

Levelling Up, Housing and Communities committee report on long-term funding of adult social care

Briefing for housing associations

August 2022

Summary

On 4 August 2022, the Levelling Up, Housing and Communities (LUHC) Select Committee published the [report](#) from its inquiry into Long-term funding of adult social care. The NHF submitted evidence to this inquiry.

The inquiry concludes that the adult social care sector is underfunded and lacks a strategic plan. The report contains recommendations for government. Specifically, it makes recommendations around housing and planning, and health, care and housing integration. These include:

- The government should create a separate taskforce for housing for working age disabled adults alongside the taskforce for housing for older people.
- The government should consider introducing statutory requirements for local authorities to produce plans for housing for older and disabled people based on assessments of housing need.
- Integrated health strategies should have proper regard to a person's housing needs as part of their care provision.
- Discharge to assess funding should be continued.

It also makes recommendations for adult social care around:

- The impact of covid-19.
- Immediate pressures.
- The funding gap.
- The charging reforms.

- Local government finance.
- People at the Heart of Care: the direction of travel for reform.
- Workforce.
- Unpaid carers.

Introduction

The report stresses that the government is focused on long-term reform of adult social care, but to get to the future, it needs to save the sector from the brink of collapse. It says that systemic underfunding of adult social care combined with rising demand has meant that more and more people are not getting the care they need, and many people that do receive care are experiencing a reduction in quality. The Committee feels a strategic plan is lacking for adult social care.

The report contains recommendations for government which the government now has two months to respond to. It makes specific recommendations around housing and planning, and health, care and housing integration. This briefing covers those recommendations and other relevant recommendations.

Housing

The Committee noted that there is a clear link between housing and planning and spending on social care, and wants to government to explore opportunities within housing and planning. It is hoped this would widen access to and improve quality of care, which would assist local authorities' financial sustainability.

The Committee heard that the integration of health and social care, along with housing, is a key lever towards solving some of the challenges with long-term funding of adult social care. It welcomed the government's commitment to "making every decision about care a decision about housing" in its [People at the Heart of Care White Paper](#), but expressed alarm that little detail has been shared. The Committee queried how local authorities, housing associations and other actors would access the funding announced. It called for:

- A more strategic approach to housing provision to meet the needs of a robust adult social care offer.
- The pooling of budgets for health, social care and housing.

- Joint working between Department for Levelling Up, Housing and Communities (DLUHC) and Department of Health and Social Care (DHSC).

The evidence received for this inquiry reiterated that housing has an important role to play in stabilising the adult social care market and introducing more quality and innovation. It also restated the role this in turn plays in keeping people living healthy, independent lives for longer and providing suitable care. It demonstrated that adult social care is not just about care homes but that there are a range of models of care in different independent and shared accommodation settings for both older people and disabled working age adults. These include domiciliary care, home adaptations, and supported and specialist housing options.

The Committee heard that ensuring the right types of housing to meet people's needs, including supporting them to stay in their own home, would prevent or delay the need for care, recourse to residential care, hospital admissions, and needs becoming more complex, and generates cost savings for statutory services.

Relative to housing, the Committee made the below recommendations:

- We welcome the government's commitment to "making every decision about care a decision about housing", but we are concerned that the government is not putting this into practice. The detail on the housing policies in the White Paper and how their funding will work have not been shared. We welcome the creation within DLUHC of a taskforce for housing for older people, but it is not clear what the read across will be to policies in the White Paper. The government should create a separate taskforce for housing for working age disabled adults alongside the taskforce for housing for older people. Both taskforces should be accountable to both DLUHC and DHSC and should report to the Senior Responsible Officer for the People at the Heart of Care programme. Their terms of reference should be developed with input from the Local Government Association and housing stakeholders and should set out the taskforces' interconnection with housing proposals in People at the Heart of Care.
- Despite guidance from the government on planning for housing for older and disabled people, not enough councils are producing plans or conducting sufficiently robust housing needs assessments. The government should consider introducing statutory requirements for local authorities to produce plans for housing for older and disabled people based on assessments of

housing need. These plans should contain a range of types of accommodation.¹

- Integration strategies should seek to integrate not just health and care but health, care and housing. Ensuring there is holistic care that fits around a person's needs includes preventing care needs from arising by having suitable housing, enabling people to live independently in their own homes, and ensuring that people receive the right care and support in the right setting, recognising that most people who receive care do so in their own home. Getting housing arrangements right for people is an essential part of the equation. We recommend that integrated health strategies have proper regard to a person's housing needs as part of their care provision.
- The discharge to assess funding was an excellent example of effective health and care integration. Given the fragile state of adult social care and the NHS elective backlog, discharge to assess funding should be continued.

Other recommendations

The impact of covid-19

The Committee recommended that, given the huge financial pressures on the sector and acute challenges with retaining staff, the government should extend the Infection Control Fund for as long as the public health situation requires it to advise care workers to self-isolate with covid-19.

Immediate pressures

The Committee recommended the government publish a new burdens assessment to determine the level of resource needed by local government in terms of staff, expertise, and funding to deliver the full package of adult social care reforms. The Committee said that:

¹ The Committee also suggested that clause 83 of the Levelling Up and Regeneration Bill, which will require local authorities to have regard to the national development management policies, should include a requirement to take older people's and disabled adults' housing needs into account. The Committee heard that the government would consult on this.

The government should allocate additional funding this year through the adult social care grant, cover inflationary pressures and unmet care needs, and should announce this as soon as possible so that local authorities can plan how to cope best with the pressures they are facing.

The funding gap

The Committee cites evidence that “without additional resources from central government, councils will face the possibility of [care] provider failure and market exits, while destabilising the overall care market within an area.” It recommends remedying the underfunding of adult social care to stop this happening.

The Committee recognises that the NHS and adult social care are interdependent and each needs to be adequately funded to reduce pressure on the other. It recommends that the government allocate more funding to adult social care in the order of several billions each year, at least £7 billion.

The Committee does not accept the government’s position that care providers should not be compensated for employer National Insurance Contributions in relation to the Health and Social Care Levy simply because they are private businesses. It says the additional cost to private providers will make it harder for them to increase wages and this may lead to more care workers leaving the sector. It recommends that “since the Health and Social Care Levy is supposed to benefit both health and social care, private care providers should be compensated for employer National Insurance Contributions to the Health and Social Care Levy”

The charging reforms

The committee feels that price should not be the driving factor in commissioning care and recommends that “reforms in relation to improvement and market shaping should include a dedicated focus on outcomes-based commissioning, drawing on existing good practice by local authorities”, feeling that this would lead to higher quality care, more innovation, and ultimately save resources further down the line.

Local government finance

The Committee reports that the underfunding of adult social care has led to many councils having to cut other public services in order to do their best to meet their care

duties. It says that the government should address three core issues to improve the sustainability of adult social care funding:

- The balance of funding sources.
- Long-term planning and forecasting.
- Geographical distribution.

The Committee reported that short-term, ad hoc grants and one-year funding settlements hamper local authorities' ability to plan and forecast, which affects the financial certainty of care providers.

The committee recommends that the government “provide a multi-year funding settlement to give local authorities the visibility they need both for their own sustainability and also to help shape sustainable local care markets. It should also aim to make announcements about grants and social care precept at an earlier stage in councils' budgeting cycle”.

People at the Heart of Care: the direction of travel for reform

The Committee reported that the People at the Heart of Care White Paper was welcomed by witnesses but there was concern about the lack of strategic direction in the paper and the lack of joined up working between DLUHC and DHSC. The Committee is concerned about the unrealistic demands of requiring councils to compete for relatively small pots of funding, which larger and better-funded authorities can win. It makes the following recommendations:

The government should publish a 10-year plan for how its vision in the People at the Heart of Care White Paper will be achieved, taking into account how the different policies interweave and affect one another.

The government's response to our report should include a full breakdown of how the £5.4 billion from the Health and Social Care Levy will be divided between the different reforms with a rationale for each amount. It should also set out how each pot of funding will be distributed, avoiding using bids as a means of allocating grants as much as possible, and providing justification for any element of competition.

The government's 10- year plan should be developed jointly between DHSC and DLUHC, with relevant input from the Department for Work and Pensions.

Workforce

The Committee heard that there are challenges with recruitment and retention of staff in adult social care, because of pressure on staff, a feeling of being undervalued and pay levels that are incommensurate with staff responsibilities, as well as a lack of opportunities for career progression. The Committee feels that ensuring that the adult social care workforce feel valued and are rewarded with wages that are commensurate to the highly skilled nature of their work is critical, but there is nothing in either the People at the Heart of Care White Paper, or in the government's integration proposals, on pay.

The Committee recommends that:

The government should publish a 10-year strategy for the adult social care workforce. We agree with the government that retention should be a key performance indicator, but it is important that measures of success also include opportunities for progression, reduced prevalence of zero-hour contracts, and whether care workers feel valued for the highly skilled nature of their work.

The government's proposals for health and care workforce integration in the Joining up Care for People, Places and Populations White Paper are welcome, but they must include a requirement to work towards achieving parity of pay for comparable roles across the NHS and social care. The government's guidance for fair cost of care exercises should require councils and providers to move towards pay rates for care workers that align with the NHS and that reward more senior staff with meaningfully higher pay than entry-level workers.

Next steps

The government should respond to the LUHC committee's report in October. We will be seeking meetings with DHSC and DLUHC and writing to Ministers on the pressures on supported housing related to the cost of living crisis, on the future of the Social Care White Paper, and on some of the other issues raised in this report.