

Public Accounts Committee

Oral evidence: Adult Social Care workforce, HC 690

Wednesday 28 Feb 2018

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Watch the meeting

Members present: Meg Hillier (Chair); Bim Afolami; Sir Geoffrey Clifton-Brown; Gillian Keegan; Anne Marie Morris; Lee Rowley.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Aileen Murphie, Director of Local Government Value for Money Work, National Audit Office, and Richard Brown, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-201

Witnesses

[I](#): Sharon Allen, Chief Executive, Skills for Care, Juliet Chua, Director, Social Care and Transformation, Department of Health and Social Care, Jo Farrar, Director General, Local Government and Public Services, Ministry of Housing, Communities and Local Government, Glen Garrod, Vice President, Association for the Directors of Adult Social Services, and Sir Chris Wormald, Permanent Secretary, Department of Health and Social Care.

Examination of witnesses

Witnesses: Sharon Allen, Juliet Chua, Jo Farrar, Glen Garrod, and Sir Chris Wormald.

Q1 Chair: Good afternoon and welcome to the Public Accounts Committee on Wednesday 28 February 2018. Today, we are examining the Department of Health and Social Care's progress against its priority of supporting the care workforce. We know there are huge issues here around skills and funding, and issues facing a lot of the providers as well as the workforce, such as national insurance payments and the ongoing question of night care.

Clearly, this workforce is critical to providing good-quality care for an ageing population. The demand is growing, yet there are huge stresses on the workforce. In fact, the CQC says that the sector remains "precarious". We know that the workforce is under great stress for many reasons, in terms of turnover, pay levels and qualifications. We are going to probe some of these issues. Of course, the Department has strategic responsibility for oversight of all of this. I will introduce our witnesses and then direct a couple of questions at you, Sir Chris, before we get into the main session, if that is okay. Even if it is not okay, we are going to do it; the veneer of politeness is simply that.

From my left to right we have: Sharon Allen, the chief executive of Skills for Care. Welcome to you. I think this is the first time you have been in front of this Committee. Is that right?

Sharon Allen: That is correct.

Chair: Welcome. We have Sir Chris Wormald, who is a regular here as permanent secretary at what is now the Department of Health and Social Care; Jo Farrar, the director general for local government and public services at the Ministry of Housing, Communities and Local Government—we do have a lot of name changes today, don't we?—then we have Juliet Chua, the director of social care and transformation at the Department of Health and Social Care; and Glen Garrod, the vice president of the Association of the Directors of Adult Social Services—so he is a direct local authority voice here on the panel today. Our hashtag today is #socialcare.

Sir Chris, how much has it cost to rebrand the Department as the Department of Health and Social Care?

Sir Chris Wormald: Very little indeed—I think a few thousand so far.

Chair: So far—okay.



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Sir Chris Wormald: We have taken the view that we will replace things only when they run out. So we have updated all our websites and those sorts of things—

Q2 **Chair:** So we might get still the odd letter saying Department of Health.

Sir Chris Wormald: Yes. The letter headings, business cards and all those sorts of things still say Department of Health, and we will change them when we run out. We took a view—

Q3 **Chair:** Common sense has broken out—that is heartening news. So a few thousand so far. At some point, we would like to know how much it will cost.

Sir Chris Wormald: I can send you an exact update—

Chair: That would be good. I won't ask Jo Farrar the same question as it is a bit unfair to ask you—as you are not permanent secretary—but we will write to your permanent secretary to ask the same thing.

Jo Farrar: I will let her know.

Q4 **Chair:** I think the Department of Health and Social Care has set a good example there. I look forward to receiving letters on old-fashioned headed paper, knowing that you are saving pennies which add up to pounds for the taxpayer.

The other thing that has been very much in the news recently is the drug errors in the NHS linking to a number of deaths. Do you want to update us on that, since the publicity last week? It is obviously a very serious concern to patients out there, and particularly to family members who may not be the patient but are worried about their vulnerable family member getting the wrong drug treatment.

Sir Chris Wormald: Yes, it is an extremely significant issue and, as you say, the Department made a series of big announcements last week. I will write to you with the full details, but essentially what we were trying to do here was shine a light on an area that has been under-researched before.

There is no evidence at all that there are more drug errors in the UK than in any other jurisdiction, because basically no one has looked. We believe we have done the most comprehensive piece of research anywhere in the world on this subject to quantify the issue, which hopefully gives us a strong baseline to begin to bring those numbers down.

Of course, within that very large number of drug errors we identified, there are lots of different things going on. Some of those errors will be comparatively minor—a drug given a few hours later than it should have been that does not lead to patient harm—and in other cases it is about a much more serious error, where it does lead to patient harm. That is where our biggest philosophy lies. There is no single answer to what you do about it, because it is a huge delivery chain—I think we have about 1 billion prescriptions a year in the UK, and each of those has four or five steps to it before it gets to the patient, so we are talking about an



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enormous system. What we really need is controls at each stage of that system, including measures such as widening the use of electronic prescribing, which eliminates quantity errors and those sorts of things. A lot of the errors are where people are on multiple drugs and it is about how those drugs interact, because of course it is not unusual for older people in particular to be on eight or nine drugs. We need to be much more thorough about doing the pharmacist's drug review of the entire drug intake of the individual, as opposed to of each individual drug. There is a whole series of things we will want to do. Although the numbers are obviously not what you would want, we are pleased to have publicised this important issue for pretty much the first time.

- Q5 **Chair:** We would applaud you for publicising it, but, as you say, it is a challenge for you as a Department to deal with it when there are so many different providers delivering it.

Sir Chris Wormald: Yes.

- Q6 **Chair:** It was quite alarming to see that the research estimates that 71% of annual drug errors occur when patients see a GP or practice nurse. Do you have any particular plans to work with GP surgeries to make sure those errors—

Sir Chris Wormald: We will be looking across the piece, including in that area. I should emphasise that—

- Q7 **Chair:** Could you give us a precise example of what you are planning to do that will help with it practically on the ground, at GP practice level?

Sir Chris Wormald: As I say, I can set it out in detail for you in writing, but one of the biggest things is that we are putting far more pharmacists in GP practices. That is a big practical thing, so you have advice on correct prescribing right there. That is a very big thing.

- Q8 **Chair:** You say you are doing that, but that is quite a challenge for some GP practices that do not have the space. Practically, does that mean more money is available for GP practices to be able to build—

Sir Chris Wormald: There is quite a big programme around that; as I say, I can set out the details for it. I should say that, of course, this is something we do with all our partners in the health system. If you took the GP example, it would be an NHS England lead, but there are a whole series of programmes that we are doing. As I say, I would not like to leave you with the impression that there is some silver bullet here. It will be lots and lots of little actions.

- Q9 **Chair:** When in the strategy will you see an appreciable difference? Are you going to do this research regularly to check up on progress?

Sir Chris Wormald: Let me check when we are next reviewing.

- Q10 **Chair:** You know we love having dates and deadlines to hold you to account on.



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Sir Chris Wormald: I would not want to promise a date I could not promise you was accurate.

- Q11 **Chair:** You have learned to be cautious, Sir Chris. It is a very serious issue and we are keen to keep an eye on how progress is being made. It is very easy for a Secretary of State to make an announcement—not to denigrate a Secretary of State—but we want to make sure that there is follow-through. We will pick up on this again.

Sir Chris Wormald: Just on that last point, we would completely welcome that. One of the things we wanted was much wider debate and publicity on this issue, so your scrutiny will be welcome, as always.

Chair: Thank you very much, Sir Chris; you are in a good mood today. I am now going to bring in Sir Geoffrey Clifton-Brown to see whether he can stoke that good mood or dampen it.

- Q12 **Sir Geoffrey Clifton-Brown:** I am sure you will have something to tell us on what I am going to ask, Chris. It is a follow-up to the questions the Committee asked you a month or two ago about the drugs companies deliberately rationing drugs to increase the price. Of course, we have had this celebrated case of the skin cream costing £1,600. What is your Department doing to address those problems?

Sir Chris Wormald: The National Audit Office is now doing an inquiry on exactly that subject, I think. I am not quite sure what your timing is, Amyas.

Sir Amyas Morse: In a few weeks we will be able to report on what you are doing about it at a certain point.

Sir Chris Wormald: We expect the Committee to come back to that. What we have been doing is exactly what I described in my letter following the previous description. At the moment, all or most of our powers in this area are informal pressure; we have very few powers of direct regulatory access. We have seen prices stabilise since the initial spike following our conversations with the suppliers and the drug companies, led by our new chief commercial officer, who is leading all of this for us. We did not continue to see the rises that you and others were concerned about. We have always relied in this area on a free market to deliver us the best price, which it traditionally has. The question going forward—the NAO's assessment will inform this—is whether that is still right and whether it still delivers us the lowest prices, which it has done previously. Secondly, we get our new powers in the next financial year under the recent Act, so the question is how we should best use those powers to avoid the situation we saw.

- Q13 **Sir Geoffrey Clifton-Brown:** The problem is the concentration of certain drugs in the hands of certain drugs companies, which means they are able to restrict supply so that they can increase the price to you. The market may not operate as it should to deal with that problem.

Sir Chris Wormald: Yes, exactly.



Q14 Sir Geoffrey Clifton-Brown: Do you think the new Act will give you the powers you need?

Sir Chris Wormald: The new Act gives us considerably more informational powers. At the moment, most of the information we get out of the market is voluntary rather than compulsory, so, first, we should be able to identify much more easily and much quicker where the market is working and where it is not working. Secondly, it gives us more regulatory powers where we think the market is not working. However, these are quite nuanced judgments, as I say. Across the piece, certainly our previous analysis has shown that the UK has massively benefited from having a basically free market, and there is quite a lot of evidence that we have had lower generic prices than those jurisdictions that have traditionally regulated. As you know, it is quite difficult to partially regulate a market. I do not want to give the impression that we will have regulatory powers and suddenly everything will be different. We will have to balance the benefits we get from what is normally a vibrant market that keeps prices down by itself and those areas, such as the ones you have raised, where the market does not appear to be operating as it should.

Q15 Chair: This is something we definitely want to keep an eye on.

Sir Chris Wormald: I am assuming that, following the NAO Report, you will want to have a hearing specifically on that.

Q16 Chair: You will have to wait and see, but the chances are—you have gauged our interest. Before I hand over to colleagues, we are obviously asking every permanent secretary what their Department is doing to prepare for exiting the UK. In the context of this Report particularly, a large percentage of adult social care staff are EU citizens, and their number is great. Is this something that you are calculating? Are you putting in place plans to make sure that the sector can survive the shock if there is a change—it depends on exactly what the final deal is—for people who are in jobs now?

Sir Chris Wormald: Yes. As you say—some of my colleagues might want to comment about how this looks to local government and the provider sector—EU citizens and indeed citizens from non-EU nations play an extremely important part in the care workforce. Of course, their contribution is hugely valued, as the Government have said on a number of occasions. So far, in terms of the national numbers, we have not seen a decline in the percentage of the workforce that comes from the EU: it has been relatively stable at around 7%.

Q17 Chair: So they are still in there now, but you will have a problem with the pipeline being cut off.

Sir Chris Wormald: Yes. Our next set of numbers comes out in the summer, I think, so we will get updated numbers about whether that trend is continuing in the summer.

Q18 Chair: Just to be clear, these are people currently in the workforce, and they are not leaving because they are EU citizens, but there is—



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Sir Chris Wormald: Yes, at the moment it is stable. There is then, as you say, a series of questions, which are not so much about exiting the Union—they are as much about the future of immigration policy. I cannot tell you exactly what our answer to that is, because of course it has not quite been settled.

Q19 **Chair:** Is it one of your EU work streams?

Sir Chris Wormald: Yes, it is. It is one of our four biggest EU work streams. We are in close dialogue with our colleagues at the Home Office on this issue, and we will continue to monitor it carefully. It is right at the top of our agenda.

Q20 **Chair:** From the work you have done so far, how much lead-in time do you need if there is going to be a change to immigration rules or if you are going to lose a lot of new arrivals from the EU overnight who are needed to care for people in the UK? If the Home Office made a decision on this in the summer, would that be enough time for you to adjust your plans?

Sir Chris Wormald: In the social care world, it is very, very difficult to say, because of course there are lots and lots of individual employers—people are not directly employed by the state—and this is an issue that affects parts of the country considerably more than others. I think the vast majority of those people are in London, the south-east and the south-west. I cannot say exactly that if it's by this date, that would be all right, but we are looking at it carefully.

Q21 **Chair:** Have you done a similar calculation for the NHS workforce?

Sir Chris Wormald: We do the same processes for the NHS workforce. Of course, in some areas—for example, for doctors' numbers—we have already made it clear that we wish to become self-sufficient over time.

Q22 **Chair:** That's all very well for the future if that's possible, but in the here and now the NHS is propped up by, among others, EU workers who will not be allowed to come in in the future.

Sir Chris Wormald: I'm sorry, but you can't make that assumption. That is about where we set our future immigration policy and, as I say, we are discussing that with our colleagues at the Home Office. If you take one of the things we are discussing today—social care nurses—that is on the shortage subject list, and we continue to import them from beyond the EU as well as from the EU. The Government will have to take decisions about what it does with those categories of worker going forward. I can't tell you what they are because they haven't been—

Q23 **Chair:** It's just that Brexit is just over a year away. It sounds a bit vague at the moment, if I may say so.

Sir Chris Wormald: Those decisions have not been made yet.

Q24 **Chair:** Are you giving good advice to Ministers about the needs of our national health service?



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Sir Chris Wormald: Yes. As I say, this is right at the top of our priority list.

- Q25 **Chair:** It's not just the numbers, is it? It is about the welcome or the lack of welcome that some staff perceive. They have given up their lives in other countries to come and work in our NHS, and they feel that they are not wanted now.

Sir Chris Wormald: Yes. As I said at the beginning, the Government has repeatedly made clear the huge value it places on the contribution that those people make to our NHS and our care system.

- Q26 **Sir Geoffrey Clifton-Brown:** Sir Chris, this is clearly a really important point for both the social care sector and the NHS. Are you making representations to the Cabinet Office to say that, whatever changes take place in the immigration regime, there will be a need for some form of health worker visa to allow exceptions to whatever immigration policy might emerge?

Sir Chris Wormald: Yes. I am not going to set out what our advice to other bits of Government is, for the usual reasons, but we discuss those things with our colleagues at the centre of Government and the Home Office all the time. A number of health professions are already on the shortage subject list. The Government already looks at the needs of the health and care workforce and adjusts its immigration policy accordingly. As I say, I can't describe the exact conversations for reasons that you understand, but this is right at the top of the issues we are looking at.

Chair: One of our concerns is about the interaction with the Government. The Home Office is going to have to have an EU migrant scheme in November on top of its existing visa scheme. It has already reduced indefinite leave to remain, so you have to renew it every couple of years until you get to the level at which you can claim citizenship, so it has got a lot more work going on. We are not asking you to give an example at this point because we recognise it is not a policy decision you have made or can make, but if there was a visa scheme of the kind described by Sir Geoffrey Clifton-Brown, your Department will be heavily reliant on the Home Office to get it right and to meet certain deadlines. Do you have confidence that the Home Office are going to deliver this?

Sir Chris Wormald: We and our Home Office colleagues have very close dialogue about these things. As you say, these are not easy issues, but the joint working is very good. We have a group, which Jo chairs, that looks specifically at the local government workforce. The machinery to do all this is in place. For the reasons you set out, these are not easy issues. Jo, do you want to say a bit about that?

- Q27 **Chair:** We are all concerned about the timescale, Ms Farrar.

Jo Farrar: The UK's agreement with the EU on citizens' rights obviously allows people to continue to live here during the implementation period. That gives us time to work with Whitehall colleagues to work out what a smooth transition would be. It is only one of a number of issues that



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relates to the social care workforce. We look at everything in the round, but we are looking at about 7% of the workforce, so it concerns us. We are working closely together to find the right solution.

Chair: We obviously need to probe this more. We are concerned because we have heard from other permanent secretaries that deadlines are looming—there is just over a year to go—to make decisions so schemes can be implemented. The summary of that exchange is that it is a bit vague still. You may be having conversations behind the scenes, but we need concrete results. The staff working in our NHS—be they staff who are EU citizens and are worried about their future or staff working alongside them who are worried about their leaving—need reassurance. I am sure you have got the point. I am going to hand over to Gillian Keegan, who is going to kick off for us on the social care workforce. Over to you, Gillian.

Q28 Gillian Keegan: You cannot open a newspaper nowadays without reading about concerns about social care. It is everywhere. How do you go about ensuring there is enough funding to meet the needs of the population?

Sir Chris Wormald: I will ask some of my colleagues to comment as well. Essentially, in the last spending review, we did an assessment of needs going forward. That is what the spending review was predicated on. I don't think anyone on this panel or anywhere else would deny that this is a sector that faces significant financial pressures. That comes out in the National Audit Office Report. It also comes out in the CQC report on the state of care. It is something that we are both concerned about and know we will be needing to take further action around, particularly in the upcoming Green Paper in the summer.

Locked in your question is the very important question of sufficient funding for what? In terms of local authorities fulfilling the statutory duties set out in the Care Act 2014, there is one local authority, which was in the news this morning, about which we are concerned. That is Northamptonshire, and we can talk a bit more about whether they are continuing to fulfil their statutory duties. Other than that, when we look across the local authority sector, they are fulfilling their statutory duties as set out in the 2014 Act.

What has happened around funding, which comes out in all the numbers, is of course that local authorities have been focusing on their statutory responsibilities and making savings in their discretionary areas of spend. So we have seen the total number of people receiving care go down over the last few years, but as I say, not below the statutory minimum that Parliament set.

As of today, we think that there is sufficient funding in the system to fulfil those statutory duties. Funding does then begin to go up over the next few years.

Chair: We know the funding pattern so you don't need to go into the detail.

Sir Chris Wormald: But, as I said, as the CQC has reported and the NAO has reported, there are quite clear funding challenges for local authorities and the private sector going forward.

Chair: And we have read those reports. I am going to bring Gillian Keegan back in. We are going to have to have slightly shorter answers, or you and the team could be here for a long time. It is up to you.

- Q29 **Gillian Keegan:** It is clear there is huge challenge. Actually, everything is a challenge in the social care sector. It seems to me that we have a system that is designed for 20 years ago, as opposed to one that is designed for either the situation we are in now or, more importantly, the situation that we know we are heading into. Do you feel that you have the right kind of strategy to get the right system for the needs?

Sir Chris Wormald: We believe we are developing the right strategy. I don't think we would say we are there yet.

- Q30 **Gillian Keegan:** What caused you to develop that strategy? The inputs of what has changed between 20 years ago and where we are heading, or where we are now, have all been relatively predictable: population growth, population movements, expectations, longevity and so on.

Sir Chris Wormald: I would say a few things. As we have discussed with this Committee before, there is a whole series of issues around social care that have been known about for decades and for one reason or another have not been taken forward by a succession of Governments—integration between health and care and all those sorts of issues.

- Q31 **Gillian Keegan:** Are you saying it has been deliberately ignored?

Sir Chris Wormald: No, it hasn't been ignored. It is just incredibly difficult to do. As I think I have said to this Committee before, I think the first Government White Paper suggesting integration was in 1963, and almost every Government since then has had objectives around that. It is just very difficult.

What has prompted where we are now? Obviously, there is a big public debate around social care, as you say, and it was heavily debated during the last general election. Clearly, the changing demographics and the financial position affect that considerably.

- Q32 **Chair:** We know that; Ms Keegan laid that out. She was asking, very precisely, what you are doing to project forward and plan.

Sir Chris Wormald: The question was why we have changed.

- Q33 **Chair:** So can you give us some examples of what you are practically doing?

Sir Chris Wormald: There is a whole series of things that I might ask Juliet to describe about the current system, but there are two big things coming up. First, on the specific question that we are considering today, we are looking at revamping our workforce approach through part of the Health Education England consultation that Skills for Care is running



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towards a workforce strategy in this area. Secondly, there is the upcoming Green Paper. Those are the two big practical things going forward.

- Q34 **Gillian Keegan:** Sorry, you had workforce approach, and what was the second one?

Sir Chris Wormald: The summer Green Paper that the Government have promised about social care in general. Those are the two bits of development work that we are doing that are different from the previous—

- Q35 **Gillian Keegan:** Will that include demand side? You have two elements of this, in terms of designing the strategy: the supply side and the demand side. On the demand side, the projections of need have been clear for a long time. How are you including the supply side in your strategic analysis? It is very fragmented.

Sir Chris Wormald: Yes. In some ways that can be a strength of the system, and in some ways that can be a weakness. Those are issues that we are looking at in the production of the Green Paper. Do you want to say a bit more on that, Juliet?

Juliet Chua: I would observe that in the short term, within the current legislative framework, in the Care Act there was an expectation that local authorities have a duty to market shape, to think about what the supply side is in the local area, to counter that, to recognise the demand, and to play a role in thinking about what need there is and how to plan for it.

- Q36 **Gillian Keegan:** How confident are you that that is actively happening?

Juliet Chua: We know that that is variable. That comes through both in the most recent CMA report on the residential care market, and it has come through in the NAO Report. We know that there is more to do in that space, and that is something that we want to continue to develop.

In terms of looking forward in the Green Paper, as was set out in November we recognise that there are some quite big, complex questions regarding a long-term or sustainable system on social care. We are talking to a range of experts to draw in a range of perspectives to publish in the summer. To your point, that has to take account of both demand and supply.

- Q37 **Chair:** Can we just be clear? It is all very well saying that local government needs to shape its own market—Glen Garrod may want to comment on this—but national insurance contributions are going up, which is a Government issue. Skills training is a strategic element that Government need to deal with. The legal challenges about overnight stays are a bigger issue than the local authority can deal with. Those issues are very squarely with the two linked Departments of Government.

Sir Chris Wormald: Absolutely, and we are not challenging that at all. The way that the system works, we have responsibility for the overall framework and the Care Act then places some very specific duties on local government, one of which is to shape the local market for care. Juliet is simply describing the law as it applies to local authorities. Even within



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that, as I think we have discussed with the Committee before, for providers of national importance we take a national overview through the CQC assessment system. For those providers who span mini local authorities, we take a national oversight, and then it is for local authorities to shape their market in their particular area.

- Q38 **Chair:** We have talked a lot about shaping the market. Maybe Glen Garrod could give us an idea of the challenges of shaping the market for local authorities?

Glen Garrod: Would you allow me to go back to your first point about Brexit? You are absolutely right that the level of exposure to EU and non-EU nationals is particularly profound in the clinical grades—doctors and nurses. I should express a personal interest in that matter: my wife is a German national, and a GP who has worked in the NHS for 25 years. How she feels about how welcome she and many of her friends are in this country is in part a reflection of where the nation is going. That means that some people are beginning to think about whether they want to stay because of whether they feel welcome or not. That is quite profound.

- Q39 **Chair:** You are here as the Association for the Directors of Adult Social Services. What is the impact in that area for social services directors? How are you managing that in social services?

Glen Garrod: One of the problems with many years of reductions—some £6.3 billion since 2010 on social care—is that you reduce your capacity to cope when times are tough or when you need some flexibility in the system. That means small changes have much bigger effects. A loss of nursing in the residential sector in consequence of non-EU or EU nationals leaving is quite profound.

- Q40 **Chair:** Have you seen an example of people already exiting the sector?

Glen Garrod: Yes.

- Q41 **Chair:** What sort of numbers are we talking about there?

Glen Garrod: It depends which part of the country you are in.

- Q42 **Chair:** So it is very different. What about this shaping the market thing that Juliet Chua mentioned? She outlined the law, which is all very well, but how has it been in practice for your members trying to shape the market in different parts of the country?

Glen Garrod: The market position statement requirements came in with the Care Act, which was enacted in 2015, so they are still relatively new. It is important to recognise that there are two national policy programmes, the Better Care Fund, and sustainability and transformation plans, both of which are pushing in the same space of sustainable systems and integration. Both are very thin when it comes to workforce. It is important to recognise that the policy context in which we operate can be either helpful or a hindrance. At the same time, we have market position statements, and some colleagues are progressing them in a much more sophisticated way when it comes to workforce development.



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Chair: Can you give us an example of a good one?

- Q43 **Gillian Keegan:** I have studied business for years and I have worked in it for 30 years. I did not understand a word of what you said about how what they are doing will shape a market. Can you explain what they are doing, or can do, practically to shape and influence the care market in their areas?

Glen Garrod: Two or three things, if I may. The first is that what you buy can be a factor not just of how much you pay for it but of the nature of how you make the payments. Are you funding for three to five years, or are you paying on a one-yearly contractual basis? Are you spot purchasing or block purchasing, which gives some security of tenure to the person who is supplying that service because they know how much they are getting? It also commits councils to making that funding available. In my own council we have a three-year funding arrangement with both the domiciliary and the residential sector.

A number of colleagues, like us, have also structured the independent sector, which is mostly small to medium enterprises, so that they work more closely together and can provide support to each other, for example with unit managers in residential settings. In Lincolnshire it is not uncommon for a unit manager to be newly appointed into a 30-bed unit where the proprietor lives abroad and they have no support. That is a difficult thing to do on the pay grade they are at, so our sector, as a strategic partner, now provides training and mentoring for those unit managers. If CQC were in the room today they would tell you that well-led equals safe. There is a cause and effect between those things.

- Q44 **Gillian Keegan:** I guess I have a more strategic issue, which is that we know there is a problem with many councils not paying even the benchmark for care. They are certainly paying a lot less; I think the differential between self-funders and councils is 41% at the moment, and it will probably increase. It depends on certain areas. In an area with a lot of self-funders, how will you shape the market so that people needing care from the council are not excluded from the market? On the other side of the equation, in councils that have only council, how do you make sure they are sustainable when there is no cross-subsidisation from the very few self-funders? I understand that you buy upfront to get this lower price to some degree, but I am a bit concerned when you look at some of the reports on shaping the market. It is a risky, labour-intensive, capital-intensive business; why would you put your money into it if you are in one of the out streams that is either all self-funders or largely council-funded? How would you shape the market in those scenarios? What are your levers?

Glen Garrod: The first thing to say is that England is not one space. There are many markets.

- Q45 **Gillian Keegan:** That is why I described two extremes. In fact, I had Liverpool and West Sussex—where I am from—in my head.



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Glen Garrod: That is one of the reasons why local market-shaping is critical, because you better understand the—

Gillian Keegan: But are those just words? Or do they actually have the tools to shape the market?

Glen Garrod: In large measure, I think they do. There is a question about whether there are sufficient resources within councils to do that well enough, along with the skill set that is required. If you are a council experiencing severe financial constraints, you will prioritise frontline services over a number of back-office functions. That is almost inevitable.

Chair: But that is not shaping the market, is it?

Gillian Keegan: These are very reactive statements.

Q46 **Chair:** Jo Farrar, you are dealing with the strategy of this. How are you working with local authorities at the centre?

Jo Farrar: I was also local government chief executive in 2015, so I had some experience of that. As Juliet said, the picture is mixed, but a lot of local authorities are good at shaping the market. They will get to know their local providers. They will set out a long-term strategy for the type of care that they need and they will do that in discussion with providers in the area, to help to shape the right conditions. We in Government, particularly since the spending review, have tried to give local authorities additional funding to help them to shape the market for their local area.

Q47 **Chair:** Can you give us some examples of that?

Jo Farrar: We have given them access to £9.4 billion in the last four years.

Q48 **Chair:** What have they done with that money?

Jo Farrar: For example, Lambeth Council is paying for home care providers, so that they can pay the London living wage. That gives more sustainability to the home care market and helps to shape that. In other places, such as Milton Keynes, the council is using its precept funding to help major adaptations to help people live independently.

Q49 **Chair:** Sorry, you said precept, is this the council tax money?

Jo Farrar: This is the council tax money.

Q50 **Chair:** Right, so it is not that the Government are giving them more money, it is that—

Jo Farrar: They are giving them access to that money.

Q51 **Chair:** We have to be very careful. Councils are being given permission to raise council tax. It is not money from the Department. Can we just be clear, is that £9.4 million the precept, the council tax, or is it—

Jo Farrar: No. It is a range of funding.



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Q52 **Chair:** Just to be clear. The £9.4 million is central from the Department.

Jo Farrar: No, some of it is through the precept. Some of it is because we gave an extra £2 billion in the Budget in 2017.

Q53 **Chair:** Yes. We know there is money. This is not a different pot of money that you are talking about; this is mostly council tax precept.

Jo Farrar: Not mostly the council tax precept. Less than half is the council tax precept. There is also the improved better care fund, the money through the—

Chair: So these are all funds that we have already looked at.

Q54 **Gillian Keegan:** Maybe I could ask, Ms Farrar, are you comfortable that there is sustainability to shape the market, when you have a 41% differential in the fees that a self-funder pays and the fees that somebody who comes through the council pays?

Jo Farrar: It is quite difficult to compare self-funders, because self-funders will chose a level of provision and they will chose a different type of provision.

Q55 **Gillian Keegan:** I do not think that is often the case. I have personal experience of this. My grandmother was a self-funder until about five weeks before she died and she then went on the council thing. It was exactly the same service. There were only two self-funders in her home and it was exactly the same service. There was no different choice, it was just a matter of whether you had the cash or could sell a house to provide the cash. So I do not think that is necessarily true. Do you think that is sustainable?

Jo Farrar: Sorry?

Q56 **Gillian Keegan:** The differential between self-funded and council payment, which is below the benchmark cost of care in many cases: do you think that is sustainable?

Jo Farrar: What we have done, besides—

Gillian Keegan: That is normally a yes or no.

Jo Farrar: I have talked to you about the money that we have put into the Budget. What we have seen with local government is that since 2010-11 the funding has been quite consistent, right up until 2016-17.

Q57 **Gillian Keegan:** I am not asking about that. I am asking about a model that has two different prices for effectively the same service, with a 41% differential. Do you think that is sustainable?

Sir Chris Wormald: I think—a couple of things about that. The price differential, which the CMA points towards, some of that—bluntly, we do not know yet, because we have not completed the work—will be a “reasonable” price differential. You would expect a local authority buying in bulk to beat a spot price for an individual. There are certainly some



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cases where people are buying additional services, over and above what the local authority would pay for.

Q58 Gillian Keegan: Possibly, but I don't think that is what is happening at the base level. There is cross-subsidisation, let's be honest.

Sir Chris Wormald: Which I do not deny, but it won't be the full 41%; there will be an element within that. The CMA report that that comes out of and I think we are responding to in early March, points particularly—there is a lot in this—towards the transparency of the market for self-funders. It is very difficult to get information about costs and it is an individual decision frequently taken at a point of distress, so there are definitely some big issues about how that market works that we want to look at.

Q59 Gillian Keegan: I would suggest that how the councils—

Sir Chris Wormald: Sorry. I was going to come to your sustainability question.

Q60 Gillian Keegan: No—I would suggest that how the councils are shaping the market is by paying less than the benchmark for the council funding. That is shaping the other side of the market, which is twofold: the price for self-funders and how many self-funders you have to get in, if you have the choice, to cross-subsidise the other part of the business. That is probably shaping the market.

Sir Chris Wormald: A couple of things. On the specific of the benchmark price, it is a benchmark price set by providers. Our guidance is that people should have regard to it. We do not suggest that people should necessarily pay the benchmark, as I was saying.

Q61 Chair: So you are saying that providers are trying to charge too much.

Sir Chris Wormald: No. I am just saying that it is a number that they put out as a benchmark price. Our guidance suggests—

Q62 Chair: What is the alternative number?

Sir Chris Wormald: We don't have an alternative number. We suggest that local authorities should have regard to that number—that is, they should look at it—but it is then for local authorities to set the price.

Q63 Gillian Keegan: But then they don't have the cash to have regard to it. They might be regarding it while looking in their pockets and not finding anything to regard it with.

Sir Chris Wormald: Of course, local authorities always have to balance what they want to do with what is affordable. I was going to say that I think we agree with the fundamental of your question. Clearly, the CMA has pointed to some quite significant problems in how the market works that we will want to look at.

I would break your question around sustainability going forward into two. We have not seen anything as yet that suggests that the way this market



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is structured is not sustainable. Indeed, we have actually seen an increase over the past seven years in the number of organisations providing domiciliary care, and a stable number of nursing and care home bids.

- Q64 **Gillian Keegan:** I accept that domiciliary care is slightly different from a business-model perspective as a provider. Is having a stable supply on the residential care side keeping up with demand? I thought that we were getting increasing numbers.

Sir Chris Wormald: I will go back to my previous answer. What has happened is that the number of care home bids has gone down slightly and the number of nursing home bids has gone up slightly. Again, it depends what you mean by demand. If it is demand in the sense of what councils were providing for in 2010, we are clearly not meeting that number—the numbers have gone down. If it is demand in the sense of keeping up with statutory responsibilities under the Care Act, yes.

I will come back to my first answer on your sustainability question. We do accept that there are big challenges in the funding structure and the market going forward, and things will have to be done differently. Do we expect it to be exactly as it is now in five years' time? No, we don't, and that is the work we are doing around the Green Paper.

Gillian Keegan: I would say that the cross-subsidisation is probably not sustainable at the levels that it is at and you are not on a path to change it, but I would like to move on to another—

- Q65 **Chair:** I think it is worth bringing Mr Garrod in. Mr Garrod, can you give an example of how you or a member of your association have dealt with this benchmark rate? How realistic do you think that is? Do you think that the private providers are putting their benchmark too high, or is that a realistic rate?

Glen Garrod: Thank you. There is some evidence that in the domiciliary care market there is a level of segmentation between organisations that will accept only private funding and those that will take a mixture.

- Q66 **Chair:** But what do you think about this benchmark figure in particular?

Glen Garrod: This is the UKHCA rate that you are referring to. My colleague in Gloucestershire pays £26 an hour, my colleague in Oxfordshire pays £22, I pay £16.80 and there are colleagues at less than £14. In the main, those are sustainable figures because, in different parts of the country, the labour costs are very different. A national benchline can only be a guide, because in some places, it would genuinely be more expensive than we would need. Having said that, however, it is very important that what goes around that unit price is also considered. Are you paying upfront? Are you guaranteeing levels of income to those providers? Have you organised the providers in such a way that they can cluster for better effect, or are they operating in a very competitive market where they are each individually bidding for service? If you can organise, particularly around that, you are more likely to have a secure and sustainable supply of service.



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Q67 Gillian Keegan: Can I just ask about security and sustainability? The only way that you could really, intellectually, do that is if you imagined that there was no self-funding at all—so there is no cross-subsidisation. Would your comments still stand?

Glen Garrod: In the domiciliary care market? Yes.

Gillian Keegan: I accept that that is a little simpler.

Glen Garrod: In the residential care market, we have a tried and tested vehicle that was derived by LaingBuisson around setting up what is a usual cost to pay. One of the big drivers of that is your capital costs. The standard rate for LaingBuisson is 12%. Some systems do not need to pay above 6%, which has a material effect on the unit price, because of land values and capital values. What you have to pay in Surrey—

Q68 Gillian Keegan: So are you saying that in cheaper places, it could be sustainable?

Glen Garrod: Yes.

Gillian Keegan: Without any self-funded cross-subsidisation?

Glen Garrod: Yes, but then you have to ask questions about your size. Are you a 30-bedded unit or an 80-bedded unit? There are material differences. But that is almost too simple a dichotomy: 20 years ago, the NHS did not typically buy much social care. Nowadays, in my sector, they are buying about 15% to 20% of beds.

Q69 Chair: Are they paying local authority rates? Where do they fit in?

Glen Garrod: This is where we would encourage joint commissioning, because from a provider perspective—

Chair: You could end up bidding against each other. Social services departments and the NHS could end up bidding against each other for the same bed.

Glen Garrod: Indeed so.

Q70 Chair: Does that happen?

Glen Garrod: In some parts of the country, it has.

Chair: Could you give an example of a region or an area where that has happened?

Glen Garrod: It depends. It is varied across the country, not necessarily by region but by local system, but—

Chair: Have you got an example of where it has happened?

Glen Garrod: We could supply those, but they are not in my head at the moment.

Chair: It would be very good if you could.



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Q71 Gillian Keegan: Let us move on to another area that does not seem to be very sustainable, which is the workforce. You have unbelievable turnover rates. If I did the maths right, at any one time across the whole sector, there must be ongoing recruitment for about 400,000 people per year.

Chair: Does that ring true, Ms Allen?

Sharon Allen: It is true that we have people leaving at a rate of 900 a day and joining at a rate of 1,000 a day. We have a vacancy rate of 90,000 on any one day across the sector. It is important that the figures that you have been provided with come from the national minimum data set for social care, which my organisation collects and analyses on behalf of the Department. We talk about turnover, but in reality, we are probably talking about turnover and churn, because a lot of people move between employers within the sector, often for pay.

Q72 Gillian Keegan: Do you have any figures for how many are moving within the sector and how many are leaving the sector?

Sharon Allen: We know that 67% of people who start in a new role have come from within the sector. It is very difficult—

Gillian Keegan: That is 67%?

Sharon Allen: Yes. Providers find it difficult to gain exit interviews from people, so we have better data about where people are starting from.

Sir Chris Wormald: We should say, although that is clearly not as bad as if one third of people were leaving the sector every year, that two thirds of that 30% are recycled is still a problem. That is still not what you would want to see as a pattern.

Q73 Gillian Keegan: What is the average time that they stay in the organisations? Have you looked at that?

Sharon Allen: Yes. People who leave tend to leave quite quickly.

Gillian Keegan: What is quite quickly?

Sharon Allen: Within the first 12 months. There is an issue about looking at what happens around induction and about the support people are given both in terms of information about the role they are coming into—

Q74 Gillian Keegan: It is not necessarily pay, is it? It is dissatisfaction, if it is within a year.

Sharon Allen: I would say it is both. There are massive issues about pay. We have just conducted a big—

Gillian Keegan: I agree, but I am just thinking about the driver—

Sharon Allen: It is not just about pay—it is absolutely not just about pay.

Gillian Keegan: The driver for normally leaving that quickly—



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Sir Chris Wormald: When we survey why people are leaving—it is self-reported, so we do not know whether they always give the exact reason—pay is one of the reasons, but by no means the only one, and an awful lot of it, as Sharon says, appears to be around good employers. People doing values-based recruitment—they have good induction, CPD for their staff and all the things that classically good employers have—seem to have much lower turnover rates, I think it is fair to say, than some others. Is that fair, Sharon?

Sharon Allen: Well, if I can phrase it slightly differently, we did a piece of research that led to a report called “secrets of success” and we asked employers who had retention rates of 90% or thereabouts what it was they were doing that we could share with the sector.

Q75 **Gillian Keegan:** Were they in a domiciliary setting?

Sharon Allen: It was across all sectors and also included individual employers and people using direct payments or other funds to employ their own care and support teams. The things that Chris has just referred to were indeed the things that they said. What we need to be careful about is saying, “If they can do it, everybody can do it.” It is very different in different parts of the country.

Q76 **Gillian Keegan:** It depends on competition for labour and the price and labour rates within the area.

Sharon Allen: Exactly. And there are good employers doing all of those things who still struggle to recruit and retain a workforce.

Q77 **Chair:** Where are the hotspots for problems?

Sharon Allen: Where you would expect them to be: London and the south-east, the golden triangle in North Yorkshire and areas where there is very low unemployment and competition from other sectors.

Q78 **Gillian Keegan:** Can you clear up something for us? One of the councils that I spoke to cited what they thought the problem might be. Most of these jobs are minimum wage jobs, or certainly entry-level, which means there is a lot of competition among employees. The fact that people were not respecting pay and travel time or costs of travel was a big factor. If you are travelling to one place of work, staying there all day and coming back on public transport, that is one factor to look at. But if you are moving around from place to place, particularly in rural areas such as those I represent, that could be a massive cost. Doing that at minimum wage, or slightly above minimum wage, is surely having quite a big impact on choice of employment at that level.

Sharon Allen: Yes, I completely agree. I used to be an employer. I used to run a large voluntary sector social care and supported housing organisation providing a whole range of services. The challenge of who pays for travel time for people who support people in the community was an issue then and is an issue now. You are right. I think it is a source of national shame that we talk about this sector as a minimum wage workforce. It frustrates me intensely that people conflate low pay with low



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skill. It is the former and absolutely not the latter. While pay is not the only factor, it is certainly something that needs to be addressed. If we want to do something about pay, the place to start would be to at least look at parity between the social care workforce and the health workforce.

Q79 Chair: Any particular professional groups? Nurses are paid less in social care than in health, for instance.

Sharon Allen: I am talking about healthcare assistants on average earnings of £17,500, whereas social care workers on average earn £15,000. That is just pay. We are not looking at the total reward package. I am talking about registered managers who have a hugely responsible job and the parity, or lack of, with nurses and social workers.

Q80 Chair: What about pensions?

Sharon Allen: Well, exactly. It is, as you know, predominantly an independent sector market with small employers. Until the recent pension changes came in, many people working in the sector will not have had a pension. Even now that people are opting in or out, some people are choosing to opt out because they need the money to pay the rent and put food on the table.

Q81 Bim Afolami: You are right about pay. That is obviously part of it. Putting that to one side, what else do you think would make it a more attractive career? If we don't compare it to the NHS, what about retail, for example?

Sharon Allen: I think we've got a good story to tell; we are just not telling it, unfortunately.

Q82 Bim Afolami: This is your chance.

Sharon Allen: I was about to—

Bim Afolami: Even though I am sure the Chair will cut you off if you take too long.

Sharon Allen: I will be quick. We have just completed a consultation exercise with the sector on running a national recruitment campaign on social care. Unfortunately, if you do not have personal contact with social care through either family members or someone you know working in the sector—if all you hear about it is through "Panorama" or certain newspapers—you will just think it is all going to hell in a handcart. That is not so. When it goes wrong, of course that is dreadful for the people it goes wrong for, but let us not forget that 81% of services are rated good or excellent by the regulator. When social care is at its best, it transforms people's lives. Is that story out there enough? No, it is not.

Q83 Bim Afolami: So you basically think it is a macro PR problem, in addition to pay and the various other things. You think that is the big issue.

Sharon Allen: I definitely think we need to change the narrative about what social care is, about the career opportunities there are for people and



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about the fulfilment that there is. Money is not the only thing that motivates people. It is important—

- Q84 **Bim Afolami:** You are speaking to politicians—we agree. The only thing I would say about that is that, as we have already heard, it is very variable. You talk about career progression, but it depends who you are working for and what part of the country you are in, as I am sure you would agree. I suppose it is that bit that we are interested in.

Sharon Allen: Can I use myself as an example? I started off many years ago working as a social work assistant for my local authority in Derby. If you had told me then that one day I would be chief executive of Skills for Care, I wouldn't even have known what a chief executive was. I was lucky. Someone saw some potential and I was supported, and I went and got my social work qualification and had done other things and—blah, blah—here I am. I am just one example. I could find you many people who started off as volunteers or frontline care and support workers who have moved up.

It is also important to say that career progression is not just about vertical progression. Sometimes people want to move but they want to continue providing direct care and support, because that is what really fires them up. We have amazing opportunities in this sector, because we work with such a wide range of people, as you know—not just older people, but working-age adults with a whole range of care and support needs in all sorts of different settings—but the story is not out there yet.

- Q85 **Gillian Keegan:** It is not only the story, though, is it? The turnover rates are stark. They speak for themselves, with or without the story. You then have the recruitment challenge, which is where the story is required, although it is much cheaper to retain than to recruit continuously. To feel valued as an employee, you need to be trained in the skills to do the job so that you are confident to do the job, you need to feel valuable enough to train and be professionally developed, and obviously you need to work with decent people and be paid a fair wage. I do not know how many people your organisation trains, but I think you have £14 per person per year. I imagine you do not spread it out in that way, but surely, with £14 per person per year, it is very difficult to provide professional development opportunities.

Sharon Allen: We do not actually provide the training. We are not a training organisation; we are the leadership and workforce development organisation. That £14 per worker goes on a range of initiatives around recruitment and retention, leadership development—

- Q86 **Gillian Keegan:** So who pays? Does each provider pay?

Sharon Allen: Providers pay training providers to train their staff. We disburse a fund on behalf of the Department called the workforce development fund. About half of that £14 goes directly out to the sector to support employers to support their colleagues to gain qualifications and training.

- Q87 **Gillian Keegan:** So they get £7 per person per year.



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Sir Chris Wormald: Just to be clear, the primary responsibility for training staff—just like in any sector—is with the employer. This is what we do on top of that.

- Q88 **Chair:** We understand that, but as Ms Keegan has highlighted, this is a low-skilled, low-paid sector, so one of the obvious questions is: what is the incentive for an employer to train someone up? Surely, Ms Allen's organisation was set up to try to drive up standards and incentivise employers to do this.

Sir Chris Wormald: Yes. In terms of the incentive, you put your finger on it: employers who invest in their workforce and have much higher retention rates have a much cheaper business model, just like in any other sector of the economy, so there should be an incentive to be a good employer and train your staff.

- Q89 **Gillian Keegan:** There is no way they can turn those words into action. They have a large amount of their workforce churning continuously, and they have pay challenges and investment challenges. Training means costs—not just the cost of training itself, but the cost of somebody being out for however many days. You are saying words that cannot be implemented.

Sir Chris Wormald: No, I do not think that is true. There are employers out there, as Sharon said, who are doing these things and who see the benefits.

- Q90 **Chair:** How many employers?

Gillian Keegan: What percentage?

Sharon Allen: Sorry?

- Q91 **Chair:** Can you give us an example of what a good employer is doing and tell us how common that is across the sector?

Sharon Allen: I think it would be career-limiting for me to start naming employers. I am not prepared to do that.

- Q92 **Chair:** Can you give us a percentage?

Sharon Allen: I would point you to the CQC ratings: 81% are good or outstanding. They can only be good or outstanding if—

- Q93 **Chair:** But that is as providers. What about as employers? What about developing their staff in the way Sir Chris Wormald has highlighted? He has painted a positive picture of good employers doing a great job, but the margins are small.

Sharon Allen: They are, and that is part of the problem.

- Q94 **Chair:** They might keep their staff a little bit longer if they give them a bit of training, but what is the incentive to get them trained up to earn more money? Are there examples of employers who are doing that?



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Sharon Allen: There are. Tomorrow night, we will be hosting the annual Accolades awards ceremony, which celebrates the best—

Q95 **Chair:** But back to Ms Keegan's question. What are the percentages, roughly? I am not expecting you to have the precise percentages, but is it half the sector that is doing a good job? Is it 10%?

Sir Chris Wormald: No, sorry: here we do come back—

Chair: I am asking Ms Allen. Perhaps you could answer, Ms Allen, and then we can come to you, Sir Chris.

Sharon Allen: I am afraid I can't give you an answer to that. What I can tell you is that about 48% of the current workforce have a level 2 qualification or above. That has not really shifted very much.

Q96 **Chair:** Over what period of time?

Sharon Allen: About the last seven years. Employers do say, "What if I invest in my workforce and they leave?" That is a concern, but of course the answer is: "What if you don't and they stay?" We need to support people to skill up the workforce. Again, if I can use my own experience as an employer, I run an organisation that employs 1,200 staff. We invested very heavily in our workforce because we knew that that was the way to achieve the skills and ensure that we had a skilled and competent workforce who could provide high-quality care, but I was operating on a turnover of £33 million at a margin of less than 1%. That makes it incredibly difficult.

Gillian Keegan: I think we get that; that is why we have identified these challenges. But I suggest that you need to be thinking about how you solve them, because you cannot just say the words, hope that there are one or two examples and leave the rest of the market with a massive churn, not being attractive to people when the needs of the population are growing. You have to have more of an approach than that.

Q97 **Chair:** Sir Chris, how do you assess the accuracy?

Sir Chris Wormald: I take other things. The CQC ratings are very relevant. This is a people business; you cannot be a good or outstanding provider without having a good workforce. The fact that 81% are good or outstanding—

Q98 **Chair:** Sorry, but you can have a good workforce without having a trained workforce. There is a difference.

Gillian Keegan: Yes, and also one that does not want to stay.

Sir Chris Wormald: Nevertheless, the fact that the quality that CQC finds is actually going on is a relevant factor. However, as is set out in the NAO Report, we do recognise all the features that you are quoting. This is an area in which we are going to have to be more proactive going forward to solve the problems. That is why—for the first time, I think—we have been consulting on our future workforce plan not just for the NHS, but for social care at the same time. We will need to address all the issues that the NAO



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identifies and that you are raising in your questions. Let me try to set this out clearly: we are not saying that none of this is happening in the sector—as I say, standards in the sector remain very high—but we do recognise that there are enormous challenges coming towards us, for all the reasons you say, that will need to be dealt with in our workforce plan.

- Q99 **Gillian Keegan:** There are others who have solved this problem. Again, you have a fragmented supply base and an employee base that is relatively low-paid and relatively low-skilled—or you want to develop their skills to professionalise them. That is obviously what you are trying to do. There are other industries that have this. The CITB, for example, uses that kind of approach so that people aren't worried about skills. There are other approaches to this; you can't just look to the good ones.

Sir Chris Wormald: All those things are indeed relevant. We are, of course, talking about a huge sector. It is easy to forget, but a million people choose to work in this sector, and it is therefore very difficult to move at pace.

- Q100 **Gillian Keegan:** It is, but it's also too big to fail.

Sir Chris Wormald: Absolutely, which is why we are taking the steps we are around the consultation and the Green Paper. We recognise exactly the challenges that you are raising. I come back, however, to the fact that, as measured by the CQC, what we see is really quite high standards in the sector. As I have said, there are challenges that go with a very disaggregated sector, but also advantages. It is not the case that these things are necessarily solved by centralisation, partly for the reasons—

Chair: I want to bring in Sir Amyas Morse briefly.

Sir Amyas Morse: I felt we travelled past a little bit quickly some of what Sharon Allen was saying. I just want to understand whether your organisation has enough money to do its job properly. As I listened to your numbers, it seemed to me that that whittled down to something like £5 per person, so I just need you to finish that off. I'm sorry we did not get a chance to hear it clearly from you.

Sharon Allen: I think your Report talks about the impact of the activity we undertake and makes the point that it is somewhat limited because of the amount of funding available to us to do it. If we had more, we could certainly do more.

Sir Amyas Morse: So how much more would you like?

Sir Chris Wormald: This is a new role for the National Audit Office—broker!

Sharon Allen: I hadn't thought anybody might ask me that question, so I do not have an answer. What I will do is go back to the point about parity with our NHS colleagues. You might want to take as a starting point the investment that goes into Health Education England. I am not asking for anything like that, because I know that part of it goes into training, for

example, junior doctors. However, something that was more parallel would be welcome.

Q101 Gillian Keegan: Wasn't there at some point the idea of requiring providers to publish the amount of training that their staff undertake?

Sharon Allen: It is not something that they are required to publicise, but it is something that the CQC look at when they go in and measure.

Q102 Gillian Keegan: So they have to keep the data—

Sharon Allen: Absolutely.

Q103 Gillian Keegan: But not make it transparent or not show it to anyone.

Sharon Allen: They share it with the regulator, and I am sure that when local authorities go in and do their contract monitoring for those organisations that they are commissioning from, they also look at what training people are providing for their staff.

I just want to go back to your point about the comparator of the CITB, because I think one of the things we need to think about is what levers are available to us in this sector. Not only is it a very fragmented sector, but very little is mandated. You cannot work in the construction industry or be a provider without registering with the CITB and paying for a licence. That is not so in this sector; there is very little that people have to do. So one of the questions I think it would be interesting to explore is what impact bringing regulation to the workforce would have, maybe starting with registered managers and giving them parity of esteem with other regulated professions like social workers, OTs and nurses.

Q104 Gillian Keegan: I think the question is, do you want to solve this or not?

Sharon Allen: I do—very much.

Gillian Keegan: Sir Chris?

Sir Chris Wormald: As I have said, we recognise the challenges going forward and we know we need to come forward with proposals to meet them. Exactly what the things that would make the difference are, however, is not straightforward. There is of course the type of thing we have just been discussing. There are of course questions about which professions should be regulated and which should not. We have those debates within the health service. We also have those debates within social care. I would merely observe that regulation of individual professionals in the way we do it in the health service is very expensive.

Chair: I can see you shifting in your seat.

Sir Chris Wormald: It costs about £120 per person.

Q105 Chair: I think what Ms Keegan's really driven home is that it is about a different paradigm, isn't it? If you pay people as cheap as chips, you do not get a skilled workforce and you have a high turnover, and all those issues. We are trying to get to what your long-term strategy is. We



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understand that as permanent secretary you can hardly make the commitment here and now that you will suddenly increase funding for Skills for Care or increase the pay overnight for all these staff, but shouldn't your long-term vision be that there is a better-qualified sector that will be caring for you, me and the rest of us in the years to come?

Sir Chris Wormald: Yes. We want—

Q106 **Chair:** You have a vested interest, Sir Chris. You are young yet, but you will be coming down the line. *[Interruption.]* Yes—perhaps permanent secretaries can self-fund.

Sir Chris Wormald: I do not think that there is any disagreement among anyone here that the kind of things that Sharon has set out about a higher skilled and a much higher valued workforce are what everybody wants to see. I cannot say that some of the specific things that we have just been discussing are the answer to that.

Q107 **Gillian Keegan:** No, but you have to come up with the answer.

Sir Chris Wormald: Yes and, as I say, these are questions that the Government are looking at and have plans to come forward with—

Q108 **Chair:** It is now all in your Department.

Sir Chris Wormald: Yes, which is important. That is why the Government have committed to a workforce strategy in this area, and to a Green Paper. As I say, though, a number of these questions are quite nuanced. If you wish to professionally regulate more in the social care sector, that would clearly take cash out of other areas, and we need to debate those things.

Chair: Clearly there are always choices, but we are here to talk about the social care sector.

Q109 **Gillian Keegan:** I assume that your Green Paper will look at funding models as well.

Sir Chris Wormald: Yes, of course.

Gillian Keegan: At the moment, cash is being taken at local authority level, because there is no demand management.

Q110 **Chair:** You mentioned the Green Paper. From what you are saying, it will be based on the same amount of funding for social care.

Sir Chris Wormald: No, that is not what I have said. Juliet might want to say a little more, but there is obviously a debate that has been going on for quite some time about, first, what the right level of funding is in social care—

Q111 **Chair:** We know about the debate.

Sir Chris Wormald: Well, that debate has not been resolved.

Q112 **Chair:** You said categorically, "No, it's not."



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Sir Chris Wormald: Those are questions we are looking at, but it is not simply a question of what the right level of public investment is. Part of the debate is what sort of level individuals should take, what families should do, what the state should do. Those are the—

Q113 **Chair:** Absolutely, so you are looking at that.

Juliet Chua: As the permanent secretary said, there are essentially a set of long-standing questions in this area about what a more sustainable settlement looks like for social care for the long term. It is a debate that has run—

Q114 **Chair:** For too long.

Juliet Chua: It has run across successive Governments, and the questions are about what a fair reform package is, what the right model looks like for social care in the future, and how to pay for it. Within Government, we are working with a range of experts—both Sir Andrew Dilnot and Kate Barker, who were the authors of the two most recent big pieces of work in this area. We will be bringing forward the Green Paper in the summer.

Chair: We recognise that there is a funding issue as well as a skills issue, but we are looking today at the skills in the workforce.

Q115 **Anne Marie Morris:** Clearly, Sir Chris, one of the key things that we need to understand is what the total cost of the need is, but how are you going to work out the cost if you cannot identify the total need? Let me explain. I live in a rural area, where an awful lot of the care is provided either by neighbours and family, the voluntary sector or—worse—people do not get the care they need, and we find people, usually ladies, in very isolated villages who have been dead for some while. Until you can determine the need, how on earth can you set the budget?

Sir Chris Wormald: There is no exact answer to that question, because beyond the statutory level of provision set out in the Care Act, there isn't—

Q116 **Anne Marie Morris:** Don't you think you need to look at it, despite the statute?

Sir Chris Wormald: It is about what your aspirations for the care system are. As with any other bit of public expenditure, there is no exact way of pricing exactly what it should be.

Q117 **Anne Marie Morris:** I think what the Prime Minister said was that it should be fit for your grandmother. The care should be of a quality that I and you feel appropriate for our older people, whether it is an aunt, a great aunt or the grandmother. I can measure that and I am sure you can measure that. So that is the standard we are aiming for. Surely if you are going to look at this, if you just look at the statute, then you will not be able to advise the Secretary of State what it is we need to do to deliver their strategy.



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Sir Chris Wormald: We are in the same place. All I am saying is that, as with any other piece of public expenditure, there are various ways of calculating what the right amount is. There is clearly a statutory minimum amount and you can build all sorts of different scenarios on that, and eventually you have to decide what the right balance is between your aspirations for the system and what you are prepared to invest your tax pounds in.

Chair: The Report touched on this. I will bring Geoffrey Clifton-Brown in.

Q118 **Sir Geoffrey Clifton-Brown:** On the measurement point, Sir Chris, I have a very simple maxim on this. The mark of a civilised society is the way that it treats its elderly people, so I think we do have an absolute obligation to treat our elderly people properly.

I have a question to Juliet Chua. Paragraph 1.17 on page 26 says, "Only 27% of councils have arrangements in place to monitor unmet need. Age UK estimated that in 2016-17, 1.2 million adults over 65 had unmet care needs". Is there an element of cost pressure driving people to have heads in the sand and not really recognise the scale of the problem here?

Juliet Chua: As the permanent secretary set out earlier, the Care Act sets a set of expectations of statutory duties on the local authority. There are currently no examples of local authorities who are not fulfilling their statutory duties under the Care Act, with the exception of the specific concern around Northants at the moment, which we are obviously looking at closely. Clearly, local authorities are making decisions about how they fulfil their statutory responsibilities under the Care Act and the way in which they are prioritising their funding against need in their local area to fulfil that.

Q119 **Sir Geoffrey Clifton-Brown:** So why have such a low number got systems in place to monitor that? If you say they are doing it under the Act anyway, why are they not measuring it?

Juliet Chua: When the Care Act was implemented, we did a lot of work very closely with the sector and others in the implementation of the Act and in 2016 we did follow up work to test and understand how well that had been embedded. Indeed, 99% of councils at that point were very confident that they had embedded the Act within their practice. We have a national commitment to revisit that next year and look again at full implementation of the Care Act and test progress against that. It is then obviously for decision by individual local authorities how they then look at how they are fulfilling that, and that will obviously be subject to local democratic scrutiny as well.

Q120 **Chair:** I want to bring in Glen Garrod and Jo Farrar on this point, because it is important to nail it down. We have looked at the Care Act and bits of it were quite well implemented, but the proof is whether it is really being implemented, rather than just ticking a box.

Glen Garrod: Unmet need is a really interesting topic. We are not required to capture unmet need, but what we are required to do is to meet critical and substantial need and that was defined in the Care Act. Most



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councils moved away from providing lower level support and that is where I think the Age UK figure is largely derived from, where low to moderate needs were no longer being met because, frankly, councils could not afford to do that. A number of councils—a very few though—do have what they would call low-to-moderate services, which provide a level of demand management. It works better for older people than it does for working age adults, but this Committee has only spoken about older people.

The actual biggest cost driver in social care today is working-age adults with profound disabilities. That is not what the Green Paper will talk to. There is a parallel work programme there. The market is not one thing—it is supplying services to a range of people with very different needs, for whom prevention requires different contributions. Social housing—supported housing—has probably a more profound effect on working-age adults with profound disabilities than it has for older people, for whom reablement works better.

There is a whole army out there of 1.35 million people. It is relatively hidden. They need more money. They need a higher profile. I would take issue with the point that it is low-skilled—it's not. It is highly skilled.

Chair: Sorry, no one is saying it is low-skilled; it is treated as low-skilled. You are paying people £7.50 an hour, and you don't have to have a big qualification to get a job on that basis.

Q121 Sir Geoffrey Clifton-Brown: That is a very interesting answer. Is part of that increasing need among the adult population due to increasing mental health issues and the fact they are being increasingly recognised?

Glen Garrod: The largest driver of cost in that area is learning disabilities, people often with complex needs. Advances in medicine, and longevity are all making people live longer. That is to be commended and applauded in society. Our ability to meet their needs for a normal lifespan is severely constrained when such people need a whole team of people around them seven days a week, 365 days a year. You can see very quickly where the biggest pressure will be coming from in the future.

Jo Farrar: On that point, alongside the Green Paper, our Department, along with DHSC, has committed to look at the needs of working-age adults and bring forward proposals for that particular group, recognising that it is a significant cost pressure for the sector.

Q122 Chair: We were going to ask you, Ms Farrar, about local authorities abiding by the letter of the Care Act but not really understanding that unmet need—the pipeline that Ms Morris raised.

Jo Farrar: From my own personal experience, local authorities do understand the pipeline and their own communities, which is why we give a lot of responsibility to local government to meet the needs of their local population. So although there is a statutory duty and we see local authorities meeting that, in many cases we see them going over and above their statutory requirements to meet the particular needs of their areas.



Q123 Sir Geoffrey Clifton-Brown: Sir Chris and Juliet Chua, may I just nail the funding? The council tax supplement has been allowed to go up in 2016-20 by roughly 2% a year—in addition to that, there is the Better Care Fund, but this is what I really want to nail. As paragraph 1.11 says, “However, in July 2017, the Local Government Association withdrew support for the Department’s guidance on how to spend the extra £2 billion announced in the March 2017 Budget...because local authorities were not told of targets and potential penalties if they failed to reduce delayed discharges.” Has that issue now been resolved?

Juliet Chua: The £2 billion was identified to meet three specific pressures in the system: one around the interface with the health service; one around market stability; and the third around unmet need. As part of ensuring that that £2 billion achieves that, we set in place a set of expectations around local authorities delivering improvements in delayed discharge performance on social care, alongside work on the NHS side to address that as a critical issue.

We have actually seen a significant improvement this year from where we were two years ago. In November, from February, we saw a significant reduction: 1,400 DTOC days. I think we should recognise there has been some serious work by the local authorities to deliver that.

Jo Farrar: Yes, what we have seen is that local authorities have taken the delayed transfer of care targets very seriously. So even though the Local Government Association did not sign up to the guidance, we have seen the delayed transfers of care related to social care have gone down by about 34% since February, and our latest figures show by another 10% since November.

What we have done as an integrated board which covers DHSC and my Department is work with local authorities to ensure they are fulfilling the requirements to receive the Better Care Fund. We only have a handful of authorities that are not meeting those requirements and that we have concerns about, and we are working with those at the moment to ensure they can meet the requirements or that we can work with them to support them to do so.

Chair: We will come back to funding a little later.

Q124 Gillian Keegan: The local councils I spoke to mentioned specifically that they struggled to get care packages in place for people leaving hospital, particularly on a weekend. Do you have any plans to consider having some kind of seven-day-a-week social care provision? That seems to provide a lot of problems as well; it is very difficult.

Sir Chris Wormald: Yes, it does provide problems. We are looking at it, but I don’t think we have an answer at the moment.

Glen Garrod: Last year, the Department of Health and Social Care published—it was the Department of Health at that time—a document called “High Impact Change”, which identified what good practice looks



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like, with respect to discharges. Seven-day working was one example of what good looks like, so it has been in the system for some time.

One challenge for NHS colleagues, particularly in the acute sector, is getting the necessary therapeutic staff, such as in phlebotomy and pharmacology, available at weekends, and the reliance on consultants to announce people fit—

Q125 Chair: So you're saying that it's really the NHS end, not the social care end, that is the issue?

Glen Garrod: It's actually much easier for social care colleagues to deliver seven-day working than it is—

Gillian Keegan: Not according to my council, it is not.

Glen Garrod: It would be my opinion.

Sir Chris Wormald: I think the truth is that there are issues all over the system around weekend discharge. We do see much lower rates of discharge at weekends, particularly around the availability of consultants. It creates an effect known in the health service as the Monday surge, which exacerbates the problems that the health service sometimes faces at the beginning of the week. Hospitals say there are problems on the social care side—

Chair: Really, we are here to talk about the social care workforce. While that is very important, we will park it for now.

Q126 Anne Marie Morris: I think the thing that worries me most about everything you have all said is that there isn't any consistency. It sounds like there is a bit of a postcode lottery, in terms of what the local authority can afford. While I appreciate that there are statutory duties, and while I appreciate that there are internal committees that try to ensure good governance and that the council performs its duty, there is not the same rigor within social care as within health.

In health, we have the Care Quality Commission, which has oversight over both the commissioner and the providers. In care, while the CQC look at the providers, the commissioners—the local authorities, who have a responsibility for delivering a lot more than social care—are not overseen and not held to account. The consequence is that the picture that the NAO produces in its Report is of very different sums of money being allocated to individuals in different parts of the country. While there are clearly different costs, they aren't that different.

Can I ask—I think I have asked this of Mr Wormald on previous occasions—if you think it is right that we do not properly look at the commissioners in local government in the same way as we do for health, particularly given the constraints of using our funding wisely?

Sir Chris Wormald: This is clearly arguable. In my previous Department, we inspected children's services departments' commissioning, which is probably the most similar set of local government functions. We didn't



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inspect how much they spent—that is a local discretionary thing—but it gave us an oversight of a quality that we clearly do not have in this sector.

On the other side of the argument, it is clearly an extra burden on local government to have more inspections, so we do it cautiously. Traditionally, we have not looked at inspecting local government functions in this area.

Anne Marie Morris: Well, I would urge you to reconsider that.

Sir Chris Wormald: As I say, that is a debatable point, but the situation is exactly as you describe it.

Q127 **Chair:** Perhaps I can bring in Juliet Chua here. You must have an overview in the Department, one would hope, about where there are problems? You said you are working very closely with Northamptonshire County Council at the moment. That is obviously one that has been in the news. There must be others, but I am not asking you to name them.

Do you think you have the data and the information to identify when there is a problem, even without the kind of inspection that Anne Marie Morris talked about?

Juliet Chua: There's two pieces there. There is the work that we are closely related to, which is done within Jo's area, about the financial health of individual councils. They are clearly taking the lead on Northants, and we are closely in touch with that situation.

On your question about performance, in relation to social care, this year for the first time we introduced the CQC local systems reviews, which are essentially based on—

Q128 **Chair:** But there are only 20 areas.

Juliet Chua: There are only 20, but it is very much focused on, through the data, looking at the interface between health and care.

Q129 **Chair:** So you want that to be a rolling programme.

Juliet Chua: This year we have learned a lot from that process. It has given a clear context for individual areas to respond with an action plan and change local processes, but also for the system as a whole—

Q130 **Chair:** We know that the CQC has got a lot on its plate. Are you going to fund the CQC to do more of those area reviews?

Juliet Chua: We are currently looking at that question. We clearly think that there has been a lot of value from the process. A lot of the conversation that has just taken place about the health and the care contribution towards the system in a local area has come through that review process.

Jo Farrar: We have oversight of the financial system for local government. Part of that involves working with the LGA, which we fund to carry out a number of interventions and give support offers to local authorities, including peer reviews. From that, we gather intelligence



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about local authorities. We tend to have early warnings where we think things are going wrong, where they need further support from us and where we need to look at them more.

We must not forget that local authorities are democratically elected local bodies. They are there to provide services for their local citizens. On the question of whether care is different in some parts of the country, I think it is important that it should be. In rural areas, you need a very different service from the one you need in inner cities. We rely on local authorities to understand the needs of their population and to tailor their services accordingly.

Sir Chris Wormald: On your original question, whether we have got the right oversight of the commissioning side is one of the questions we are looking at. Inspection is not necessarily the right answer.

Chair: Okay, so you are considering it.

Q131 **Anne Marie Morris:** I am pleased to hear that. The one thing I am not getting much joy from is the consistency and the joined-up thinking. I am hearing lots of good ideas and lots of movement in the right direction, but if you are looking at only 20 cases, are not comparing them, and are not going to set benchmarks for what good should look like, I don't think you have solved the problem.

Sir Chris Wormald: I should say a few things about that. As Glen said earlier, these are a series of specific local markets, and successive Governments have decided not to have a national system for care in the way they have for the national health service.

Q132 **Chair:** But now it is all in your Department, Sir Chris. You are the man in charge.

Sir Chris Wormald: Yes, but that doesn't necessarily mean that nationalisation, as opposed to local discretion, is the right answer.

Chair: I don't think that's what Ms Morris was asking.

Sir Chris Wormald: We are doing much more on consistency at a local level. That is one of the criteria of the Better Care Fund, and as you know there is a lot of debate about the right role of this in STPs and how the social care system works with the health service. I want to be clear about this: we are not attempting to have a nationally consistent system from area to area. What to do in individual areas remains a choice for local politicians. That is one of the bases of the system.

Q133 **Anne Marie Morris:** I totally agree that you cannot have the same results for rural and urban areas. Do you not think, however, that the inconsistency, which goes well beyond that distinction, needs to be looked at, and that the funding formula, which underpins the unfairness, needs to be reviewed?

Sir Chris Wormald: I will leave Jo to comment on funding formulas, because of course this is locked up in the wider local government



settlement. We do two pieces of national consistency. The purpose of the Care Act was to update the framework and give a consistent legal basis for local authorities to work on. Of course, on the provider side, we have a consistent national framework against which the CQC inspects. Your question is completely right. We have so far chosen not to do the same sorts of thing on the commissioner side as we have on the provider side. Do you want to comment on local funding formulas?

Jo Farrar: In terms of local funding, we have seen a consistency in the level of adult social care since 2010-11. In terms of the settlement as a whole, we have seen an increase in real-terms funding between 2017-18 and 2019-20, from £44.3 billion to £45.6 billion. We have listened to the sector about the pressures in the system that led to the additional access and the £9.4 billion being put into adult social care in the three years up to 2019-20. Obviously, anything after that has to be a question for the next spending review.

Chair: We have to leave that there, because we are going down another point, albeit an interesting one.

Q134 **Bim Afolami:** I am going to talk about the Department's strategic overview of the system. Sir Chris, have you thought about ways to reduce the cost of being an independent provider in this sector?

Sir Chris Wormald: Have we looked at that issue, Juliet?

Juliet Chua: Through the CMA report we have learnt quite a lot—

Q135 **Bim Afolami:** So have I. What ideas do you have about how to reduce the cost of being an independent provider? Presumably, we want more of them doing better, paying people more and all the good things we have talked about; but if the costs keep going up, that will not happen, will it?

Juliet Chua: There is a set of things about technology and the opportunity it raises to address some of the back-office costs for individual providers, and what the economic cost looks like in different areas, which Glen has described. That will help to inform our thinking about the Green Paper and how care is changing over time, and the way in which different models for what providers can look like are emerging. In particular, if more people want to live at home independently for longer, the sort of care that they want may well be more likely to be located in their home.

Q136 **Bim Afolami:** I understand all that. Is that something for providers to just do, or should the Department to have an active role in it?

Juliet Chua: As part of thinking about the workforce strategy and the Green Paper, we are looking at what a sustainable system looks like for the long term and what that means for workforce strategy. Some of the questions that we have asked providers are to understand their views about some of the pressures on them and what they might mean for their business model. We will need to reflect on that to inform our thinking.

Q137 **Bim Afolami:** Is the answer that we will find out in the Green Paper how active or not a role you think the Department should play?



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Sir Chris Wormald: Let's break that down into chunks. We see ourselves having a role in the promotion of innovation in this sector and technological innovation. We announced the ageing grand challenge as part of the industrial strategy and it is an area where technology is generally underused—there has not been revolutionary technology. Government have a role in promoting the market to produce innovation. We do not do the innovation ourselves, but on that part yes.

On the wider costs of doing business, we are very interested in the areas that the CMA have raised, some of which are for the market and the CMA itself, and some of which are for Government. We are responding to its recommendations early next month.

Bim Afolami: You are responding early next month—

Sir Chris Wormald: To the CMA.

Q138 **Bim Afolami:** Is that public?

Sir Chris Wormald: Yes. We put it out publicly. I said earlier that I found what the CMA said about the transparency with which this market operates particularly powerful, but it raises questions about the regulatory cost of business and we would look at those, too. That would be the context in which we will address that half.

Q139 **Bim Afolami:** On the health and care workforce strategy, forgive me if this is not correct, but I think that only four pages out of 155 talk about the care workforce. If that is right, does that seem—

Sir Chris Wormald: No, we are doing a parallel piece of work. As far as I know, we have never before tried to look at the health and care workforce together. The consultation was put out by Health Education England, which at the moment has responsibility only for quite a small proportion of the care workforce—the regulated bit, so the nurses and so on. We raised questions in that consultation, and then with Skills for Care we did a separate set of consultations on care specifically. They are not the same type of workforces, as we have discussed, and we do not have the same sorts of levers, but we want to try and answer the two questions in a much more interconnected way.

Q140 **Bim Afolami:** So how will that work in connection with the Green Paper?

Sir Chris Wormald: These are separate things, so we will put out something specifically on workforce, both on health and social care in response to the HEE and Skills for Care consultations, and then there will be the Green Paper, which is about the future strategy, as we have discussed. Obviously, the development of those two things has to go hand in hand.

Q141 **Bim Afolami:** To use the key word that we always talk about in this, are you going to seek to integrate the vision between both of those two documents? Will that be an objective?

Sir Chris Wormald: Between the workforce one and the Green Paper?



Q142 **Bim Afolami:** Yes, so that you are thinking about them in an integrated way.

Juliet Chua: It comes together in one place. To have a view about a sustainable care system for all the people, you need to have a view about what the requirements are, and the workforce strategy needs to set direction in the short term on the way towards that longer-term sustainable system. So we see the thinking as completely integral.

Q143 **Bim Afolami:** Of course. The reason behind my question was that it was odd to see so little in the health and care workforce strategy.

Sir Chris Wormald: It is an important point. When you look on the health side, we have colossal levers over the ones we pay for, the training centre and whatever, and we do not do that on the social care side.

Chair: You could do.

Q144 **Bim Afolami:** On this levers point, because this is something I have thought about probably far too often over the last week or so, why do you not have the tools to deal with all the problems we have talked about?, and if you do, why have you not exercised them sufficiently? It appears that you don't think you have the levers that you need on the social care side.

Sir Chris Wormald: We do not have control over private and voluntary sector employers in the way that we do within the statutory NHS. As I said before, we have always taken the choice that this should be a locally run service, not a nationally run service. So you put those two things together, and we do just have far fewer levers on the social care side than we do on the health side.

Bim Afolami: Therefore, do you think that the funding model—

Sir Chris Wormald: As I have said before, that brings some advantages and some disadvantages.

Chair: If you let Mr Afolami ask questions, we will get to the points that we want to get to. We are having a bit of a discourse again about wider issues.

Q145 **Bim Afolami:** Thank you, Chair. If I sum up what you have said, it has advantages and disadvantages; you think it should be locally run primarily with national oversight?

Sir Chris Wormald: That is the system we have today.

Q146 **Bim Afolami:** Bearing in mind all the things we have spent the last two hours or however long it is talking about, do you believe you have the tools, from a national perspective, to effect the changes that we have discussed? You can see the disconnect here.

Sir Chris Wormald: In the end it is a matter for Parliament what statutory tools it gives us in this area. In terms of the tools we do have, I am sure that we can, in some of the ways that Sharon and others have



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described, use them better. So I do think there are ways Government can be more proactive and help to settle some of these questions. We are not proposing changing the structure of the market.

Q147 **Bim Afolami:** Let me try this a slightly different way. There is a set of statutory responsibilities over here, and you have a set of tools over here. Do you think those 100% match up?

Sir Chris Wormald: To be honest, this is not really a question I ask myself.

Q148 **Bim Afolami:** Ask it now.

Chair: Or answer it now.

Sir Chris Wormald: We ask ourselves this question: of the tools that we do have, are we using them in the best way? As I have said, I am sure there is more that we could do. We are not contemplating changing the law around these things.

Jo Farrar: Local authorities take their statutory duties really seriously. They are statutory duties, so we expect them to meet them.

Gillian Keegan: No one doubts that.

Q149 **Chair:** But we are talking about the skills of the workforce, and it sounds like, Sir Christopher, that we are leaving the market as it is, because we don't have the tools. There are tools that the Government have. If you haven't got the statutory ones to—*[Interruption.]* Mr Afolami has given you an open goal to say, "Yes, we want more powers."

Bim Afolami: Or you don't think you need any more, which is fine.

Sir Chris Wormald: Sorry, there are two things. I agree with exactly what you have said—there are tools we can use. To be honest, I don't come to this Committee and ask for more powers; that is not what we spend our time thinking about. We spend our time thinking about how we can best use the powers that we have.

Q150 **Chair:** But we have a system, as colleagues and Mr Garrod have highlighted, where there are real challenges—I think we would all acknowledge that there are real challenges in the low level of qualifications, the low pay, the high turnover—all the things that Ms Keegan went into—yet you are saying, "Well, you know—". There are options. You could think about requiring a certain minimum standard of qualification for unit managers; I think that was one of Ms Allen's suggestions. Start there, or bring parity with bits of the health sector now that it's all in one Department. And you're saying you're not wanting to intervene at all, from what I'm hearing?

Sir Chris Wormald: Sorry, but just to be clear, that is not what I am saying. We are looking at how we should use the powers that we have to achieve better outcomes in all the areas that you're raising—

Q151 **Chair:** But we are talking particularly about the skills of the workforce



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here.

Sir Chris Wormald: Sorry if I am being unclear. What we are not sitting here saying is, "If only we had x, y or z new powers." What we are looking at is how we best use the powers that we have. So if we want to affect how the market works, we are looking at how we work with our local government partners, how commissioning works best, how we use the inspection framework and registration framework best, how we use our investment in Skills for Care best, and how we integrate that with what the health service is doing. We are looking at all the powers we have to make improvements in this area. What we are not doing is coming to this Committee or anywhere else and saying, "If only we had new powers."

Q152 **Bim Afolami:** Just to close off this entertaining section of questioning when we come out with this Report and we come out with all these recommendations, the response will come back from you that, yes, you're earnestly going to try to work hard towards all these wonderful utopian outcomes. What you are saying is, "It will not be an excuse in the future for the Department to say, 'We could not effect that particular policy aim, because of the fragmentation of the system, or the funding model, or anything else'."?

Sir Chris Wormald: No, we're not trying to make excuses—

Q153 **Bim Afolami:** I'm not saying you are now. I'm saying that that will not be an—

Sir Chris Wormald: Certainly I will not be making excuses in future. I mean, we state as facts what the limits of our powers are, but the question we ask ourselves, and we are rightly held to account for it, is how are we using the powers that we do have, as opposed to imagining powers that we don't have. That's what I'm saying.

Q154 **Bim Afolami:** Okay. When are we going to see the Green Paper? I know you have given a vague timeline, but do you have a date?

Juliet Chua: The commitment is to have it before the summer, so we'll bring it—

Q155 **Bim Afolami:** Before the summer recess?

Juliet Chua: Yes.

Chair: Good bedtime reading for us.

Bim Afolami: Exactly.

Q156 **Chair:** I want to go back to some of the issues around the budget, because, Ms Farrar, you talked earlier about this extra money coming in. I will just point you to page 24, figure 9, in the Report, which is a page that we were looking at earlier with Sir Geoffrey.

This lists the Better Care Fund—extra funding, but again that was temporary. I won't read it all out, but the first part is on that. Then it introduces council tax, but again that is only for four years, but that is council tax out of the pockets of local citizens, so it is a direct tax. Council



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tax is referred to again under the next bit—again, only for a short-term period. That's "to increase the precept to 3%", as long as it does not "exceed 6% in total over the three-year period". And then the Budget—the one-off money—for the Better Care Fund.

So there is not really sustainability of funding. The worry is that these are one-offs. And if you look at figure 8, which is local authority spending—admittedly, not just social services spending—you can see how it has tailed off. And the spending power has levelled off partly because of these short-term bursts of money coming in. So what is the long-term solution, Sir Chris?

Sir Chris Wormald: What we expect to see in social care is basically—what our modelling is—that budgets go up by about 2.2% a year over this spending review period. That is higher than the period from 2010 to 2015, but lower than the period before that. It is additional money, but it is still a system under pressure.

The Government have not set any budgets beyond that for anything; that's the end of the spending review period. We accept, as we have said several times, that the sustainability questions raised by the National Audit Office and the CQC about the longer-term stability of the market need addressing. I am afraid that is what we are looking at in the Green Paper and elsewhere. But in terms of this spending review period, there is not more or less certainty than in any other area of Government budgets. The question is whether something longer term would—

Q157 **Chair:** It is a bit like the discretionary housing payment in Ms Farrar's Department. Once you have a system that relies on slices of money being thrown at it in short notice—or in your Department, the money that went in for emergency care that arrived at hospitals in about November, in order to try to deal with the winter crisis—it does not work. It is not sustainable in the long term. We know your Department has challenges.

Jo Farrar: For the first time, we have given local government the longest settlement—the choice of a four year settlement—which takes them up to the next spending review.

Chair: That's a four-year settlement taking in council tax.

Jo Farrar: That's the longest settlement they have had for their overall funding—a four-year settlement.

Q158 **Chair:** It could be worse, but that does include them making the decision to charge council tax.

Jo Farrar: No, that's only part of it. This is their whole settlement for four years. We have given them a four-year funding settlement, to which we have particularly added—after discussion with them about pressures on the system—money into adult social care. They have a four-year funding settlement, which 97% of councils signed up to. There are still two years of that to go.

Q159 **Chair:** You say "signed up to".



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Jo Farrar: There was a choice as to whether to accept a four-year funding settlement or have the funding settled each year, and 97% of councils—

Q160 **Chair:** It's a little bit of a Hobson's choice when you are on the ground and the Department comes with the money bag and says, "This much or maybe less." I think you take the bird in the hand, as it's worth a lot more.

Can I just go to figure 10 and go back to some of the discussion you were having with Mr Afolami just now? You talk about the plans and the grand schemes, but the National Audit Office has done an assessment—shown in figure 10 on page 29—of your progress on White Paper commitments, and it seems like things are sort of run into the sand. Take the middle one there. It says: "work with care providers, service users and carers to develop a sector-specific compact, including a skills pledge, to promote culture change and skills development." It talked about you launching it in 2013, and having "a key part in improving workforce quality, but due to low take up the Commitment is now closed to new employers wishing to sign up." Presumably, Ms Allen, you are now trying to pick up that slack. Is that part of your responsibility at Skills for Care?

Sharon Allen: The Department commissioned Skills for Care to run the social care commitment and unfortunately we were not able to get sufficient sign-up.

Q161 **Chair:** You didn't have much money, did you?

Sharon Allen: We didn't. Part of the issue—as you have raised already—is about the leavers. For hard-pressed employers, who have so many demands on their time, signing up to the social care commitment didn't actually have a direct impact. It did have an impact for those that signed up, because most of them got better outcome ratings from CQC. But because they did not have to do it and there wasn't an immediate correlation with what it would mean for them as a business, unfortunately sign-up was low.

Q162 **Chair:** Ms Allen and Mr Garrod, what particular incentives could the Department introduce that would encourage employers—local authority or private employers—to skill-up their workforce more? You are trying to do a valiant job, Ms Allen, but with a small budget and limited reach. Mr Wormald has talked about the leavers he has and the influence he could have. He doesn't want more statutory powers, but what could he do?

Glen Garrod: I would agree with Sharon that in some respects we need to see social care as valuable in its own right. But the best comparison group is probably the NHS, rather than the retail and hotel trade. The nature of the role is just completely different.

Q163 **Chair:** But what incentive is there, if you are an employer, to invest in training and skilling up your staff? What could the Department do to help that on?

Glen Garrod: For providers who take on the care certificate for all their staff there are both carrots and sticks, in the sense of, "Is this mandated?"



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Perhaps it should be. But that would need a level of compensation for those providers who pursue that, particularly for the smaller ones. The nationals will typically have their own training budget. Local small to medium enterprises, which are 80% of the market, do not.

Q164 **Chair:** So basically, if the Government pay for it, that would incentivise a lot employers to do it, because their margins are below 1% in many cases.

Glen Garrod: I think it would help.

Q165 **Chair:** Ms Allen, he's sitting next to you, this is your chance to put your ask. I am sure you do often behind the scenes.

Sharon Allen: I think what we need to do is to demonstrate to providers both the business benefits and the ethical impact of skilling up their workforce. Ultimately, this is about ensuring that citizens receive quality services, and we know that a skilled, knowledgeable, qualified and competent workforce leads to higher quality care. That can be seen in the well-led domain of CQC, as well as CAEF. It isn't just about money. It is also about the quality of training provision. You will be aware that we run an endorsement framework for learning and development providers. Yet again, it is a voluntary scheme, so those learning and development providers that wish to have the Skills for Care badge can say to providers of social care, "Buy your training from us. It has been assessed as meeting the standards of Skills for Care", which is a great benefit for them—but it is voluntary and they have to pay a small amount for it. We have about 143 providers on that endorsement framework.

I am sorry to keep saying this, but the levers about what people are required to do is an area that I would encourage us to look at, as well as every element of Government, from the Secretary of State through, talking differently about social care and demonstrating an interest in our sector. I would love it if, one day, I turned on my TV to watch prime-time news and saw the Secretary of State visiting a social care service in the same way as I see him visiting a hospital, for example. That is just one small example. We must talk more about the sector in a different way and stop conflating low pay with low skill, which I know you get but lots of people don't, unfortunately. Instead of a vicious circle, we need to turn this into a virtuous circle of people recognising what is available in social care, and recognising and valuing the social care workforce in the same way as—

Q166 **Chair:** Basically, mandatory minimum standards for training would be a good starting point?

Sharon Allen: It would be a question worth looking at, I think.

Q167 **Chair:** Is that something you are looking at?

Sir Chris Wormald: Yes, these are all questions we are looking at.

Chair: Fine—you're looking at it, so that's fine. We are going to Anne Marie Morris now, then Lee Rowley, briefly.

Q168 Anne Marie Morris: Ms Farrar, you very clearly set out how the Government are putting more money into adult social care. My question is: do you monitor whether or not the local authorities spend it, even with your direction, as you want it?

Jo Farrar: Yes, we do monitor the financial system. We monitor in particular where we put money in through, for example, in Budget 2017, the Improved Better Care Fund. We monitored whether the money was on adult social care, we require a return from the council to tell us how they are spending the money, and we keep a close eye on the system to make sure that their funding is going to where it is meant to be going.

Q169 Anne Marie Morris: Then why do I find, when I talk to my council, they rub their hands with glee when suddenly there is the Better Care Fund or the most recent handout, if you like, in the precept? When they say, "Great! We've got this money from Government, so actually I knew I was going to have to pay more here and here, but I can use the Government's money to do that and I can keep this extra for the rest of my work."

Jo Farrar: Well, they can't, because we monitor that—

Anne Marie Morris: But that's what they do—I'm telling you, that's what they do.

Jo Farrar: We monitor that and we have no evidence that that is happening.

Anne Marie Morris: Well, if you allow the council to give you the return, rather than talking to the providers, you might get a different story, which goes to my basic point: you have to look at monitoring and, in my view, in some way regulating the commissioners, because they cannot regulate themselves.

Q170 Lee Rowley: I want to go back to a point that was made earlier. Sir Chris talked about how, while recognising the pressures in the system, the overall sustainability of the sector is acceptable at the moment. You made the distinction between statutory and discretionary spend. Can you tell me what model you used to determine that statement?

Sir Chris Wormald: Sorry, that's not quite what I said.

Q171 Lee Rowley: You said that we think there are sufficient funds in the system to fund the statutory requirements—I wrote it down.

Sir Chris Wormald: When we look at—Juliet described this earlier—our local authorities delivering their statutory duties under the Care Act 2014, with the exception of the council earlier where we are looking in great detail, we have not seen any other councils where that is being a challenge as of today. Sustainability going forward is exactly as I described it, but that was the basis—

Q172 Lee Rowley: I'm talking about today. If your assessment is that all statutory requirements can be adhered to or realised through your



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current funding settlement, what proportion of the current funding settlement is allocated to statutory versus the spending allocated to discretionary?

Sir Chris Wormald: We don't make that distinction.

Q173 **Lee Rowley:** So how can you make the assertion in the first instance that you have covered everything from a statutory perspective?

Sir Chris Wormald: Because I was answering the question the other way around. When you look at what councils are doing, so far as we have seen, they are delivering their statutory functions. By definition, they therefore must be spending the money that delivers those statutory functions.

Q174 **Lee Rowley:** So no modelling goes into that? It is a set of assumptions that are made?

Sir Chris Wormald: No, I mean all the words I said in exactly the way that I said them. I did not make a statement about funding. On your question, what we model for the spending review is what our spending assumptions are. What the actual level of spend is depends on the adding up of individual council's spending and taxation decisions. We do not set adult social care spending. We set a set of assumptions in the spending review and the total, which Jo monitors in the way that she describes, is about that. I was making the simple point that they are delivering their statutory functions.

Q175 **Lee Rowley:** Let's try a different one, then. Both you and Mr Garrod spoke about benchmarks. I heard a lot of discussion about regional variation in benchmarks, but ultimately part of your jobs as national figures in this sector is to pull things together and look at them in aggregate. Is the benchmark that is being described relevant or not relevant in the discussion we are having?

Sir Chris Wormald: As I say, our guidance to local councils is that they should have regard to the benchmark, but what the actual figure is should be set individually by local authorities.

Q176 **Lee Rowley:** I can read that in the paper. I am asking you whether the benchmark is useful in aggregate to assess whether or not this sector is being funded appropriately.

Sir Chris Wormald: Not as a measure of what the right level of spending is, no.

Q177 **Lee Rowley:** Okay, so we should effectively disregard what the Care Act says in terms of "having regard to". If it is not useful, why bother?

Gillian Keegan: Or have a regional benchmark.

Sir Chris Wormald: The reference is to a piece of guidance we issue. It is not in the Care Act.

Q178 **Lee Rowley:** Okay, but guidance is supposed to be followed. That is the point of guidance. Either guidance is useful or it is not useful. You are



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telling me it is not useful so we should get rid of it.

Sir Chris Wormald: I am saying we mean it exactly as we say. Local authorities should have regard to it. That does not necessarily mean that that is how they should set their rates. They should set their rates in exactly the way that Glen was describing earlier.

Q179 **Lee Rowley:** I can make no assessment of whether this rate is appropriate on the basis of the regionality that you are talking about, because rather than it being a useful view that was anything more than indicative, your assessment is that you can only have regard to it.

Sir Chris Wormald: No, I wouldn't judge whether an individual local authority had set its rate in the right place in relation to that benchmark.

Q180 **Gillian Keegan:** You could if you had a regional benchmark. You could make this useful, perhaps, or more useful.

Sir Chris Wormald: That is debatable.

Q181 **Gillian Keegan:** I'd like to have that debate. We might not have time. Why would a regional benchmark not be a bit better?

Sir Chris Wormald: I would be interested in Glen's view. My view is that it is local authorities, which understand their local area and their local market, that are best placed to set a rate.

Q182 **Gillian Keegan:** What drives the market? We know that it is the cost of wages, the cost of housing and so on. There are many benchmarks. In fact, employers do it all the time when they pay weighting on salaries or salary differentials and so on. We know that it is not the same—

Sir Chris Wormald: All those things are correct. The question is whether it is national Government trying to do that on behalf of individual areas.

Q183 **Gillian Keegan:** It depends on whether you want to know the answer as to whether you are funding below the benchmarks or not. It depends on whether you really want the answer.

Sir Chris Wormald: As I say, what the actual level of funding is results from a whole series of individual local authority decisions. Personally, I think the local authority is better placed to do that than national Government.

Q184 **Chair:** Well, Mr Garrod gave a good example of things like giving people money up front. You might expect to get a discount for buying something over three years, but nobody would say that many local authorities, if not most, are paying below the cost level in many cases. They are being cross-subsidised, as Ms Keegan highlighted, by people who are self-funding. The danger is, just as Mr Rowley has highlighted, the numbers are suspect, because Ms Farrar's Department is funding councils to pay for a level of service below what it actually costs. They may be managing to do that, because they have found clever ways to do it, but that does not mean that it is long term and sustainable. I know it is very difficult, as permanent secretary in the current climate, to sit there and say,



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"Actually, there isn't enough money in the system to deliver this", but basically, is that not the situation?

Sir Chris Wormald: No. The situation is exactly as I described it earlier. On the question of—

Q185 **Chair:** But if these suppliers go to the wall—their margins are less than 1%—there is not much wriggle room, certainly not to train staff and so on, or to give them time out. There are all sorts of issues there. I have the chart of regional pay. Just to be clear, I am not making play of people's pay. All of us in this room are paid a lot more than this—considerably more. The average careworker pay for the independent sector ranges from £15,800 per annum in London to £14,400 in the north-east and the north-west. We are not giving people a lot of money. There is not much room in the system. No wonder you have a turnover rate ranging from 24% to nearly 30%. This is not sustainable in the long term, is it?

Sir Chris Wormald: No.

Q186 **Chair:** You have to have more investment.

Sir Chris Wormald: The distinction I have been seeking to draw throughout this hearing is the difference between the situation as we see it today, and the clear risks to sustainability in future identified by the NAO and the CQC. That is the distinction. I am not trying to downplay the risks in this sector at all. As I say, I am drawing a distinction between what we see in terms of the numbers and the data today, as against those risks that we know we have to deal with, in the ways that we have all been describing, as this sector goes forward.

Chair: We have gone around this a lot. We are looking forward to the Green Paper, and we are very minded to come back to this once that is out there. We do not deal with policy, of course, but we are looking at the money side. I am sure we will liaise closely with our sister Committee to ensure that, while they are looking at the policy, we are looking at whether the money is behind it to deliver the policy.

Thank you very much indeed for your time. As ever, the transcript will be up on the website in the next couple of days—uncorrected, so please do take a look at it. At this point, our report will probably be out after Easter, but we will keep you informed about that and, obviously, send you a copy. Thank you very much.