

Commission on the Future of Health and Social Care in England

Overview from The King's Fund

The current arrangements for health and social care in England were essentially laid down in two pieces of legislation that took effect in 1948. The NHS Act created the National Health Service, a comprehensive system of health care, open to all and almost entirely free at the point of use. What we now describe as social care was covered by the National Assistance Act, which is heavily needs- and means-tested.

The King's Fund's Time to Think Differently programme highlighted the fundamental differences in the way in which health services and social care services have been delivered and paid for and the fact that this has not kept pace with 65 years of social, technological and demographic change, including some major shifts in the pattern and burden of disease.

We concluded that it was time to address these issues and invited Dame Kate Barker to chair an independent commission to consider whether there are better ways of determining people's entitlement to health, care and support, and how these could be funded.

The commission produced an interim report in April 2014 in which it concluded that England needs a single health and social care system, with a ring-fenced, singly commissioned budget, and more closely aligned entitlements. The commission has now developed its thinking and in this final report sets out its vision of:

- how to create a system of care that works better and more appropriately for individuals and their carers
- how far social care costs should be funded by those in need and their families, and how far they should be shared across society (as we are committed to doing for health care costs).

The commission's conclusions

- The 1948 settlement for health and social care is no longer fit for purpose. Huge changes in demography, technology and the pattern and burden of disease mean that running England's health and social care as two separate systems no longer makes sense.

- The current arrangements create confusion, perverse incentives and much distress for individuals and families who have to grapple with the interactions between a National Health Service that is largely free at the point of use and a social care system that remains both heavily needs- and means-tested.
- Much simpler pathways through this current maze need to be designed – ones that offer support related to the need, rather than to whether the need is classed as health or social care, and a graduated increase in support as needs rise, particularly towards the end of life.
- There is a lack of alignment in funding streams. The NHS is paid for out of general taxation and operates within a ring-fenced budget. Social care is paid for either privately or from non-ring-fenced local authority budgets, with councils retaining discretion over how much is actually spent. Who pays for what is a constant source of friction, with enormous and distressing impacts on individuals and families.
- To resolve that, to create simpler pathways, and to increase the opportunities for much more integrated services, England needs to move to a single, ring-fenced budget for both health and social care run by a single commissioner.
- Given its close relationship with social care, Attendance Allowance (which would be called care and support allowance) should be brought within the new single budget, with individuals offered, wherever possible, personal budgets that rise in line with needs but come with as much support as possible to restore independence.
- Care that is currently defined as 'critical' should become free at the point of use, ending the current distinction between NHS Continuing Healthcare and social care. As the economy improves, care free at the point of use should be extended to include those with 'substantial' needs. By 2025 support should be extended to people with 'moderate' needs, subject to a financial assessment.
- However, outside hospital, accommodation costs should be rationalised so that all these costs are met by individuals up to the £12,000 cap that the Care Act will introduce from 2016.
- Although a greater proportion of social care costs should be met by the taxpayer, the commission supports the underlying principle of a partnership approach in which costs are shared between the individual and the state.

- This is an ambitious view of the future and given the state of the public finances it cannot be introduced overnight. Getting to the full version of the new settlement will be a journey of a decade.
- The commission believes that it is affordable. By 2025 public expenditure on health and social care combined might reach somewhere between 11 and 12 per cent of GDP, broadly comparable with current expenditure on health alone in some other countries. This should be kept under regular review.
- The costs of the new settlement can be met in number of ways:
 - from improved productivity and the better value for money that a single local commissioner and the greater use of personal budgets will bring
 - taking some existing public expenditure, for example, some spending on Winter Fuel Payments, and diverting it into health and social care
 - from tax increases, particularly changes to National Insurance
 - by raising some additional money from existing NHS charges (no new NHS charges are recommended), including a significant change to prescription charges, reducing the charges but reducing the number of people exempt from payment.
- The current generation of pensioners and those now approaching state pension age are much better off, in terms of both income and wealth, than their predecessors – and will be among the particular beneficiaries of the recommendations. The commission therefore believes it is right for them to make a contribution towards the additional costs and proposes that:
 - free TV licences for the over-75s and Winter Fuel Payments should be restricted to the least affluent pensioners
 - the existing complete exemption from National Insurance for those who work past state pension age should end (with payment of National Insurance at a lower rate)
 - those aged between 40 and 65 should pay an additional 1 per cent in National Insurance, introduced to match the phasing in of the settlement.
- To help fund the additional resources that will be needed in future years, the commission recommends a comprehensive review of wealth and property taxation. These are hard choices. But some way of raising extra revenue, or releasing revenue, will be needed if England wants health and social care that is fit for the 21st century.
- The prize on offer is huge. A much more integrated service, with a much simpler path through it, more equal treatment for equal need and a far less

distressing experience for individuals caught at the intersections of the current arrangements.

Chris Ham, Chief Executive of The King's Fund, writes in his foreword to the report:

The King's Fund is extremely grateful to Kate Barker and her fellow commissioners for their work. We shall be using their analysis and recommendations to engage with a wide range of stakeholders to explore the practical implications of implementation. This process of engagement is designed to ensure the debate on the future of health and social care is kept alive during the forthcoming election campaign and not consigned to the 'too difficult' basket. It is also intended to ensure that the consequences of the commission's recommendations are fully understood.

At the end of this process, the Fund will present its own views to the incoming government on the implementation of changes that should result in a system of care better able to meet future needs. The issues the commission has addressed could not be more important in deciding the kind of society in which we live and the care we are able to offer to some of our most vulnerable citizens. This report offers a firm foundation on which to build a better and sustainable system.

For details of the commission's discussions and recommendations please go to: www.kingsfund.org.uk/commission