



House of Commons  
Committee of Public Accounts

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# Adult Social Care Markets

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**Seventh Report of Session 2021–22**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 7 June 2021*

## The Committee of Public Accounts

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## Summary

Governments of all political persuasions have been promising social care reform for the past 20 years. Regrettably, despite many government white papers, green papers, consultations, independent reviews and commissions over the years, reform has not occurred. Previous commitments made to this Committee have not come to pass; for example, to ensure long-term funding is in place or to set out plans for tackling the problems faced by the social care workforce.

COVID-19 has had a devastating impact on the care sector. Those receiving care, care workers and millions of unpaid carers deserve our utmost gratitude and respect. The pandemic has shone a light on the sector and underlined how vital it is to so many, while emphasising that care is not properly funded, lacks transparency and urgently needs reform.

The current system does not work for local authorities or those paying for their own care. Funding cuts have meant that most local authorities pay providers below the costs of care. This has led to many providers living hand to mouth, unable to make long-term decisions which would improve care services. While information about care quality is available, there is a lack of transparency about what people or local authorities get for the money they spend. The Department of Health and Social Care (the Department) has poor oversight of the system and seems complacent about the risks of local market failure. Despite welcome short-term measures to help stabilise the market, the Department urgently needs to provide confidence by announcing what support will be available to help providers move beyond COVID-19.

We cannot afford more broken commitments around care reform; now promised sometime in 2021. Reforms must address decades of neglect over support to carers, younger adults and home care. A long-term funding plan should be part of this, to allow local authorities and providers to innovate and improve services. The care workforce deserves better treatment. The Department must finally step up and produce a workforce strategy which tackles low pay, supports career development and aligns care with the NHS.

## Introduction

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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 Ministry of Housing, Communities and Local Government (the Ministry) oversees the distribution of funding to local government and the financial framework within which local authorities operate. In 2019–20, local authorities commissioned care for 839,000 adults; spending a net £16.5 billion on care, 4% less in real terms than in 2010–11. They commission most care from independent providers. The Care Quality Commission (CQC) regulates providers for quality and also oversees the financial resilience of large providers. Many people arrange and pay for their care privately. If current (pre-COVID-19) patterns of care and current funding systems continue, the Department projects there will be a 29% increase in the number of adults aged 18 to 64 and a 57% increase in the number of adults aged 65 and over requiring care by 2038 compared with 2018.

## Conclusions and recommendations

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1. **The Government has provided significant short-term support to help providers through COVID-19, it is vital that the Department of Health and Social Care now sets out how it will help providers move beyond it.** The costs of COVID-19 and the dramatic fall in care home occupancy from around 90% at the start of the pandemic to 80% by February 2021, puts many providers at risk of failing. In response, the Government provided short-term funding through local authorities and the Infection Control Fund. This support has stabilised the market and kept most providers from falling over. However, the Department does not have a strong grip on the variable levels of support that individual providers received and there have been some reports of providers struggling to access some of the additional funding. Commitments around extra funding and free Personal Protective Equipment (PPE) until the end of March 2022 are welcome, but the Department does not have a roadmap outlining how long extra funding and support will be in place. The Care Quality Commission warns that ongoing support is likely to be required in 2021–22 if care home admissions remain low or costs are inflated.

**Recommendation:** *The Department of Health and Social Care, working with the Ministry of Housing, Communities and Local Government, should assess and outline by July 2021 how much support providers need in the short to medium term to deal with COVID-19 and lower occupancy in care homes.*

2. **Despite years of promising social care reforms to address longstanding issues, the Department of Health and Social Care has still not put in place a reform plan.** For years this Committee has highlighted the need for reform, and successive governments have failed to deliver. Reforms must counter the historical neglect of unpaid carers and the importance of home care. Too often what efforts there have been have focused on the needs of older adults in care homes, rather than on supporting people in their own homes. The Department says it has a team in place to deliver reforms, but we do not yet know how ambitious these reforms will be. We are heartened that the Department accepts the need for further innovation and acknowledges opportunities around home care. Care policy cuts across many other policy areas and therefore government activity. It remains to be seen whether the government can seize the opportunity to break down silos that can exist across government and finally deliver the comprehensive reforms we need.

**Recommendation:** *The Department of Health and Social Care must set out by the end of 2021 a comprehensive, cross-government reform plan for care; with as much focus on support for carers and supporting people at home as on older adults and care homes.*

3. **Care provision has suffered from a lack of long-term funding.** Local authorities have seen a 29% cut in spending power since 2010–11 and face a hugely difficult job of balancing the books while trying to improve services with less money. The Ministry of Housing, Communities and Local Government's view is that local government funding is enough. In recent years the government has regularly announced ad-hoc funding increases to prop the system up. This lack of financial certainty has constrained local authorities' and providers' ability to plan for the longer-term. Investment in staff training, new accommodation and technological innovation are

all areas which have suffered from this lack of certainty. The Department of Health and Social Care agrees that longer-term funding would help but points out that care quality has still been maintained in recent years. Long-term reforms around housing, the workforce, technology and prevention must go hand in hand with clear, long-term funding.

**Recommendation:** *Alongside care reforms the Department of Health and Social Care should publish a multi-year funding settlement by the end of 2021.*

4. **Three years after promising to produce one, the Department of Health and Social Care still has no workforce strategy or plans to align the care and NHS workforces.** The Department has not delivered on its previous promises to this Committee to produce a workforce strategy. The 1.5 million people who work in care deserve much better. The need to better support the social care workforce was brought home to us again by the strength of feeling in the written evidence we received. Social care is a ‘people business’ and a workforce strategy needs to tackle low pay, improve career development and tackle unacceptably high turnover. Care workers suffer greatly from a lack of parity with the NHS in terms of pay, conditions and status. The Department needs to quickly address findings from its research into the role of registered nurses who work in care and make good on its assertion that working in care is a positive choice for nurses.

**Recommendation:** *Alongside care reforms, the Department of Health and Social Care should set out by end 2021 a national strategy for the care workforce which sits alongside the NHS People Plan; identifying skills, training and development across health and care.*

5. **The Department of Health and Social Care has had poor oversight over local authorities’ provision of care and appears complacent about the risks of local market failure.** Despite previous recommendations by this Committee, the Department’s oversight continues to be ineffective. A key failure is its reticence to challenge local authorities who pay providers low rates for care. The Department, via the Care Quality Commission, only collects financial details on around 65 large national providers, which means it does not have a good grasp of how most providers on the ground are faring. The Department maintains it is the responsibility of local authorities to manage their local care markets. It was not until autumn 2020, in response to COVID-19, that the Department began to review local authorities’ contingency plans for winter 2020–21. The proposed Health and Care Bill White Paper introduces new powers, such as giving CQC responsibility to look at local authority commissioning. However, the Department is not sure about the level of support and resource CQC will need for this.

**Recommendation:** *Alongside the proposed Health and Care Bill, the Department of Health and Social Care should set out how it will support Care Quality Commission and local government to carry out their new duties; and ensure there is better readiness for local market failure.*

6. **Neither local authorities nor people paying for care have access to clear information on what they get for their money.** Information about provider quality is often accessible through Care Quality Commission. However, there is a dearth of

information about how providers spend the fees they receive from local authorities and individuals. In total, spend on local authority arranged care is around £23 billion a year, and estimates suggest individuals separately pay for around £8.3 billion worth of care. A lack of data means the Department cannot assess if providers offer value for money. Research suggests that people who pay for their own care pay a 41% premium, with decisions made at time of crisis as people try and navigate a confusing market. Provider costs and their financial structures are opaque; individuals and local authorities should not be in the dark as to what they get for their money. The Department has no current plans to increase transparency, and CQC confirmed it has no powers to enforce value for money.

***Recommendation: From April 2022, all providers should give clear and comparable information over fee levels and a breakdown of how this money is spent, for example by accommodation, workforce, debt interest and profit.***

# 1 Stabilising the market and planning for the long-term

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1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department of Health and Social Care (the Department), the Ministry of Housing, Communities and Local Government (the Ministry) and the Care Quality Commission (CQC) about adult social care markets in England.<sup>1</sup>

2. 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.<sup>2</sup>

3. The Department is responsible for setting national policy and the legal framework. The Ministry oversees the distribution of funding to local government and the financial framework within which local authorities operate. In 2019–20, local authorities commissioned care for 839,000 adults; spending a net £16.5 billion on care, 4% less in real terms than in 2010–11. In 2019–20, total spend on local authority arranged care, including income from NHS, joint arrangements and some user contributions was £23.1 billion. Local authorities commission most care from independent providers. CQC regulates providers for quality and also oversees the financial resilience of large providers. Many people arrange and pay for their care privately, with individuals separately paying around £8.3 billion for care.<sup>3</sup>

4. The Department projects that if current patterns of care continue, around 29% more adults aged 18 to 64 and 57% more adults aged 65 and over will require care in 2038 compared with 2018. Between 2018 and 2038, the Department projects that the total costs of care will rise by 90% for adults aged 18 to 64, from £9.6 billion to £18.1 billion, and 106% for adults aged 65 and over from £18.3 billion to £37.7 billion.<sup>4</sup>

## Support beyond COVID-19

5. Many providers run on tight margins, and care home providers need high occupancy levels to remain in business. Occupancy in care homes fell from around 90% at the start of the pandemic to around 80% in February 2021.<sup>5</sup> Provider organisations also told us about extra costs due to COVID-19, including extra Protective Personal Equipment (PPE), cleaning, testing, and higher insurance premiums.<sup>6</sup> Due to local authority funding pressures, the Association of Directors of Adult Social Services (ADASS) warned that in 2020–21 only 4% of individual Directors of adult social care at local authorities were fully confident they would meet their statutory responsibilities for care. This compared with 35% in 2019–20.<sup>7</sup>

6. The Department told us it would continue to provide free PPE for care homes until March 2022. It said that for 2021–22, providers received an extra £1.1 billion of ringfenced

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1 C&AG's Report, *The adult social care market in England*, Session 2019–21, HC 1244, 25 March 2021

2 C&AG's Report, para 1

3 C&AG's Report, paras 2, 9, 10, 1.6, 1.8

4 C&AG's Report, para 20

5 C&AG's Report, para 2.31

6 Care England submission and National Care Forum submission

7 Association of Directors of Adult social care submission

funding through the Infection Control Fund and an extra £270 million of ringfenced funding to support testing for COVID-19 and the workforce.<sup>8</sup> As at March 2021, the Ministry had provided unringfenced funding totalling £4.55 billion to help address local authority cost pressures.<sup>9</sup> The Ministry outlined that local authorities could provide further support to care providers from their share of extra unringfenced funding.<sup>10</sup> Government support has helped to stabilise the sector.<sup>11</sup> CQC told us there were fewer voluntary care home closures in 2020 than in 2019, with 361 closures in 2020 compared with 482 in 2019. It said that extra Government support had definitely interrupted the normal pattern of closures and kept some locations open.<sup>12</sup>

7. MHA, a residential care provider, told us that after local authorities received an initial £3.2 billion from government in unringfenced support, of the 188 local authorities it worked with, 60% did not increase fees.<sup>13</sup> We asked how confident the Ministry was that additional funding had got to the right places. The Ministry accepted there was a “very active debate” about how much providers received from the original unringfenced funding. It told us that, based on its latest monthly data collection from local authorities, 88% of the aggregate additional spend by local authorities due to COVID-19 on adult social care went to external providers.<sup>14</sup> The Department, the Ministry and CQC confirmed there is no oversight whether funding reaches individual providers.<sup>15</sup>

8. CQC has warned that ongoing support is likely to be required in 2021 if care home admissions remain low or costs remain inflated.<sup>16</sup> The Department told us that in 2021–22 an extra £341 million is available through the Infection Control Fund.<sup>17</sup> The Ministry outlined how a further £1.5 billion of unringfenced funding for local authorities could help with COVID-19 pressures.<sup>18</sup> Care England said many of the fee rates proposed by local authorities for 2021–22 do not reflect the increased care cost per head caused by lower occupancy. It feared the extra unringfenced funding will not help the frontline and that other council budgets will subsume it.<sup>19</sup> We asked what exit strategy is in place. The Department noted that the extra money was for specific COVID-19 purposes and while it expects support will continue for a while, it hopes this will not be permanent. The Department acknowledged there were lots of moving parts and it would work with local government and aim for a smooth transition. The Ministry recognised that “stepping of this particular escalator” was going to take a bit of care to get right.<sup>20</sup>

## Long-term reform

9. Governments, regardless of political party, have been promising care reform for the past 20 years. Reform has been repeatedly delayed, despite numerous government

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8 Q19

9 C&AG's Report, *Local government finance in the pandemic*, Session 2019–21, HC 1240, 10 March 2021

10 Q 19

11 C&AG's Report, para 13

12 Q 20

13 MHA submission

14 Qq 44,55

15 Qq 45–49

16 C&AG's Report, para 2.31

17 Q 56

18 Q 68

19 Care England submission

20 Qq 67–68

white papers, green papers, consultations, independent reviews and commissions.<sup>21</sup> Many organisations, such as the Nuffield Trust, an independent health think tank, describe the current system as broken.<sup>22</sup> The Department has committed to bring forward reform proposals in 2021.<sup>23</sup>

10. A range of bodies told us of several issues, aside from funding, that need addressing through the expected reforms. We asked the Department how ambitious its vision for reform is. The Department told us it would not comment on future policy.<sup>24</sup> We asked about unpaid carers, of which there are around 7.3 million in England. We pressed the Department about how it knew whether local authorities discharged their duties to support carers. The Department told us that it is for local authorities to perform those duties; and it supports them with guidance, including on best practice. The Department will look at whether CQC could provide this assurance through its expected future role in overseeing local authority commissioning.<sup>25</sup> The Institute and Faculty of Actuaries points out the popularity of home care.<sup>26</sup> ADASS agreed, and said it wanted to see a ‘Homes first’ policy adopted.<sup>27</sup> We pressed the Department on how it could move away from care home provision. The Department told us it wants to encourage diverse types of provision and there were some real opportunities around home care. The Department is carrying out research into home care and is confident this will support reform.<sup>28</sup> The Department agreed that driving innovation in the sector is crucial and said reform must centre around individuals.<sup>29</sup>

11. The Department reintroduced a director-general with sole responsibility for care in June 2020 and increased its care team around three-fold between April 2020 and January 2021.<sup>30</sup> The Department told us it now has a large team and enough people to work on reform. The Department will utilise experts within the Department, CQC, partners in local government and ADASS, as well as sector representatives to support reform. The Department told us it was speaking to around 70 different organisations, as it starts to work up its thinking.<sup>31</sup> With regards to modelling future need, the Department told us it has confidence in models from the Care Policy and Evaluation Centre which project future demand and costs. We asked if this modelling would form the basis of the proposals. The Department told us that when looking at reform it intends to look more broadly than just demographic pressures.<sup>32</sup>

12. Care policy cuts across many policy areas and value for money issues can arise if multiple departments take separate views.<sup>33</sup> The Department told us it will try to move the system towards focusing on population health as opposed to separate, siloed services. The Department stressed the importance of services working more closely together to keep people out of hospital through preventative health measures. The Department noted the

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21 C&AG’s Report, para 3.12

22 Nuffield Trust submission

23 C&AG’s Report, para 24

24 Q 87

25 Qq 33–37; C&AG’s Report, para 11

26 Institute and Faculty of Actuaries submission

27 Association of Directors of Adult social care submission

28 Qq 88–94

29 Qq 58,88

30 C&AG’s Report, para 2.12

31 Qq 83,89

32 Q 92

33 C&AG’s Report, para 25

system will need to be accountable to local government.<sup>34</sup> Given the close relationship and how housing and care interlink, we pressed on plans for accommodation. The Ministry told us it does not set out a national strategy, and instead encourages local bodies to balance the various levers in place to encourage development. It pointed to the Ministry's support through the £11.5 billion affordable homes programme between 2021 and 2026, of which 10% of housing built should be for supported housing. In 2021–22, the Department intends to allocate £71 million of funding through the Care and Support Specialist Housing fund and £573 million of Disabled Facilities Grants, to support people staying in their own home. The Department highlighted a forthcoming report on the role of housing and care by the Social Care Institute for Excellence, which it said is due to report this summer.<sup>35</sup>

### Long-term funding

13. Local authorities faced significant financial pressures before COVID-19, with a 29% reduction in spending power from 2010–11 to 2019–20.<sup>36</sup> The Local Government Association claimed that over the past decade care costs have risen by £8.5 billion, but total funding has grown by just £2.4 billion. It said this has forced councils to make savings from care services and divert money from other council services.<sup>37</sup> Mencap alluded to chronic underfunding of care and a reduction in care packages.<sup>38</sup> Between 2015–16 and 2019–20, the number of adults receiving long-term support arranged by local authorities fell from 873,000 to 839,000.<sup>39</sup> The Department confirmed that local authority spending was under pressure. The Ministry said it funds local authorities adequately and that spending on care had increased since 2015–16.<sup>40</sup> These increases had followed a decline in spend every year since 2010–11 and overall local authority net spending on care was 4% lower in 2019–20 than 2010–11.<sup>41</sup>

14. In 2018, the previous committee recommended that the Department develop a long-term funding plan for social care.<sup>42</sup> In 2019, the previous committee concluded that one-off, short-term initiatives do not provide value for money.<sup>43</sup> Since 2019, there have been successive one-year spending reviews.<sup>44</sup> The Nuffield Trust stated reliance on sporadic injections of money from central government limits investment in innovation and technology.<sup>45</sup> CQC told us that providers know there are short-term injections of funding put in by Government and so can operate in the short term. However, CQC also said this means providers cannot make multi-year investment decisions that will make the sector stable in the “very long term”.<sup>46</sup>

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34 Qq 34, 75

35 Q 95; C&AG's Report, para 3.19

36 C&AG's Report, para 8

37 Local Government Association submission

38 Mencap submission

39 C&AG's Report, para 10

40 Q 14

41 C&AG's Report, para 1.8

42 Committee of Public Accounts, *The adult social care workforce in England*, Thirty-eighth Report of Session 2017–19, HC 690, 9 May 2018

43 Committee of Public Accounts, *Local government spending, The adult social care workforce in England*, Seventy-sixth Report of Session 2017–19, HC 1775, 6 February 2019

44 C&AG's Report, para 2.6

45 Nuffield Trust submission

46 Q 11

15. CQC cited investment in staff training, buildings and infrastructure as examples of areas which require long-term thinking. It told us that stable, long-term funding would enable investment in long-term innovative care models and prevention.<sup>47</sup> The Department said it would prefer care to have a long-term funding settlement like the NHS and recognised the limits of not having this on the ability to plan for the longer-term. But it cautioned against overstating the case and said that despite not having a long-term settlement, care quality had remained steady. We pressed the Department over when it would have long-term funding plans. The Department replied it would like a similar planning horizon across health and care to aid integration, but the timing is dependent upon spending review decisions.<sup>48</sup>

### Social care workforce strategy

16. The previous committee recommended that the Department should set out how it will professionalise the care profession through a workforce strategy.<sup>49</sup> The Department confirmed it has delayed its promised workforce strategy as the last couple of years “have not played out exactly as planned”. The Department acknowledged the need to bring a strategy forward because the workforce is under huge pressure and needs investment. The Department said the workforce issue was linked to long-term reform and long-term funding and it expects to bring forward workforce proposals alongside spending plans.<sup>50</sup> Skills for Care, the Department’s delivery partner for workforce development, argued for a national workforce strategy that ensures the sector prepares for more staff with a broader, higher skill set to meet future need.<sup>51</sup>

17. Around 1.5 million people work in care. Staff costs typically make up over half of a provider’s costs.<sup>52</sup> Written evidence received from across the sector stressed the need to support the workforce further. For example, Mencap highlighted the lack of recognition and reward for care staff and noted the need for better pay and a plan for greater professionalism so staff can build a career in social care.<sup>53</sup> Provider organisations such as Care England called for extra funding to allow for parity of pay and conditions with the NHS, and more widespread professionalisation and training opportunities for the workforce.<sup>54</sup> The National Care Forum highlighted how care staff are “less supported, rewarded and recognised,” than NHS staff.<sup>55</sup> Skills for Care told us pay and conditions continue to be an issue, with the average care worker earning £8.87 an hour. Skills for Care believes that every care worker should take part in learning and development, but in 2019–20, 50% of workers had no recorded qualifications.<sup>56</sup> The Department agreed there are questions around funding but said elements such as career structures and professionalism are not money dependent.<sup>57</sup>

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47 Qq 10–11

48 Qq 8, 12–13

49 Committee of Public Accounts, *The adult social care workforce in England*, Thirty- eighth Report of Session 2017–19, HC 690, 9 May 2018

50 Qq 69,80

51 Skills for Care submission

52 C&AG’s Report, para 22, 1.24

53 Mencap submission

54 Care England submission

55 National Care Forum submission

56 Skills for Care submission

57 Q 71

18. Skills for Care told us that turnover in 2019–20 was 30.4%, equating to 430,000 people leaving jobs every year.<sup>58</sup> The Department agreed that turnover is too high, but claimed around two thirds of people leaving a care job stay in the profession.<sup>59</sup> Age UK warned that this leads to a revolving door of care workers for people who must live with the uncertainty and lack of continuity this causes.<sup>60</sup> The Department said it had not done any direct impact assessment on whether high turnover has impacted on delivery, but stated that care quality remains high despite it.<sup>61</sup> Skills for Care noted its work shows that when employers invest in skills they have lower turnover rates which reduce costs in finding new staff and provides better outcomes for people who use services.<sup>62</sup>

19. Nurses work in both the NHS and social care. The Royal College for Nursing told us of its concerns that there are too few nursing staff to provide safe and effective social care. It highlighted challenges including underinvestment, national shortages, low public and professional perceptions of working in care, long and unsociable hours, low pay, little career progression, and zero-hour contracts, despite the demanding role. It welcomed Government’s appointment of a Chief Nurse for Care to tackle these challenges.<sup>63</sup> We pressed the Department about a lack of parity between terms and conditions in the NHS and care. The Department noted there are differences in terms and conditions, but some providers pay comparable rates to NHS. The Department told us it is important to see the nursing profession together, and not through NHS and social care silos. The Department told us it has commissioned research to look at the role of the registered nurses in care homes. The Department accepted there is quite a lot to do in order to give confidence that working in care is a positive choice for nurses.<sup>64</sup>

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58 Skills for Care submission  
 59 Q 78  
 60 Age UK submission  
 61 Q 79  
 62 Skills for Care submission  
 63 Royal College for Nursing submission  
 64 Qq 70–72

## 2 Increasing oversight and transparency

### Oversight of local authorities

20. This Committee has highlighted the need for improvements in oversight for many years.<sup>65</sup> The Department recognised this and said proposals in its White Paper respond to these concerns. The White Paper, published in February 2021, proposed greater oversight of local authority delivery, improved data collection and new powers for CQC to review and inspect local authority performance.<sup>66</sup> The Department outlined that the three drivers behind the White Paper are to address previous concerns, the impact of COVID-19 and to support integration with the NHS. The Department accepted COVID-19 has shone a light on what is strong and weak in the care system. Throughout COVID-19, the Department has accessed extra data from providers on COVID-19 related issues, but also on occupancy and staff vacancies. The Department noted it has been more interventionist and does not envisage a return to the pre COVID-19 situation.<sup>67</sup>

21. Most local authorities pay providers below a sustainable rate for care home placements for adults aged 65 and over and for home care.<sup>68</sup> When we asked why, the Ministry told us that this was a matter for local authorities and the Department said it tells councils to publish the rates they pay to increase local transparency. The Department confirmed it does not challenge local authorities directly.<sup>69</sup> Care England told us that local authority websites are extremely difficult to navigate, especially when it comes to identifying yearly fee rates.<sup>70</sup> The Nuffield Trust said too often fees for local authority-funded individuals are either lower than the cost of delivery, or so close to cost that margins are too tight to protect against external shocks.<sup>71</sup>

22. CQC oversees the financial sustainability of around 65 difficult-to-replace care providers, representing around 30% of the overall care market.<sup>72</sup> It told us that it works very closely with these providers, and can talk to local authorities if it thinks a big provider is going to fail. CQC noted challenges in getting some providers to be open and having robust conversations with some providers about putting “sufficient information on the table” for it.<sup>73</sup> Written evidence from bodies including Nuffield Trust and Unison raised concerns that CQC has limited powers, for example it cannot prevent a provider collapsing.<sup>74</sup> The Department stated that the purpose of CQC’s market oversight function is to ensure no disruption to care; not to financially manage providers. CQC said it was not a financial regulator and was not pitching for additional powers in this area.<sup>75</sup> In October 2020, the Department, in partnership with ADASS and the Local Government Association, undertook a service continuity and care market review which was an action in the Department’s Adult Social Care COVID-19 winter plan 2020 to 2021. The Department

65 Committee of Public Accounts, *Care Quality Commission: regulating health and social care*, Twenty-fourth report of session 2017–19, HC 465, 9 March 2018

66 Q 18; C&AG’s Report, para 2.14

67 Qq 34,40,51

68 C&AG’s Report, para 16

69 Qq 15–16

70 Care England submission

71 Nuffield Trust submission

72 C&AG’s Report, para 18

73 Qq 25–26

74 Nuffield Trust and Unison submissions

75 Q 27

told us that every local authority responded.<sup>76</sup> In written evidence provided after the session, the Department told us that it had not conducted a specific exercise to test local authorities' contingency plans. However local authority responses had been reviewed at a regional level, with targeted support offered to a small number of high-risk authorities.<sup>77</sup>

23. The Department confirmed its intention for care to remain local authority-run and accountable. It wants more powers of national inspection and data to provide a “national picture of what is going on”. The Department said it needs to bring forward legislation for these proposals. The Department told us it had not worked out the potential funding required for organisations to fulfil these proposals.<sup>78</sup> CQC will gain new powers to review and assess local authority performance but is unsure if it will need to increase fees from providers or get extra funding from the Department.<sup>79</sup> The Department recognises there are data gaps, including around self-funders and unpaid carers, and it plans to publish a data strategy by the end of this year. The Department said it does not want to impose too many burdens.<sup>80</sup> During COVID-19 the Department has asked providers to complete a capacity tracker, to provide a near real-time view of the impact of the pandemic.<sup>81</sup> The National Care Forum raised concerns that the tracker is incredibly burdensome for providers to complete.<sup>82</sup> BUPA said it is not reasonable to expect providers to incur the additional costs of increased data burdens; given their precarious financial position.<sup>83</sup>

### Access to clear information

24. Total spend on local authority arranged care was £23.1bn in 2019–20, of which £3.1 billion was user contributions. Estimates suggest that people who pay for their own care privately contribute a further £8.3 billion a year.<sup>84</sup> The Nuffield Trust told us that individuals find the system confusing and complex to navigate.<sup>85</sup> We asked the Department about concerns that self-funders pay an estimated 41% premium on top of what local authorities pay for a care home placement. The Department told us that as a local authority has greater purchasing power, an expectation is that individuals will pay more than local authorities for care placements. It said fee rates are a matter for local accountability.<sup>86</sup>

25. ADASS advocates greater transparency from providers about their finances, ownership and tax contributions.<sup>87</sup> Other stakeholders have raised concerns over the lack of transparency with provider costs and their financial structures, and warned that increases in funding may increase provider profits rather than the quality of care.<sup>88</sup> The Department said it does not take a view on profit, and focuses on service quality, regardless

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76 Qq 22–23; C&AG's Report, para 2.34  
 77 Department of Health and Social Care submission 17 May 2021  
 78 Qq 28,34  
 79 Q 31; C&AG's report, para 2.14  
 80 Q 52  
 81 C&AG's Report, para 2.20  
 82 National Care Forum submission  
 83 BUPA submission  
 84 C&AG's Report, para 1.6, 1.8  
 85 Nuffield Trust submission  
 86 Q 17  
 87 Association of Directors of Adult social care submission  
 88 C&AG's Report, para 18

of how much a provider receives. CQC told us it does not have the power to enforce value for money, but encourages providers to talk openly with people they provide services to about costs.<sup>89</sup>

26. When we pressed further on financial transparency, the Department said providers should be transparent about public funding, but did not have any answers about what further measures could increase transparency.<sup>90</sup> It will be important to determine how to better align outcomes and funding, particularly if the reforms bring about increases in state funding.<sup>91</sup> The Department said the most important thing is that quality inspection reports from CQC are available.<sup>92</sup> Age UK told us that once in a care home, a vulnerable adult may feel unable to challenge their provider. It said families worry that loved ones may be asked to leave the care home or that it will impact on their quality of care if they complain.<sup>93</sup>

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89 Qq 63–64

90 Q 63

91 C&AG's report, para 3.25

92 Q 62

93 Age UK submission

# Formal minutes

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**Monday 7 June 2021**

Virtual meeting

Members present:

Meg Hillier, in the Chair

Mr Gareth Bacon

Peter Grant

Shaun Bailey

Antony Higginbotham

Dan Carden

James Wild

Sir Geoffrey Clifton-Brown

Draft Report (*Adult Social Care Markets*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 26 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Seventh of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 10 June at 9:15am

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 19 April 2021

**Sir Chris Wormald**, Permanent Secretary, Department of Health and Social Care; **Michelle Dyson**, Director General, Adult Social Care, Department of Health and Social Care; **Professor Deborah Sturdy OBE**, Chief Nurse for Adult Social Care, Department of Health and Social Care; **Catherine Frances**, Director General, Ministry of Housing, Communities and Local Government; **Ian Trenholm**, Chief Executive, Care Quality Commission

[Q1-102](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

ASC numbers are generated by the evidence processing system and so may not be complete.

- 1 Adam Smith Institute ([ASC0006](#))
- 2 Age UK ([ASC0020](#))
- 3 Anchor Hanover ([ASC0016](#))
- 4 Anchor Hanover ([ASC0019](#))
- 5 Association of British Insurers ([ASC0013](#))
- 6 Association of Directors of Adult Social Services ([ASC0017](#))
- 7 Bupa Care Services ([ASC0018](#))
- 8 Care England) ([ASC0005](#))
- 9 CICTAR ([ASC0022](#))
- 10 Citizens Advice Gateshead ([ASC0004](#))
- 11 Ettlting, Dr Tom ([ASC0001](#))
- 12 Greater London Council ([ASC0021](#))
- 13 Institute and Faculty of Actuaries ([ASC0011](#))
- 14 Local Government Association ([ASC0002](#))
- 15 MHA ([ASC0015](#))
- 16 Mencap ([ASC0007](#))
- 17 National Care Forum ([ASC0009](#))
- 18 Royal College of Nursing ([ASC0010](#))
- 19 Skills for Care ([ASC0012](#))
- 20 UNISON ([ASC0003](#))

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website.

### Session 2021–22

Number	Title	Reference
1st	Low emission cars	HC 186
2nd	BBC strategic financial management	HC 187
3rd	COVID-19: Support for children's education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

### Session 2019–21

Number	Title	Reference
1st	Support for children with special educational needs and disabilities	HC 85
2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406
17th	Immigration enforcement	HC 407

<b>Number</b>	<b>Title</b>	<b>Reference</b>
18th	NHS nursing workforce	HC 408
19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114

<b>Number</b>	<b>Title</b>	<b>Reference</b>
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
55th	Environmental tax measures	HC 937
56th	Industrial Strategy Challenge Fund	HC 941