public officials, we deal with those decisions, and they are then voted on by Parliament in the usual way.

I cannot say anything about this set of commitments that is different from anything else we have that goes beyond a spending review period.

Q82 Paula Barker: If we move away from funding for now, how can the Department and local authorities deliver charging reform at the same time as system reform? I do not know whether it was you, Sir Chris, or Ms Dyson, but you have talked about the difficulties of managing across the two systems. What is being done to overcome those barriers?

Sir Chris Wormald: It is a very pertinent question. As I said, one of the reasons for the delay in the first place was the capacity of local authorities to do the work alongside all the other pressures. That continues to be a concern for us. As I said, the Government have been considering exactly what form the rollout should take. One of the considerations will be what local authorities are able to do, given all the other pressures on them.

I do not have a pat answer for you of exactly how that will work, but you have definitely put your finger on one of the considerations. We all know the pressures on local government and what it is having to do, not just in social care but across the piece. Before we give it a big new chunk of, as Michelle was describing, really quite complicated work, we will want to be sure it can do it well.

Q83 Anne Marie Morris: Ms Dyson, you seem to be getting the lion's share of the challenge, so I apologise. I am moving on to the fair cost of care. At the end of last year, there was a fair cost of care exercise, which concluded that we would need to add £1.8 billion to the budget if we were to fairly pay workers.

Was the exercise that gave you that figure particularly robust, given the complexity of trying to work out what the real cost is? Those who are self-funders, according to the Competition and Markets Authority, are generally paying 41% more than those who are state-funded. It is difficult to see what the rate is, never mind separating out what I would describe as care and hotel facilities. How are you going to get to the bottom of what is a fair cost of care?

Michelle Dyson: This was a really detailed exercise that was done by each local authority. We set them off and they went out to their providers. They asked them for a whole load of information in order to calculate the average of the fair cost of care in that particular local



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authority. How robust it is depended in each case on how many providers provided data. It was never going to be perfect, but it was better than we had before.

I take issue with adding all of that up and saying, "Therefore, there is a £1.8 billion gap". It was just meant to be an average in each local authority. The point of it was to inform local authority commissioning practice. It was not meant to say that every provider must now be paid at that particular rate. Local authorities always negotiate with their providers. It does not displace any of that, but it will inform it.

It is really interesting to see that, with our market sustainability grant, 85% of local authorities have chosen to use that money to up the fee rate. I would guess that is because they saw the results of the fair cost of care exercise and they thought that was what they needed to do. It was meant to inform their practice in all sorts of ways, but it was not meant to be added up and used to say, "Therefore, there is a £1.8 billion gap that Government must fill".

Q84 Anne Marie Morris: When we get to the charging reforms, which are intended to be rolled out in the future, one will need to have worked out what a fair cost will be, not least because we have said that those who are self-funders will effectively benefit from paying at the same rate as those for whom the state is paying, as opposed to this disparity. We will have to work out what it is. How are you going to get to that?

Michelle Dyson: I absolutely agree with that. It is worth noting that, when we were going to roll out charging reform in October 2023, we were going to delay that aspect of the reform or at least we were going to introduce it only for new people from the beginning, not for people who were already in care homes.

I would anticipate that we would stage in the same way in the future, but I agree with you that we will need to look at this again.

Q85 Anne Marie Morris: Is that therefore in the plan?

Michelle Dyson: It will need to be, yes.

Q86 Anne Marie Morris: It will have to be. All right, let me then turn to long-term funding. The Committee has probably lost the will to win the argument, but in our seventh report of 2021-22, "Adult Social Care Markets", we said, "Alongside care reforms the Department of Health and Social Care should publish a multi-year funding settlement by the end of 2021."

Are we ever going to see a multi-year funding settlement? Is the additional money that has gone into adult social care in this financial year and the next going to become part of baseline funding for local authorities? Where is this going, Sir Chris?

Sir Chris Wormald: You are going to know my answer, unfortunately. These are all questions for a spending review, and they certainly will not



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be taken by me. Catherine might want to say something about local authority settlements. There are obvious advantages to multi-year settlements. We all know that.

There are some obvious disadvantages in terms of macroeconomic management, particularly when inflation is high. They can look very unattractive to public services if inflation is unexpected. There are swings and roundabouts. Clearly, for planning public services having a reasonable planning horizon is very important, but that is not the only consideration.

Q87 **Chair:** It is not in your hands, in case the Treasury is listening.

Sir Chris Wormald: It is not in my hands.

Catherine Frances: I do not have anything to add on this. We are on record with this Committee as talking about the benefits of longer-term funding, but, as Chris quite rightly outlines, there can also be a flipside to that at times when circumstances are volatile.

Sir Chris Wormald: It is very important to say that we recognise the disadvantages of multi-year funding as well as the advantages. It is a balance.

Q88 **Chair:** We will take that. That is all you can say at this point, but the spending review is scheduled for November-ish. There might be a general election around then or before then.

Sir Chris Wormald: You are going a long way beyond my competence to answer, I am afraid.

Q89 **Chair:** I am not asking you to speculate on policy or what might happen at the election, but, whoever is in Government after an election, there would usually be a Budget, and then it could be six months after the Budget before a spending review comes into place. How will each of your Departments cope? Are you putting plans in place for a rollover, as has happened previously when the same situation or a similar situation arose?

Sir Chris Wormald: I will not comment on any of your timetables. You may know more than I do.

Q90 **Chair:** We can speculate that it might not all go to plan this year, which is an election year. That is a fair assumption.

Sir Chris Wormald: Clearly, both we and the systems out there, local authority and NHS, are used to spending reviews with a multi-year settlement and to one-year rollovers. Both of those have happened reasonably recently.

Chair: You are okay; you are ready for it.

Sir Chris Wormald: As I say, as public officials we will cope with whatever the political world decides.



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Chair: I assume that Sir Chris' broad shoulders apply to DLUHC as well.

Catherine Frances: Yes, absolutely.

Q91 **Chair:** The challenge of being a civil servant is that you have to take what we throw at you.

I just wanted to go back briefly to the challenge for local government. Local government is going to have to deal with a lot in terms of delivering things. You are pausing and giving more time. I appreciate exactly what you are saying, Sir Chris, about local authorities having a lot on their plate. That pause was partly to release money for elsewhere. How are you going to be paying to restart the programme of reform?

Sir Chris Wormald: As I say, October 2025 falls into the next spending review period, regardless of whether it is a rollover or a longer-term settlement. *[Interruption.]* It will take its place within that envelope.

Chair: I am sorry—when people are talking I cannot hear what the witnesses are saying. Can you just repeat that answer, Sir Chris?

Sir Chris Wormald: There is no difference between this as a Government commitment and any other Government commitment when it goes into the next spending review period. The real costs and the big costs of charging reform go way out into the future, and they take their place in public expenditure along with every other pressure that the public purse faces.

Q92 **Chair:** We are about to publish the whole-of-Government accounts report, and of course we see all the liabilities, which indeed do not always include all of this.

As I have cited, we have looked at this area before. It would be helpful at this next stage if you could update us periodically as a Committee on the progress with the reforms and how they are going.

Sir Chris Wormald: Yes, of course.

Q93 **Chair:** We will likely have a successor Committee, because there will be a general election, so that will help us make sure that our successor Committee can keep track of this, back and forwards.

Sir Chris Wormald: Just to be clear, you mean the entire reform package, not just charging reform.

Q94 **Chair:** Yes. We are happy to have a discussion with you outside this meeting about exactly what would be included in that. Where we have done that with other Departments, it has worked quite well. We want it to work so that it is useful not just for us as a Committee but for Parliament and perhaps the wider public, making sure that the metrics are ones that you can provide and ones that are useful to those out there who are following this.



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Sir Chris Wormald: I am sure we could work with the Clerks to come up with something that suits all of us.

Q95 **Chair:** Yes, exactly. Between our clever people, I am sure we can come up with something to deliver on that.

From what Ms Dyson was saying, managing stakeholders is pretty critical, both for the provider at the front door and for local government. Perhaps I will start with you, Ms Frances. How are you engaging with the various stakeholders? You have some local authority-run facilities; you have charitable facilities; you have private facilities; you have other elements of the system. How are you managing stakeholders as this reform comes through?

Catherine Frances: As this reform comes through, we are working very closely with DHSC and councils. I absolutely agree with you: there is a lot coming through local government at the moment in terms of critical delivery. There are the reforms to children's services and progress on things like special educational needs. This is also a major system reform.

We are working closely with them to make sure that they have the capacity; we are working with DHSC colleagues to make sure that we are staging that correctly. We have a very open dialogue with them. As Sir Chris and Michelle have said, the funding will just need to be attached in the normal course of events through spending review processes.

The real conversation that we need to have with local government in all of this is, "What can we help you with? What should we do centrally?" As we have set out in this Committee, there are some cases for doing some things centrally and some cases for things locally, but we are having a live conversation on that.

Q96 **Chair:** We have special educational needs, which is in the Department for Education and your Department, health and social care, and children's services. They are all really big and difficult issues to deal with. They are all going through financial challenges.

Will you be having discussions with local authorities about how they might stage that? For instance, in some areas where they have a large population of young people, perhaps children's needs might need to be a higher priority. Are you expecting each local authority to meet set deadlines?

Catherine Frances: Each of these programmes of work is at a different stage of development. For example, DFE's children's services pilots, building off Josh MacAlister's report, are in certain areas but not in others. We will have a conversation with all Departments and local authorities about this.

At the moment, we are not sequencing in quite the way you say because local councils are working through these multiple challenges and big reform programmes with us. They are very aware of the fact that, in



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order to improve both the productivity and the quality of their own services, we need to make progress together on them. It is not yet at that point where we are having to sequence in quite the way you suggest.

- Q97 **Chair:** For example, where there is a pilot on special educational needs, that local authority could fall over if it also had to do a similar pilot or early work on adult social care. You are saying that is not really a concern. It might just depend on the local authority and what its capacity is.

Catherine Frances: Yes, absolutely.

Chair: A local authority with no financial problems, strong leadership and all the things that make a good local authority could manage to do quite a lot of this at the same time.

Catherine Frances: Yes, exactly. The three Departments that you were talking about meet to ask whether we are working sensibly with each council when we are focusing on councils. Local authorities most definitely reach out to DLUHC, along with other Departments, if they feel that something is becoming too much.

We have not had that conversation with authorities in terms of the sequencing of these reforms in an individual place. In general, you find people are quite keen to participate and be part of programmes to improve services.

- Q98 **Chair:** We are talking as though all local authorities are working well. We always think of Birmingham because it is one of the largest local authorities in Europe with one of the largest social services departments. With commissioners in, it is in a very different place for delivery compared to a local authority like mine. Liverpool has commissioners in and Sheffield does not. There are different challenges for different local authorities.

How are you working with those local authorities where there are commissioners? They have had to screw down to the basic bare minimum. They have no fat to cut. They are potentially having to borrow money or, indeed, raise council tax to keep over the line.

Catherine Frances: There are a few different issues going on there. There are councils facing distinct financial challenges, and then there are councils that have maybe statutory intervention, such as commissioners. They are not necessarily exactly the same list. It is important to say that.

Where there are commissioners in councils, they are working very closely with the council. They will come forward with sensible solutions. They will be mindful, as any local authority would, of the need to keep going with public services and keep delivering the core services.



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For those councils that may or may not have commissioners in but have exceptional financial need, we will have a conversation with those councils about their proposal. We have long said that our door is open to people to have those discussions. We will do that in a way that resets some of the underlying causes of financial distress, where they happen.

So far—I know this can be interpreted by the sector in different ways—the places that have had underlying financial issues have tended to have something distinct going on, such as an issue with their governance or some other problem.

Q99 **Chair:** You mean like the Birmingham equal pay issue, which is very distinct, or Spelthorne and its borrowing.

Catherine Frances: Yes, exactly. We will work with them to establish something that makes sense for the local citizen and can still deliver services but also gets to a solution that we can take forward into future years.

Q100 **Chair:** Will it be a postcode lottery? When we heard evidence from a predecessor accounting officer at the Department, we pushed on the statutory minimum that a local authority has to provide. How frequent does the bin collection have to be to make it a statutory service?

When we are dealing with adult social care, there is a lot of freedom in the budget. I once was a social services chair. I know the battles that were fought every year at budget time. What is the minimum service that a council would have to provide to meet all the reforms that we are talking about? There is the ideal world, but what is the actual minimum?

Catherine Frances: The minimum is what is set out in legislation.

Q101 **Chair:** Could you be clear about what that is?

Catherine Frances: It is the Care Act legislation.

Sir Chris Wormald: In social care, it is very clear that the 2014 Care Act defines what local authorities need to do.

Q102 **Chair:** I have been around the system for 30 years now. There are lots of ways that local authorities can interpret things and delay decisions. There are often difficult decisions made in difficult financial situations. There is the minimum laid out in law, and then there is how it is interpreted and delivered. Those can be quite different things.

Sir Chris Wormald: That is the job of a local authority. It is not for us to tell them. They read the Care Act themselves. They are required to fulfil their statutory duties in exactly the same way as a Department is. It is their choice and their accountability as to how they do that.

Q103 **Chair:** That is fine. Quite rightly, local authorities should take responsibility for their decisions. People are elected to run local authorities and they have to take responsibility. Their officers are paid to do that. Where it has failed, that is a problem.



That still leaves the issue of people who require and deserve the service to which, under the law, they are entitled. In parts of the country now, there are parts of local government that are not able to deliver that service for various reasons. As Ms Frances says, there is not a simple or straightforward picture about why they cannot. Citizens in those areas may get a much lower service, even notwithstanding what the law requires.

Sir Chris Wormald: That is why the reforms that Parliament passed in the 2022 Act are so important. The CQC will take a view on whether a local authority is not legally compliant with the 2014 Act, and then we have intervention powers as to what we do about it.

That is completely suboptimal. As you know, we did this extensively in education. It is not an easy process at all. There is a national Government backstop, if there is clear evidence that people are not fulfilling their statutory duties. As Catherine was describing, no one wants to get there and no one is saying that is an easy or quick fix for any of those things.

The primary duty, as you say, has to be locally elected councils. Where national Government have been given the powers, which is in some areas but not others, they have a backstop role to play, but that needs to be a last resort.

Q104 **Chair:** Ms Frances, with your Treasury background and your role in DLUHC, you will know the figures. I am sure you have seen all the forward-looking projections about local authorities. District councils are always at risk because of cash in, cash out. There is a challenge there. They are small and they have few resources to play with. The bigger authorities with big social service commitments to children, adults or both will also have pressures.

We are going to touch on the statement that suboptimally came out during this session. As I say, we will raise that elsewhere. The councils that have a squeeze on their budgets will struggle. I was a social services chair—it was neighbourhood services in the day. We would be battling for school uniform subsidies versus adult social care. That was the choice because they were the freer budgets. That is the reality on the ground. You know that.

What wraparound support and vision do you have across the parts of local government that you are responsible for? The Department of Health and Social Care has a responsibility for the subject area, but the funding of local authorities and their ability to sustain themselves is in your bag, Ms Frances.

Catherine Frances: It is. I will maybe make three points on that. In terms of the overall vision, our view is, exactly as Chris has said, that the accountability sits locally, but that must be accompanied by improved transparency so local citizens, local taxpayers and anybody else who is interested can understand more about the variability of what councils are



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legitimately offering. They do have choices. The decision making of councillors and council officers up and down the country can be informed by that.

That combination of very clear accountability and transparency goes together. That underpins quite a lot of our work on Oflog.

Q105 **Chair:** The Redmond report will contribute to that.

Catherine Frances: Yes, exactly. I will not go into our wider conversations about audit at this point, but this is absolutely a critical part of that. In terms of the actual capacity of councils and their funding, I am very happy to go through the new funding announcement.

Chair: We will touch on that in a moment.

Catherine Frances: I would recognise that for councils it is a challenging position at the moment, but the Government have listened and responded to that. What we have said quite clearly about the future is that we think we need to take quite a fundamental look at local government financing. The Secretary of State said that, and that has been reiterated today.

As Sir Chris says, we need to do that in due course, in the context of a new spending review. We would be looking to ensure that there was, within the confines of what is possible, sufficient certainty for local councils to plan. It is challenging at the moment, but we have responded. That is the combination of things we have done.

Q106 **Chair:** My own borough—we all have examples—is looking at cuts of over £30 million in the next financial year. The London boroughs have more to play with because they have more resources than, say, a small district or a smaller area.

Catherine Frances: When we do cover the additional funding that has gone in, the critical point is that we have just announced today that each council in the country is going to have to review what that does to their planning assumptions for the next financial year and take stock.

Chair: There were also comments about productivity. We will end the main session there.

While we have been sitting here, we have had sight of the written ministerial statement, which was announced today and released while we were in Committee. We are not going to go into why that might be right here and right now, because it is impossible for even our witnesses to tell us exactly all of that. We will be investigating why that has been put out late today because it is significant and it is suboptimal, if I can put it politely, for it to appear midway through a Public Accounts Committee hearing when it is pertinent to the subject we are discussing.

Nevertheless, it is an opportunity, Ms Frances, to talk to you about it and



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perhaps to shed some light on the announcements made. Broadly, it announces some extra funding for local government. It also talks about productivity and has some very specific elements to the money. For example, I noticed that the Isle of Wight and the Isles of Scilly get extra funding, as do some rural areas.

We will not go into all of that. In particular, we have some questions about the additional funding for social care, as that is relevant to us today. I know our sister Committee will be asking questions of officials and Ministers when they appear in front of them.

Q107 Sir Geoffrey Clifton-Brown: Ms Frances, you have been longing to tell us what is contained in this written ministerial statement. You knew when you came to the Committee, but we did not know. We have now had the information while we have been sitting here. It would have been better if it had been earlier on today, but there we are.

Could you take us through it? It looks as though there are additional resources for the local government finance settlement of some £600 million, of which £500 million is going to those councils with adult and children's social services responsibilities. It looks as though the total available to local authorities under the local government finance settlement will be some £64.7 billion for 2024-25. Would you like to take us through it, please?

Catherine Frances: Thank you, Sir Geoffrey. I am sorry that we are having to do this midway through a Committee hearing. You are correct: there are additional measures for local councils, which will go into the local government finance settlement, of £600 million, of which £500 million is for councils that have social care responsibilities. We will be putting that into the social care grant. That is the grant that is ring-fenced for social care, but it can be used for adults or children. That means that the increase in that grant will be £1.2 billion going into next year.

Overall, the local government finance settlement—the provisional settlement was going up by 6.5% in cash terms—will now go up by 7.5% in cash terms. As you said quite correctly, the overall level will be £64.7 billion.

In addition to that £500 million, there are some smaller measures that we can cover with the Committee on Monday but include an uplift to the floor for every council in the country from 3% to 4%, an uplift in the rural service delivery grant and some smaller changes.

Q108 Sir Geoffrey Clifton-Brown: Before I go into some of the specifics, one of the key elements of this written ministerial statement, as I understand it, is what some councils have been pressing me for: an increase in core spending from 3% to 4%. Can you just confirm that?

Catherine Frances: As ever in local authority finance, there are a few different bits of jargon. Core spending—that is the core spending power



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number—is the one that goes up by 7.5% in cash terms. The number that you are alluding to is the funding floor. There is a funding floor in place, which is a guarantee to all councils in the country that that will rise before they make any decisions about whether they want to raise council tax. That has been raised today from 3% to 4%.

Q109 Chair: This is supporting district councils in particular, because they are the most vulnerable in that respect.

Catherine Frances: They are likely to be the councils that are most directly affected.

Q110 Sir Geoffrey Clifton-Brown: That is fairly key for district councils. Critically, council chief executives and other leaders this evening will be wanting to know when they will receive their allocation. It will presumably be done under the existing funding formulas, but when will they get their individual allocation so that they can start planning for the next financial year?

Catherine Frances: The basic answer to your question is that we will issue the full settlement with all of the detailed allocations ahead of recess, as we said at the very start of this hearing. We have put this statement out today partly so that councils' finance officers can start working it through. The £500 million expenditure will go through the social care grant, which has an established distribution mechanism. Local council finance officers will be able to work through that.

I am afraid some of the other distributional stuff will have to come through in the more detailed modelling that follows, but we want to make sure we get that absolutely right, as we always do when we lay the LGFS.

Q111 Sir Geoffrey Clifton-Brown: Just to be absolutely clear, their individual allocations will come through as usual when the local government finance settlement is announced, as you say, before the recess.

Catherine Frances: Yes, precisely.

Q112 Chair: Which recess do you mean? There is a recess in February and a recess at Easter.

Catherine Frances: We mean the February recess. I do not have a specific date at this point.

Chair: The 9th is the last day this House sits before recess, so it has to be done in the next couple of weeks.

Q113 Sir Geoffrey Clifton-Brown: One more detail, which will concern my local authorities, is the rural services grant. Could you just cover that, please?

Catherine Frances: That has been increased from £95 million to £110 million. That is a 15% uplift in that grant.

Q114 Sir Geoffrey Clifton-Brown: In one of my two local authorities, Stroud,



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the internal drainage board is facing a considerable increase in demand because of recent flooding. I gather that is going to go up as well.

Catherine Frances: Yes, we have confirmed today that there is a very small but pertinent amount of funding for those authorities for internal drainage boards, which we funded last year only and then had not funded in the provisional LGFS. We have now confirmed that that will be rolled forward to next year as well.

Chair: That gets a little bit of this on the record. Our sister Committee will be talking to you about this in due course.

Q115 **Ben Lake:** Ms Frances, I want to ask a very quick question about this announcement today and the new funding. Is it new funding for the Department? I ask because if it is, there will be a Barnett consequential to the Welsh Government and the Scottish Government, for that matter.

Catherine Frances: I will leave my Treasury colleagues to work through Barnett, as is always the way. For full clarity, the £500 million is new funding to DLUHC. The remaining £100 million, which you have therefore asked me about, we have found from contingencies, which we always hold in the local government DEL allocation and we always iron out between the provisional and final settlement.

We are also opting not to uplift a relatively technical pot, which is the pot that we use to run the business rates levies and top-ups, because that account is in a very healthy state at the moment. The £500 million is new to the Department and the £100 million is not.

Ben Lake: That is very useful. Thank you.

Chair: Mr Lake is going to be firing off some letters to find out how much Wales gets. Thank you very much indeed to our witnesses for coming to this rather warm room this afternoon. Thank you to Michelle Dyson and Sir Chris Wormald from the Department of Health and Social Care, and to Catherine Frances from the Department for Levelling Up, Housing and Communities.

Our transcript for this session will be available on the website in the next couple of days, and we will be producing a report before the Easter recess. Thank you very much indeed.