



Department
of Health &
Social Care

Adult social care reform and the cost of inaction: government response to the Health and Social Care Committee (HSCC) report



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Presented to Parliament by the Secretary of State for Health and Social Care
by Command of His Majesty

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Introduction

This is the government's formal response to the House of Commons Health and Social Care Committee (HSCC) report [Adult social care reform: the cost of inaction](#), published on 5 May 2025. We thank the committee for its thoughtful and timely enquiry, which has brought together a range of insightful analysis, and which will be a vital resource for Baroness Casey's independent commission into adult social care. The government has carefully considered the committee's report and responded to each recommendation below.

We share the committee's view that when adult social care is done well, it has a transformative impact on those who draw on care and support, their families, communities, the NHS and the wider economy. Adult social care should, as the report highlights, be championed in that light with a positive story told. Every year the Department of Health and Social Care (DHSC) runs a recruitment campaign across TV, social media, radio and online, highlighting the amazing work that staff across adult social care do to support individuals, their families and wider society.

We also agree that the adult social care system is under significant pressure and in urgent need of reform, which is why we are delivering immediate improvements while laying the foundations for long-term, sustainable reform and the development of a national care service.

Truly sustainable and transformational reform will take time. However, as this response sets out, the government is not standing still. We are taking action to transform adult social care and help deliver our Plan for Change, and we welcome the committee's acknowledgement of our reforms. Reforms underway in 2025 to 2026 will enable more people to live independently for longer and make adult social care more productive.

The action we have taken so far includes a funding boost of up to £3.7 billion for social care authorities, an uplift to the Disabled Facilities Grant of £172 million which could fund around an extra 15,000 home adaptations for disabled people, the largest ever uplift to the Carer's Allowance of £2,000, and legislating for the first ever Fair Pay Agreement for care workers.

These tangible improvements support our 3 core objectives for adult social care:

- to join up services at a neighbourhood level so people receive holistic, wrap-around support across their community
- to provide people with greater choice and control that promotes 'home first' and helps them to stay independent

- to radically improve care quality through a valued, professionalised workforce

In addition, the 2025 Spending Review allows for an increase of over £4 billion of funding available for adult social care in 2028 to 2029 compared to 2025 to 2026. This includes additional grant funding, growth in other sources of income available to support adult social care, and an increase to the NHS contribution to adult social care via the Better Care Fund (BCF), in line with DHSC's Spending Review Settlement.

Adult social care is also part of our vision for a neighbourhood health service that shifts care from hospitals to communities, with the NHS working in partnership with local authorities, social care providers and the voluntary sector to provide more personalised, proactive and joined-up health and care services that help people stay independent for as long as possible.

We recognise there is much more to do and that deep reform is needed. That is why the Prime Minister appointed Baroness Casey of Blackstock DBE CB to lead an independent commission into adult social care (also referred to as the Casey Commission). We thank the committee for its continued interest in, and support for, the commission. Baroness Casey's work has now formally begun, and the committee's recommendations will support her as she sets us on the right footing for a national care service fit for the future.

The government has given Baroness Casey a broad mandate, enabling her to determine independently who she engages with and how she addresses the challenges across adult social care, including how best to consider the committee's recommendations. We have grouped together those recommendations relevant to the commission while responding to each in turn.

We recognise that adult social care spans a wide range of services that touch people's lives in many different ways. Delivering meaningful reform requires coordinated action across all parts of government. That is exactly what we are doing, working collectively to deliver the change the committee calls for and that the public rightly expects.

Adult social care is both a vital public service and a major enabler of the government's broader missions. A strong and sustainable social care system supports economic growth by helping more people stay in or return to work, particularly unpaid carers and those with long-term conditions. It also drives regional development by creating skilled jobs in every part of the country. The introduction of the first-ever Fair Pay Agreement for care workers will help improve domestic recruitment, retention and workforce resilience over the long term. Reforming adult social care is therefore central to this government's ambitions for a more productive economy, a healthier population and a fairer society.

Local government plays a critical role in delivering adult social care. However, the current local government system faces structural challenges that limit its ability to plan and deliver

care effectively. That is why reforming local government is an important part of the government's approach to reforming adult social care. Through our devolution white paper and wider work on local government reorganisation, we are supporting councils to collaborate more effectively, pool resources and deliver more joined-up services. We are also inviting views on the detailed approach to funding reform through the consultation on local authority funding reform, which is running from June to August. Depending on responses, we will carry out these reforms in the upcoming multi-year local government finance settlement. These reforms will help create the conditions for a more resilient, sustainable and person-centred social care system.

Recommendations for the government

Costs to those receiving care

Recommendation

The government should publish an annual assessment of the level of unmet care needs for both older adults and working age disabled adults, publishing its methodology and supporting data to ensure transparency and allow for scrutiny.

Government response

We recognise that people face challenges in accessing adult social care, with many going without the care they need or grappling with a complicated system. Lord Darzi's report highlighted a growing gap between requests for social care support and those receiving publicly funded social care; and there is a long-term trend of declining access to publicly funded adult social care, despite an ageing population.

We are aware of a range of published estimates on the scale of unmet need, including the estimates regularly published by NHS England using the Health Survey for England (HSE). There are, however, substantial limitations to existing data and significant challenges and complexities in defining and assessing care needs, for instance to take account of eligibility thresholds. For those reasons, it would be challenging to publish an annual assessment of the level of unmet care needs, as recommended by the committee.

Research by the Adult Social Care Policy Research Unit in 2021, funded by the National Institute for Health and Care Research (NIHR), estimated that 1% to 2% of older adults (65 and over) are likely to have eligible social care needs but receive no care or support, based on HSE samples and controlling for care need eligibility. The research did not cover younger adults. The NIHR supports an [ongoing programme of research to further understand the impact of unmet need](#).

Under the Care Act 2014, local authorities are responsible for assessing individuals' care and support needs and, where eligible, for meeting those needs. Where individuals do not meet the eligibility threshold, they can get support from local authorities in making their own arrangements for care services.

However, a thriving social care system extends beyond statutory services. Families and friends, communities, and the voluntary and charitable sector provide vital support to meet individuals' needs and help people remain independent. These organisations are also well placed to respond flexibly to people's needs given their deep roots in communities, including practical help with daily living, maintaining social connections, and joining up services across a variety of needs such as health, housing and financial support.

Care Quality Commission (CQC) local authority assessments consider the delivery of Care Act duties, including the timeliness of assessing care needs. If CQC identifies a local authority has failed or is failing to carry out its functions to an acceptable standard, the Secretary of State for Health and Social Care has powers to intervene. The CQC has published over 30 local authority assessments as of May 2025. These have identified a number of common challenges, developing helpful learning for the sector as a whole. These include:

- lack of support for unpaid carers
- long waiting times for assessment and occupational therapy
- challenges arising from an increase in demand for adult social care

Another emerging theme is how local authorities need to do more to ensure equity in people's experiences and outcomes in social care. CQC has found this is done well when local authorities work with voluntary organisations to build relationships with communities, in order to understand and meet the diverse needs of their local population.

CQC is currently assessing all 153 local authorities, identifying strengths and areas for improvement, helping us target this support where it is most needed. DHSC funds a support programme to help local authorities address issues identified by CQC and improve services, including how they ensure equity in people's experiences and outcomes.

Recommendation

The government must develop a robust methodology for measuring the impact of care on people's lives, the wider health system and the economy. As well as supporting the case for reform, such methodology would help councils to deliver outcome-based commissioning, which is more likely to provide people with meaningful care than the current task-based approach.

Government response

Adult social care outcomes are measured at a national level through the Adult Social Care Outcomes Framework (ASCOF). ASCOF measures how well care and support services achieve the outcomes that have been shown by researchers to matter most to people. ASCOF comprises 19 metrics, which draw from a number of different data collections.

We agree that better quality outcomes data will positively impact commissioning practices. DHSC is improving the quality of the underlying data sources, as well as taking steps to provide greater clarity on what 'good' outcomes look like. We are also improving the joining up of health and social care data, with the aim of generating new insights on outcomes across health and social care, to support local commissioning.

Under the Care Act 2014, local authorities have a duty to shape their care markets to meet the diverse needs of local people. Local authorities are best placed to understand and plan for the needs of their population, and we are seeing several local authorities develop innovative outcomes-based commissioning approaches.

We invested in a new national pilot training programme for senior local authority commissioners called Ignite, which helped local areas to develop their strategic planning skills. The final evaluation report in July 2025 will provide further insight into the programme's successes and ways we could improve it. Following this, we will be able to better understand the merits of investing in a future training programme for commissioners.

Costs to the care system

Recommendation

Any future policy changes or fiscal decisions relating to the workforce should be accompanied by a cross-government impact assessment that sets out the immediate and ongoing consequences for the social care sector. As part of this, the government should set out what mitigating actions they would take to minimise any adverse effects on the social care sector, and how that compares to actions being taken to support the NHS.

Government response

The government considers that any future policy changes or fiscal decisions relating to the workforce should be accompanied by existing procedures for impact assessments rather than a new form of cross-government impact assessment. The government does not, therefore, accept this recommendation.

Where policy changes made by other departments have potential significant impacts for the adult social care sector, DHSC works closely with those departments to consider impacts and, where necessary, mitigations, and ministers in other departments may seek collective agreement from the cabinet or its committees.

Recommendation

The Department for Work and Pensions (DWP) explores collecting occupational data for benefit claimants, to better understand the cost to the Exchequer of low pay for care workers and to support the case for better pay.

Government response

DWP uses Pay As You Earn (PAYE) data to identify employment spells, and this data includes Standard Industrial Classification (SIC) codes which are used to identify the industry in which the employment spell took place. DWP is then able to link this data to

internal Universal Credit (UC) data which enables the department to track which industries UC customers are in, and which industry they move into.

DWP does not hold data on customers' Standard Occupational Classification (SOC) codes which are used to identify the occupation an individual is working in. This means the data can give an overall indication of those claiming UC within the adult social care sector but is unable to identify the job roles in which UC customers are working within the sector.

The UC system is a digital system where processing is highly automated, and therefore capturing new data on SOC codes would create an additional burden on resources and would require additional training of Jobcentre Plus staff to be able to classify occupations according to SOC codes. Without a digital solution, such as occupation data captured via HMRC's Real Time Information (RTI) data, it will be difficult to achieve consistent role classifications.

Recommendation

The impact assessment for any secondary legislation to establish an Adult Social Care Fair Pay Agreement be accompanied by a full quantitative analysis, including the impact on sector productivity, financial costs faced by providers and expected return to the Exchequer (through tax receipts or reduced welfare claims) and the wider economy.

We also ask that the department, in its response to this report, sets out when discussions on the Adult Social Care Fair Pay Agreement will begin and when the agreement will be finalised.

Government response

The government is committed to consulting on the design of the Fair Pay Agreement process. DHSC established a Fair Pay Agreement working group at the end of 2024 so that the government can update and seek feedback from adult social care sector representatives and trade unions.

Alongside this, DHSC is coordinating a series of policy-specific task and finish groups with sector stakeholders that will help inform potential policy options for inclusion in a formal public consultation. The government will begin the Fair Pay Agreement consultation this year. Once the consultation concludes, secondary legislation and the establishing of the negotiating body will follow in 2026.

We intend to produce an impact assessment including monetised estimates, in line with the usual process for secondary legislation, once a Fair Pay Agreement is ratified. Once the negotiating body is established, it will then negotiate the first Fair Pay Agreement. The government is committed to establishing the first Fair Pay Agreement within this Parliament.

The NHS and wider system costs of inaction

Recommendation

The department provides an official estimate of how much delayed discharges are costing the NHS, broken down by the reason for the delay and including costs associated with the beds themselves, staff time and wider activity that cannot happen as a result of a delayed discharge. This should be published and updated annually.

Government response

We agree that publishing cost estimates broken down by delay reason would in principle improve transparency about the impact of delayed discharges. There are some methodological challenges involved in estimating costs attributable to delayed discharge, with any estimate necessarily relying on a number of assumptions rather than providing a precise attributable amount. We will explore how best to publish cost data with these caveats.

Recommendation

The government and the NHS review the structure and level of NHS investment in the BCF to ensure it is fully capable of meeting its renewed focus on upstream and preventative work.

Government response

We agree with this recommendation. We have committed around £9 billion of funding to the BCF for 2025 to 2026, including increasing the NHS minimum contribution to adult social care and the Disabled Facilities Grant. Through the BCF policy framework for 2025 to 2026, we have refocused the BCF to align with the health mission objectives of moving from a focus on sickness to a focus on prevention, and from hospital-based care to community-based care.

The 2025 to 2026 framework sets the expectation that the NHS and local authorities work together to improve performance against metrics for:

- emergency hospital admissions for people aged 65 and over
- average lengths of discharge delay
- long-term admissions to residential care homes and nursing homes for people aged 65 and over

As set out in the 2025 to 2026 framework, the government is considering options for longer-term reform of the BCF. We will set out the approach to the BCF for 2026 and beyond in due course, taking account of the 10 Year Health Plan.

Costs to the economy

Recommendation

The government produces a growth strategy for the adult social care sector, including a focus on its potential to drive regional growth. This should be informed by a detailed study of how to improve productivity in the adult social care sector, which we recommend the commission carries out as part of its first phase.

The growth strategy should also be accompanied by a joint announcement from DHSC and HM Treasury, telling a positive story about adult social care: what it can do for individuals who draw on its support and their families, and also what it can contribute to the rest of society and the economy.

Government response

The government strongly agrees that adult social care plays an important enabling role in supporting economic growth, particularly through its impact on employment and regional development. The sector contributes around 2% of GDP, employs 1.59 million people, and is a major employer in many of the most economically disadvantaged regions. We are strengthening this contribution.

Our Employment Rights Bill, which has now passed the House of Lords, legislates for the first ever Fair Pay Agreement in adult social care. This will improve pay and conditions for a workforce where around 70% of care workers are paid within £1 of the National Living Wage. We are also investing in productivity-enhancing digital tools like Digital Social Care Records, which save time for care workers, and in preventative technologies that help prevent avoidable hospital admissions and support NHS productivity.

Adult social care also generates many wider indirect economic benefits. By helping people live independently, adult social care enables individuals to stay in or return to work and reduces long-term sickness. Unpaid carers also benefit directly and indirectly from adult social care support funded by local authorities. On average, 7 hours of formal care reduces the amount of unpaid care provided by 2 hours. Around 51% of unpaid carers (2.4 million people) in England are in employment. In the absence of formal care, the amount of unpaid care might increase for some people, impacting their health, wellbeing and employment outcomes.

Supporting people through adult social care has benefits that multiply outwards. When individuals receive the right care in the right place at the right time, they are better able to contribute to society through employment, volunteering or other forms of participation. This is particularly important in dealing with economic inactivity and social isolation, which have been driven in part by rising levels of long-term ill health.

The government's number one mission is economic growth. However, the government does not believe a dedicated adult social care 'growth strategy' is the right approach. The core purpose of adult social care is to maximise people's wellbeing and personal independence. While growth impacts are considered in the round as part of the policy making process, including as part of the business case appraisal process, we do not think a separate growth strategy for the sector is proportionate or necessary.

In relation to the independent commission carrying out a study on productivity, the commission is independent, and Baroness Casey has been given a sufficiently broad remit in the published terms of reference to consider independently how to build a social care system fit for the future.

Recommendation

The government commissions research with the aim of fully quantifying the cost of doing nothing on adult social care reform.

That research should seek to quantify costs to:

- individuals, including unpaid carers and care workers
- local authorities
- care providers
- the NHS
- the economy

Cost is not just about money, it is also about non-monetary personal costs, including individual wellbeing across these specified groups.

This research should be completed ahead of the final report of the commission to enable a full cost-benefit analysis of any recommendations she puts forward and to ensure that the government can start building the public and political support it will need to guarantee the longevity of reform.

The moral case for reform has never been stronger, but this must be accompanied by a robust financial case. Without this we fear that the reforms that come out of the commission will be doomed to failure, leaving everyone continuing to suffer under the current unsustainable system.

Government response

As set out above, the government recognises the significant challenges facing the adult social care system and agrees that reform is essential. We agree with the committee that 'doing nothing' is not an option - and this government is committed to building a more sustainable, fair and effective social care system that meets the needs of the population.

The committee's report rightly highlights how previous attempts at reform have proved challenging. That is why the Prime Minister has appointed Baroness Casey to lead the independent commission. Baroness Casey is one of our country's leading public service reformers and has earned her reputation as one of Whitehall's greatest doers. She has proven experience in dealing with complex social issues, carrying out impactful reforms and driving national strategies.

We understand the intention behind the recommendation to quantify the cost of inaction, and we agree that a robust evidence base is vital to inform the case for future reform. While the government does not intend to commission a dedicated study of this nature, we continue to commission a wide range of research and data, alongside working with partner organisations, to inform our approach to reform.

DHSC regularly reviews its evidence needs, and commissions new research and evaluation to fill priority gaps, primarily through the NIHR. The NIHR is England's largest funder of social care research and has a range of funding programmes including the Policy Research Programme, which funds high quality and cost-effective research to deliver relevant, timely and accessible evidence to inform national policy decisions across the health, care and public health systems. DHSC directly commissions a range of research through the Policy Research Programme and other NIHR programmes to respond to priority evidence needs and adult social care challenges.

Recommendations for the independent commission

Introduction

We welcome the committee's recommendations directed to the independent commission into adult social care. These recommendations will be a valuable resource for Baroness Casey as she leads this important work. Given the scale and complexity of the challenges facing adult social care, the government has deliberately given the commission a broad mandate.

This allows Baroness Casey, one of our country's leading public service reformers, to determine how best to engage with partner organisations, prioritise issues and shape the commission's work - independent from political or departmental constraint.

In that context, we have grouped together our response to the recommendations intended for the commission. This reflects the commission's independence.

However, many of the recommendations also touch on areas where the government is already taking action or where current policy is relevant. In these cases, we have provided a response now, both to offer clarity and to demonstrate how our immediate reforms address the committee's recommendations.

We are fully committed to supporting the commission as it works to build consensus on how best to meet the current and future needs of the population. The committee's inquiry and recommendations will help inform that process, and the government looks forward to receiving Baroness Casey's first report next year.

Recommendation

The commission considers measures to address the erosion of the upper threshold. In the meantime, the government does the same.

Government response

DHSC has heard from many families who have been impacted by high and unpredictable care costs, and we recognise their frustration at the situation in which they find themselves.

The government reviews the capital limits on an annual basis, alongside the social care allowances. Baroness Casey is tasked with looking at the long-term transformation of adult social care and has been given a broad remit to make any recommendations for the charging system, as the commission sees fit.

Recommendation

The commission includes a specific workstream dedicated to reducing the pressures on carers, especially young carers. This workstream should consider how to support unpaid carers better, to ensure they get the respite they need and to look after their own health and wellbeing. It should also consider how businesses could be better incentivised to employ and support unpaid carers.

Government response

As above, the commission will start a national conversation about what care and support working-age disabled adults, older people and their families should expect from adult social care, including exploring the needs of unpaid carers who provide vital care and support.

However, the government recognises the immense contribution of carers and young carers and is acting now to improve support for families. From April 2025, the government increased the Carer's Allowance weekly earnings limit from £151 a week to £196 - the equivalent of 16 hours at the National Living Wage. This represents the largest increase in the earnings limit since Carer's Allowance was introduced in 1976 and the highest percentage increase since 2001.

We also recognise that many unpaid carers can face challenges balancing employment with caring. The government is reviewing the implementation of Carer's Leave and examining the benefits of introducing paid Carer's Leave.

Recommendation

Securing agreement on the funding structure must be the top priority for the commission and for any future government reforms. Without this agreement, reform can only ever be piecemeal and short-term in outlook and, ultimately, will fail. We also recommend that any future funding structure includes a ring-fence for preventative work.

Government response

Baroness Casey has full autonomy to determine the commission's priorities within its remit as set out in the terms of reference.

We know, however, that a reformed local government finance system and greater stability for local authorities are crucial to support the provision of high-quality adult social care. That is why the government is committed to pursuing a comprehensive set of reforms for public services to fix the foundations of local government. This will be done in partnership with the sector and on the principle of giving forward notice and certainty to allow time for councils to plan for the future.

The government strongly agrees with the importance of prevention. Prevention is one of the 3 shifts in our health mission, and adult social care has an important role to play in that. The Care Act 2014 places a duty on local authorities to take steps to “prevent, reduce or delay” the need for care and support for all adults, including unpaid carers.

When done well, these interventions enable people to remain independent in their communities for longer - reducing the need for more acute interventions, delaying or avoiding admission into residential care or hospital, and improving people’s quality of life. This can include strengths-based commissioning, access to high-quality information and respite services for carers. The voluntary and charitable sector can also play an important role in helping to meet people’s needs earlier and supporting wellbeing, including through community contacts, faith groups, networks and events.

Recommendation

The commission prioritises identifying interventions to create a more sustainable care market.

Government response

Baroness Casey has full autonomy to determine the commission’s priorities, within its remit as set out in the terms of reference. However, the government agrees that a sustainable care market is essential to delivering high-quality, person-centred care. As outlined in the terms of reference, Baroness Casey is tasked with making adult social care more productive and preventative and giving more power to people who draw on care, and their families and carers.

Recommendation

The commission undertakes research to better understand the costs that the NHS is bearing as a result of failures in adult social care, and where the NHS is saving money due to good social care. This should be used in future departmental budget setting processes and to make the case for moving ahead with adult social care reform. When the commission completes its work, the government should continue this analysis as an ongoing activity.

Government response

As the commission is independent, Baroness Casey will have the autonomy to decide how best to look at the models of care and changes to funding flows needed to create a sustainable system that will stand the test of time.

Recommendation

In her first report, Baroness Casey should set out the immediate steps that the government needs to take to ensure the adult social care sector can play its vital part in the 3 shifts for

NHS reform. Achieving these should be the measure against which the success of the 10 Year Health Plan is assessed. Her report should also set out how her reforms support the delivery of the 10 Year Health Plan and what, if any, further changes might be needed to the plan or the NHS to support the adult social care sector.

Government response

The commission has autonomy to recommend what steps the government should take to support the adult social care sector. However, the terms of reference clearly outline that the focus of the first phase of the commission will be to support delivery of the government's health mission, in the context of ongoing reforms, including the 10 Year Health Plan.

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