Twenty-second report of Session 2023-24

Department of Health and Social Care

Reforming adult social care in England

Introduction from the Committee

Adult social care includes social work, personal care and practical support for adults with a physical disability, a learning disability, or physical or mental illness, as well as support for their carers. Family or friends provide most care unpaid. The Department of Health and Social Care (the Department) is responsible for setting national policy and the legal framework. The Department for Levelling Up, Housing and Communities (DLUHC) oversees the distribution of funding to local government and the financial framework within which local authorities operate. The Care Quality Commission (CQC) regulates registered care providers for quality, and since April 2023 has responsibility for assessing how well local authorities are meeting their duties under the Care Act. State funded care is funded by local authorities, who coordinate with local health systems through Integrated Care Systems (ICSs). In 2022–23, local authorities supported more than one million people with care needs, at a cost of £23.7 billion. As at Autumn 2023, there were 470,476 people awaiting an assessment of their needs, care or direct payments to begin or for a review of their care plan. Most local authority care is commissioned from nearly 18,000 independent providers, who also provide care to people who arrange and pay for their care privately, as local authority support is means-tested. The sector employs around 1.6 million people and as at March 2023 there were 152,000 vacancies (9.9% vacancy rate), with the number of jobs in care expected to increase in future years.

In 2021, the Department published a white paper setting out a 10-year vision for adult social care. Government committed £5.4 billion funding to reform the sector including £3.6 billion to introduce changes to the way people pay for care (charging reform) and £1.7 billion for wider reform to the system (system reform). In 2022 the Department reprioritised some of this funding to help ease immediate pressures, including delaying charging reform by two years to October 2025. In April 2023, government published revised plans for system reform, which scaled back its short-term plans to £729 million over the period 2022-23 to 2024-25.

Based on a report by the National Audit Office, the Committee took evidence on Wednesday 24 January 2024 from the Department for Health and Social Care and the Department for Levelling Up, Housing and Communities. The Committee published its report on 20th March 2024. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Reforming adult social care in England – Session 2023-24 (HC 184)
- PAC report: Reforming adult social care in England – Session 2023-24 (HC 427)

Government response to the Committee

1. PAC conclusion: It is far from clear if Integrated Care Systems are making a demonstratable difference to adult social care delivery.

1. PAC recommendation: In its Treasury Minute response, the Department should set out what is doing to:

- ***bring together its performance and inspection data relating to adult social care (from Integrated Care Systems and other sources); and***

- ***ensure that these data are accessible, publicly available and enable people to i) assess whether patients are getting better outcomes in their areas and ii) allow the public to make comparisons between different areas***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

1.2 In Integrated Care Systems (ICSs), the National Health Service (NHS), local government, social care providers and other organisations work together to provide joined-up care and improved outcomes.

1.3 Through new Care Quality Commission (CQC) assurance of ICSs and local authorities (LAs), CQC will draw on data and evidence to independently assess how well ICS partners are meeting the health and adult social care needs of their populations, and how well LAs are delivering their duties under Part 1 of the Care Act 2014. These assessments will be published and will enable the public to better understand and compare people's outcomes in different areas.

1.4 More broadly, the Department of Health and Social Care (the department) is improving the quality, timeliness and availability of adult social care data as outlined in its data strategy, Care Data Matters. Among other things, this includes the publication of better outcomes data, through a new social care person-level data collection, and a strengthened adult social care outcomes framework.

2. PAC conclusion: We remain unconvinced as to whether the Department knows if it is achieving value for money from the additional funding going to adult social care.

2. PAC recommendation: The Department should write to the Committee alongside its Treasury Minute response to set out how it is assuring itself that each additional fund aimed at supporting adult social care is achieving value for money, including on benefits in relation to costs, for example:

- ***how much additional capacity it has bought with the discharge funding through the Better Care Fund.***
- ***how it will ascertain whether funding for market sustainability and improvement has not just ended up increasing provider profit margins.***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Since Spending Review 2021, the government has made available up to £8.6 billion in additional funding over 2023-24 and 2024-25 for adult social care and discharge. This funding has directly supported an 8.9% average increase in fee rates paid to providers in 2023-24 (which is greater than inflationary pressures), and a 10% increase in the number of supported discharges for patients assessed as no longer meeting the criteria to reside from February 2023 to February 2024. As the most recent State of Care Report shows, data from the CQC Market Oversight scheme indicates that provider profit margins are generally low on average, and we continue to engage CQC to understand whether funding uplifts result in any change in margins.

2.3 The department is undertaking significant assurance of new grant funding, requiring local authorities to report on performance against priorities, and requiring local authorities and ICBs to submit detailed spending plans for their discharge funding for 2023-24 and 2024-25.

2.4 The department works alongside the Department for Levelling Up, Housing and Communities to provide scrutiny and assurance of funding, as well as ensuring transparency to support local accountability. This includes the recent introduction of the Office for Local Government, assurance by the CQC, and reforms to the collection and availability of data on social care activity.

3. PAC conclusion: Local authorities are having to plan and commission adult social care services against a backdrop of fragmented and uncertain funding.

3. PAC recommendation: Given it has a 10-year vision for reforming adult social care, in its Treasury Minute response, the Department should set out:

- ***what it is doing now to prepare for the next spending review and make the case for more stable funding, and***
- ***what it can do to give local authorities greater certainty over funding and allow them to plan for the longer term.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department is making good progress towards the 10-year vision for adult social care set out in the People at the Heart of Care white paper. The department is learning from the first phase of reform, to inform plans for the next spending review period and beyond. The department is also monitoring the impact of the additional funding provided in this spending review period, with a total of up to £8.6 billion made available across two financial years. This is alongside reforms to local government accountability and data transparency, that will shed further light on local performance, all of which will inform the department's spending review preparations.

3.3 The department recognises the value of providing longer term certainty of funding to local authorities. The 2021 Spending Review set out funding for local government for three years, providing the same level of certainty as for government departments. The government will always seek to provide as much certainty as possible for local authorities when providing funding for delivering services, whilst maintaining flexibility to respond to unexpected pressures.

3.4 The department will work with HM Treasury and the Department for Levelling Up, Housing and Communities to make sure the next spending review delivers a sustainable funding package for Adult Social Care.

4. PAC conclusion: Notwithstanding its recent efforts to make adult social care a more attractive career, the Department has still not produced a convincing plan to address the chronic staff shortages in the long-term.

4. PAC recommendation: In the absence of an NHS style workforce plan, alongside its Treasury Minute response, the Department should write to the Committee setting out how it will lead the sector to identify and address workforce challenges including:

- ***achieving a sustained reduction in the number of vacancies in the sector (beyond 2025)***
- ***addressing the challenges and risk associated with international recruitment***
- ***tackling local variations in vacancy rates***
- ***addressing issues around disparity with NHS pay***

- ***assessing which workforce initiatives are most effective for recruiting and retaining staff.***

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 In 2021, the department published its workforce strategy in Chapter 5 of People at the Heart of Care: adult social care reform and in 2023 published the subsequent plan Next Steps to put People at the Heart of Care.

4.3 The overall vacancy rate in ASC was 9.9% in 2022-23, a decrease of 11,000 vacancies (-0.7 percentage points) compared to 2021-22. Skills for Care indicative monthly data (unweighted data) for independent providers shows since then the vacancy rate has fallen to 8.1% in February 2024. The department is investing in recruitment and retention through a number of reforms aimed at professionalisation including significant investment in workforce training and through the Market Sustainability and Improvement Fund, which includes a focus on workforce pay.

4.4 Alongside implementing wider changes to the immigration system, the department has clear ethical standards laid out in the Code of Practice for International Recruitment, which covers both health and care sectors. The department has invested £15 million in 2023-24 to support local initiatives to increase and improve international recruitment in the adult social care sector.

5. PAC conclusion: Long-awaited workforce reforms are way behind schedule and too dependent on a 'novel' payment system

5. PAC recommendation: The Department should in its Treasury Minute response to this report:

- ***confirm which of the workforce reform projects depend on this payments system and update us on progress with each; and***
- ***update the Committee on progress with the payments system (including any updates to the RAG rating and implementation date) and when it expects the workforce initiatives that depend on it to start to have an impact.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

5.2 The department would like noted that not all workforce reform projects are associated with this payment system and work to deliver reforms has progressed ahead of the payment system being available.

5.3 The department is planning to provide updates on progress of the payments system and the workforce reform projects associated with it.

5.4 The department recently published guidance setting out the scope and eligibility criteria for training and development for which employers will be able to apply for funding support. This has provided employers with information to support their workforce training plans ahead of the payment system going live.

5.5 The payment system is on track to start making payments from the end of June 2024 with a phased approach to bringing specific funds online, ensuring that the largest proportion of allocated funding for the sector is made available first. From June 2024 employers will be invited to submit claims for the new Level 2 Adult Social Care Certificate qualification, and against a targeted list of training courses and other qualifications set out in the guidance. Support for Continuing Professional Development specifically for regulated professionals such as nurses and occupational therapists will follow.

5.6 The department will update the Committee on Fund take-up before the end of the 2024-25 financial year.

6. PAC conclusion: The Department faces significant challenges in delivering its 'vision' for adult social care reform, and Parliament and the sector must be able to hold it to account for its progress.

6. PAC recommendation: The Department should set out a roadmap for delivering its vision, pulling together all its reform activity (system reform and charging reform), and the risks to delivery with key performance indicators and should publish six-monthly updates on progress to time and budget.

6.1 The government disagrees with the Committee's recommendation.

6.2 The department welcomes further opportunities to set out its plans to deliver its vision for adult social care reform and to be held to account for progress against it but cannot currently commit to the approach recommended. In addition to the published 10-year vision, set out in the white paper People at the Heart of Care in December 2021, a further update on reform activity was detailed in Next Steps to Put People at the Heart of Care published in April 2023.

6.3 The department has been clear that plans are subject to future spending reviews and fiscal events. Future reform activity will be informed by lessons learned during the current spending review period. The department will set out details of the next phase of reform following the next spending review.

6.4 The department will consider the value of publishing regular progress reports and will report to the Committee as per normal processes on the remainder of these recommendations.