Departmental Overview, October 2018

Department of Health & Social Care

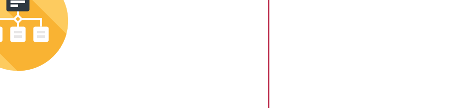
Department of Health & Social Care (formerly Department of Health)

This overview summarises the work of the Department of Health & Social Care including what it does, how much it spends, recent and planned changes, and what to look out for across its main business areas and services.

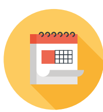
Overview

About the Department of Health & Social Care

How the Department is structured



Where the Department spent its money in 2017-18



Major programmes and developments

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PART FOUR
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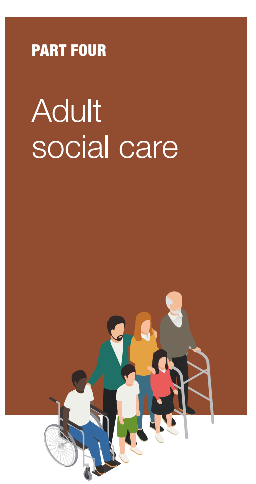
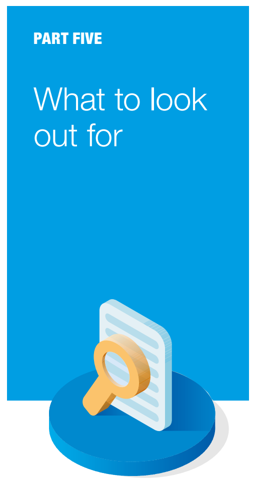


PART FIVE
What to look out for



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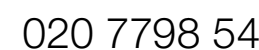 mike.newbury@nao.org.uk
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About the Department

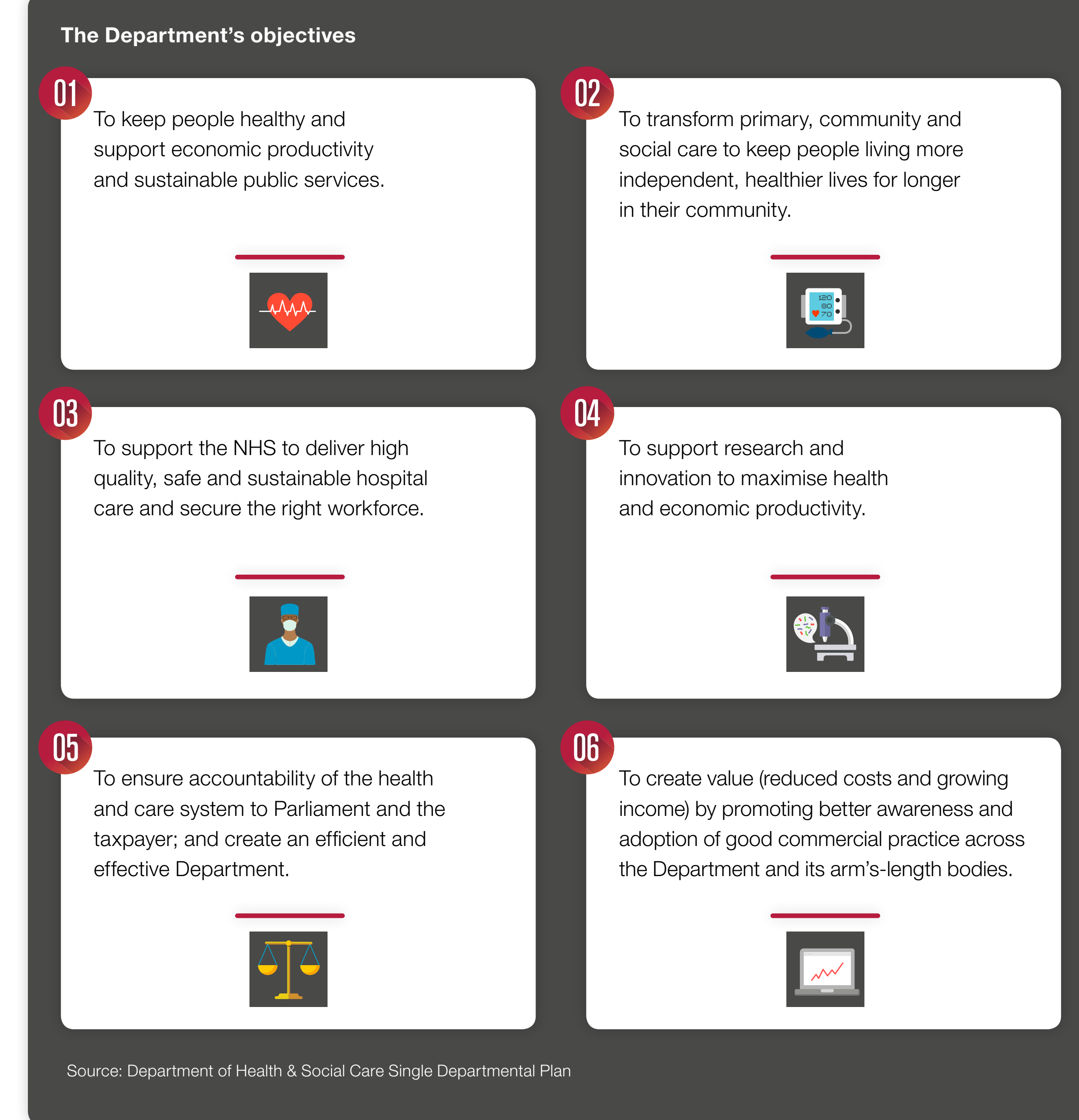
The Department of Health & Social Care's (the Department) main objective is to help people to live more independent, healthier lives for longer.

The Department sets the overall strategy, funds and oversees the health and social care system with, and through, its 28 agencies and public bodies.

Most of the day-to-day operational management of the NHS takes place at an arm's-length from the Department. NHS England, the Department's largest arm's-length body, sets the framework for the commissioning of healthcare services in England. It funds clinical commissioning groups (CCGs) and is responsible for ensuring they commission services for their local population effectively.

We set out how the Department is structured in the following page.

In January 2018, the Department of Health became the Department of Health & Social Care, with the creation of an additional ministerial position for care. The Department of Health had previously held the responsibility for adult social care policy in England but it intends that this change in its title will help it deliver a greater focus on adult social care.



How the Department is structured

Department of Health & Social Care
Funding for health. Accountable to Parliament for health and adult social care.

Ministry of Housing, Communities & Local Government
Funding for local government. Accountable to Parliament for overall funding to local authorities.

Executive non-departmental public bodies – operate at arm's-length from ministers. They are overseen by a board.

Commissioning of healthcare services

NHS England
Accountable to the Department for the outcomes achieved by the NHS. Responsible for the proper functioning of the commissioning system. Commissions specialised health services and primary care (jointly with clinical commissioning groups).

Central support functions and sector improvement

National Institute for Health and Care Excellence
Provides national guidance and advice to improve healthcare.

NHS Digital
Provides information, data and IT systems for the health and care system.

Health Education England
Provides leadership and oversight of workforce planning, education and training.

NHS Resolution
Manages negligence and other claims against the NHS in England on behalf of its member organisations.

NHS Blood and Transplant
Manages the supply of donated blood, organs and tissues, and seeks to improve blood and transplant services.

NHS Business Services Authority
Provides central services to NHS bodies, patients and the public, such as managing the NHS pension scheme, and administering payments to pharmacists and dentists.

Regulators

NHS Improvement
Oversees NHS foundation trusts, NHS trusts and independent providers. NHS Improvement includes Monitor and the NHS Trust Development Authority.

Care Quality Commission
Regulates health and social care providers. Monitors and inspects services.

Human Fertilisation and Embryology Authority
Oversees the use of gametes and embryos in fertility treatment and research.

Health Research Authority
Protects and promotes the interest of patients and the public in health research.

Human Tissue Authority
Ensures that human tissue is used safely and ethically, and with proper consent.

Other bodies[1] – the Department of Health & Social Care works with a range of other bodies including advisory non-departmental public bodies, special health authorities and other types of bodies which include:

NHS Counter Fraud Authority
A special health authority responsible for identifying, investigating and preventing fraud and other economic crime within the NHS and the wider health group.

Executive agencies – responsible for undertaking some of the executive functions of the Department of Health & Social Care.

Medicines and Healthcare products Regulatory Agency (MHRA)
Regulates medicines, medical devices and blood components for transfusion in the UK.

Public Health England
Provides health protection services, advice for government and the NHS, information and public health.

Commissioning Support Units
Provide support to clinical commissioning groups.

Locally based bodies

Clinical commissioning groups
Plan and commission healthcare. Held to account by NHS England.

Primary care services
Comprises GP services, dental practices, community pharmacies and high street optometrists.

NHS foundation trusts

Independent providers

NHS trusts

Local authorities
Assess needs and commission social care and local public health services. Directly provides some services.

Sustainability and Transformation Partnerships
There are 44 Sustainability and Transformation Partnerships made up of NHS organisations and local authorities tasked with improving health and social care in their area.

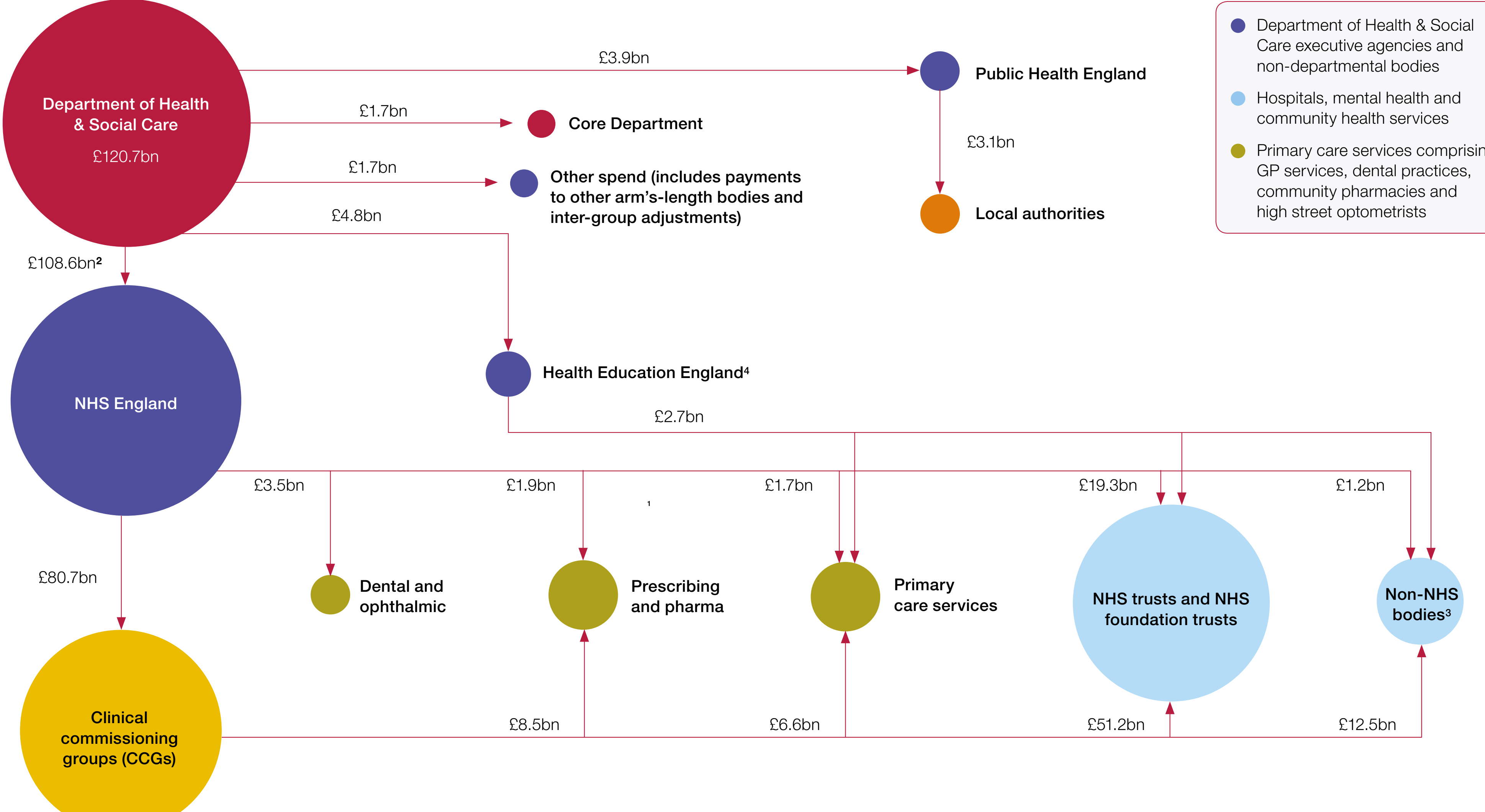
Vanguards
Vanguards are locally driven pilots operating at 50 sites with the aim to design, test and spread five new care models.

Main sources of funding | Executive non-departmental public bodies | Locally based bodies

Note

1 To simplify the diagram, we have not included all of the Department's other bodies: NHS Property Services Limited (a company wholly owned by the Secretary of State for Health and Social Care); advisory non-departmental public bodies such as the NHS Pay Review Body and Review Body on Doctors' and Dentists' Remuneration; and a number of other bodies such as the National Information Board. Both designated and non-designated entities (NHS Blood and Transplant, Medicines and Healthcare Products Regulatory Agency) are covered in the diagram. This link, can be used to identify other bodies that exist within the Department's structure.

Where the Department spent its money in 2017-18[1]



Notes

1 Department of Health & Social Care spent £120.7 billion against its Resource Departmental Expenditure Limit budget of £121.3 billion. This figure shows the 2017-18 payments between organisations. The payments out of the Department of Health & Social Care are from the Department's 2017-18 annual report and accounts. The payment out of Health Education England is from its 2017-18 annual report and accounts. The other numbers are from NHS England's 2017-18 annual report and accounts. To ease presentation, not all payment flows are shown.The expenditure excludes spending from the capital component, for which £5.6 billion was allocated. The Department's total allocation was £126.9 billion.

2 The £108.6 billion excludes the depreciation ring fence, see table 35 in the Department's annual report and accounts.

3 The £12.5 billion from CCGs includes £0.6 billion for social care. Table 36 in the Department's annual report and accounts shows how the £13.1 billion for healthcare has been split between independent sector providers, voluntary sector/not for profit providers and local/devolved governments.

4 HEE spending also includes spending on the higher education sector for undergraduate and post graduate clinical training.

Source: Data obtained from the Department of Health & Social Care, Health Education England and NHS England *Annual Report and Accounts 2017-18*

Major programmes and developments

Additional funding

Since 2014, the NHS has been working towards a five-year plan intended to address its funding gap. This is the gap between patients' needs and the money available to meet those needs, and there are various estimates of its size. The Institute for Fiscal Studies, in its 2018 report *Securing the future: funding health and social care to the 2030s*, said: "Taking the NHS and social care together, meeting the pressures under the modernised NHS scenario would require the government to raise an estimated additional £32 billion by 2023-24, rising to an estimated £64 billion in 2033-34".

July 2018 marked the 70th anniversary of the NHS, and was preceded by the government's announcement of additional funding for the NHS over the next five years, representing an average annual real-terms increase of 3.4%, equating to an extra £20.5 billion by 2023-24. NHS England was asked to come up with a 10-year plan to ensure this money is well spent. (See diagram).

Major programmes

In 2017-18 the Department and its arm's-length bodies were responsible for the delivery of 14 major projects.

- Scientific programmes, such as the 100,000 Genomes Project, to sequence genomes from around 70,000 people by December 2018 and to create the foundation for a new genomic medical service in the NHS; the Public Health England Science Hub; and the National Proton Beam Therapy Service Development Programme.
- IT programmes, such as the NHS E-Referral Service to support paperless referrals and a paperless NHS; NHS Mail2; IT Infrastructure Sourcing Programme; Health & Social Care Network; CSC Local Service Provider Delivery Programme; NHS.UK; and the National Data Services Development Programme.
- Other programmes such as the Visitor and Migrant NHS Cost Recovery Programme intended to improve cost recovery; the Procurement Transformation Programme; NHS Pension Re-let; and the Medical Examiners Programme.

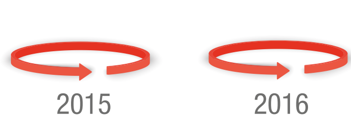
The NHS's strategy for change

The NHS's *Five Year Forward View*, published in October 2014, is its strategy for change including new care models designed to break down the divides between primary, secondary, community and social care, and mental health.

This was followed, in March 2017, by *Next Steps on the NHS Five Year Forward View* – setting out progress to date and what would be achieved over the remaining two years.

Upcoming 10-year plan. In June 2018, government asked NHS England to develop a 10-year plan looking at productivity, staffing and key areas such as mental health and cancer survival, as well as tackling waste, reducing bureaucracy and eliminating unacceptable variation.

2014 2015 2016 2017 2018 2019



Next Steps on the NHS Five Year Forward View set out the 2017-18 **national service improvement priorities** for the NHS. These were:

- improving A&E performance;
- strengthening access to high quality GP services; and
- improving cancer services and mental health.

To deliver these improvement priorities the NHS set out that it would **accelerate service redesign locally**, through the Sustainability and Transformation Partnerships and Integrated Care Systems.

Next Steps on the Five Year Forward View also set out the **NHS's 10 Point Efficiency Plan**. This plan identified efficiency opportunities to be implemented with national support in 2017-18, alongside local programmes.

Source: National Audit Office

Exiting the European Union

In March 2019 the United Kingdom is set to leave the European Union (EU). The UK government has instructed departments to make the necessary arrangements for EU Exit. An additional £21.1 million has been allocated to the Department of Health & Social Care to support EU Exit preparations in 2018-19.

According to the Department, the main EU Exit challenge it faces is making sure the health and care system is fully prepared to deliver a smooth and orderly exit from the EU. This involves:

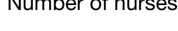
- securing the positions of more than 155,000 staff from EU27 countries;
- ensuring reciprocal healthcare arrangements are in place; and
- developing a robust system for the regulation of medicines and clinical trials after EU Exit.

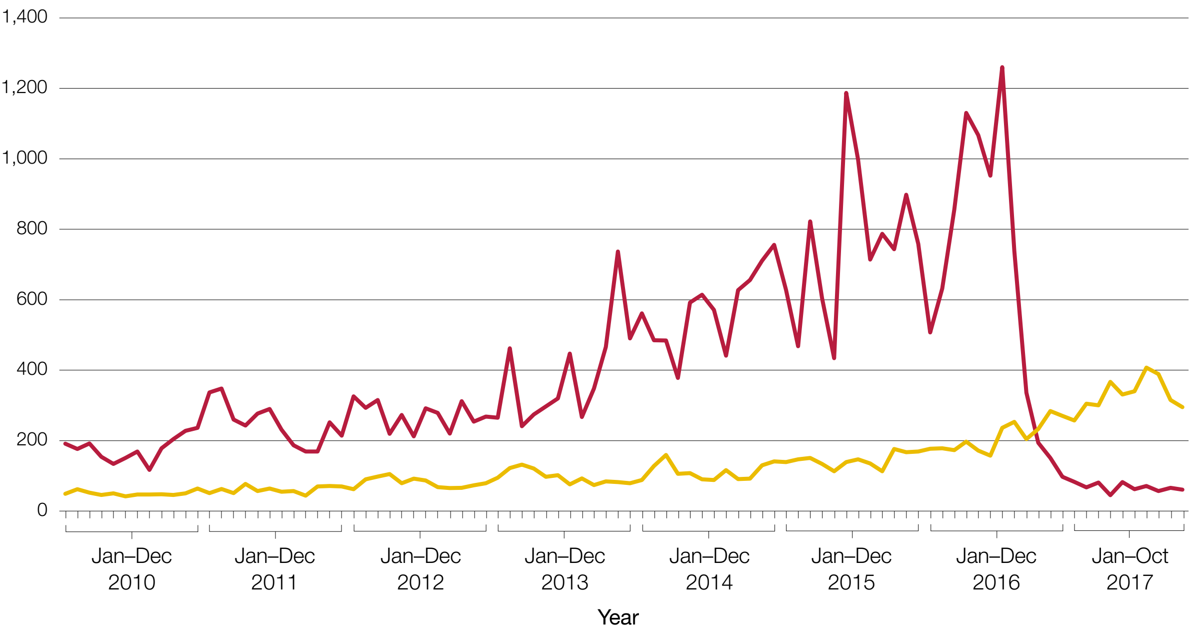
In April 2018, the Department for Exiting the EU wrote to the Committee of Public Accounts with a summary of the workstreams under way to implement EU Exit. This stated that for the Department there were 23 active workstreams covering: life sciences, reciprocal healthcare, public health, continuity of NHS supplies, health cooperation on the island of Ireland, and sectoral workforce and mobility requirements.

The number of nurses joining from the EU has been falling since July 2016.

The number of nurses from the EU (excluding the UK) joining and leaving the Nursing and Midwifery Council register since January 2010

The number of nurses joining from the EU has been falling since July 2016





Notes

1 The data are only for nurses. They exclude any midwives or nurses with midwifery qualifications.

2 Country of initial registration might be different from country of current address.

3 The data for each month are as at the last day of the month.

4 Joiners includes only nurses registering for the first time.

Source: Comptroller and Auditor General, *The adult social care workforce in England*, Session 2017–2019, HC 714, National Audit Office, February 2018

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Managing public money

The Comptroller & Auditor General (C&AG) certified the Department of Health & Social Care accounts on 12 July 2018 as being a **true and fair** representation of the Department's finances for the year. Some of the Department's spending is on programmes which are demand-led, such as the cost of claims for damages for the effects of alleged clinical negligence. As in previous years, the C&AG's report included a paragraph highlighting the uncertainty in the Department's estimate of how much money the Department needs to set aside for clinical negligence costs.

In 2017-18, the Department kept within its spending limits

The Department has overall responsibility for healthcare services, and is accountable to Parliament for ensuring that its spending, and the spending of its arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament.

The Department has two main budgets.

- Resource: used for day-to-day spending, for example staffing costs. In 2017-18 the Department had a budget of £121.3 billion, and spent £120.7 billion.
- Capital: used for investment, for example a CT scanner. In 2017-18 the Department spent £5.2 billion against a budget of £5.6 billion.

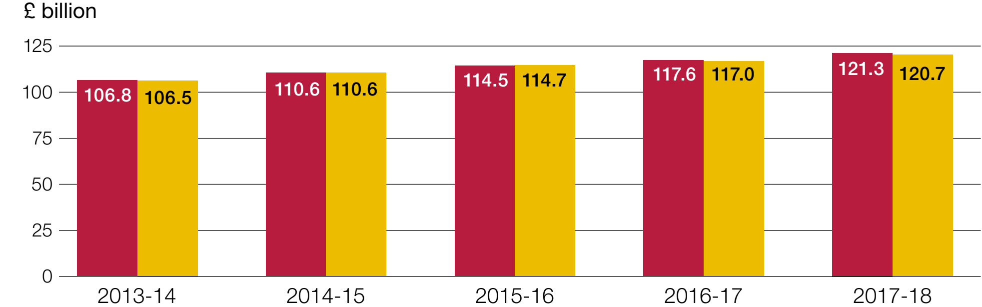
In some cases balancing budgets meant using underspends in one sector to offset overspends in another

In 2017-18, the NHS delivered a broadly balanced budget. However, commissioners (which includes clinical commissioning groups and NHS England) underspent by £0.97 billion, and providers (which includes hospitals) overspent by £0.99 billion.

Government has provided additional funding to the NHS

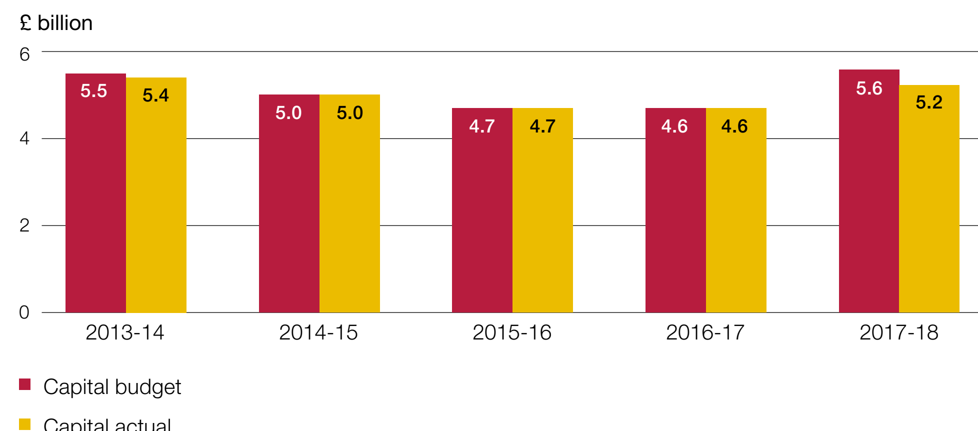
Government provided financial support for the NHS's *Five Year Forward View* plan in the 2015 Spending Review settlement, committing an increase in NHS funding by more than £8 billion per year by 2020-21. Government subsequently made additional funding increases to the NHS. This includes the 2017 Autumn Budget, and the Prime Minister's announcement in June 2018 of an extra £20.5 billion, in real-terms, by 2023-24.

The Department's resource spend, budget versus actual 2013-14 to 2017-18



Source: Department of Health & Social Care *Annual Report and Accounts*

The Department's capital spend, budget versus actual

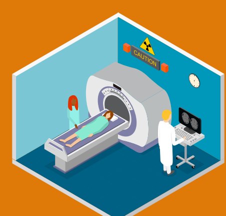


Source: Department of Health & Social Care *Annual Report & Accounts*

Access to NHS services

Demand for services continues to rise

There were
23.8 million
A&E attendances in 2017-18, up from
23.4 million
the previous year.



In 2017-18 the number of urgent GP referrals for cancer services increased by more than
70,000
compared with 2016-17.

In our 2018 report, *Reducing emergency admissions* we noted that in 2016-17, there were 5.8 million emergency admissions, up by 2.1% on the previous year. In 2016-17, 24% of emergency admissions were admissions that NHS England considers could be avoidable.

User experience

2018 GP survey found that:

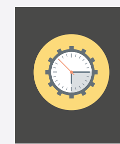
84% of people rated their overall experience of their GP practice as good; and

66% of people were satisfied with the appointment times available to them.

The 2016-17 inpatient survey showed that scores for overall patient experience fell slightly from **77.3** out of 100 in 2015-16 to **76.7** out of 100.

In 2017-18, many of the NHS's core waiting time and access targets were not met

Patients' rights to access to NHS services are set out in the NHS Constitution. For certain services these rights extend to maximum waiting times.



A&E waiting times

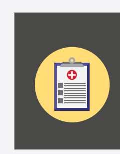
88.3%

The proportion of patients who were admitted, transferred or discharged within four hours of arrival at A&E, down slightly from 89.1% in 2016-17. The target is 95% and has not been met, on a monthly basis, since July 2015.

Ambulance response times

3 out of 6

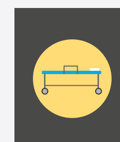
The number of the newly revised response time performance standards which were met in April 2018. The six standards cover the different response time categories.



Referral to treatment

87.2%

The proportion of patients, in March 2018, waiting less than 18 weeks to start consultant-led treatment for non-urgent conditions, down from 90.3% in March 2017. The target is a minimum of 92% and was last met, on a monthly basis, in February 2016.



Delayed transfers of care

12.2%

Reduction in the number of bed days lost due to delayed transfers of care, which is when a patient is ready to leave hospital but still occupying a bed. However, the NHS did not meet its overall ambition of losing no more than 3.5% of NHS bed days to delayed discharges.

Oversight of NHS services

Oversight of clinical commissioning groups' (CCGs') performance

NHS services may be provided in primary care, by professionals such as GPs, dentists and pharmacists or in secondary care by hospitals and specialists. NHS England sets the framework for health commissioning in England and is responsible for holding CCGs to account. CCGs are in turn responsible for commissioning hospital and community care for their local populations.

NHS England conducts an annual performance assessment of CCGs.

The performance of individual CCGs varied by location in 2017-18, ranging from inadequate to outstanding.

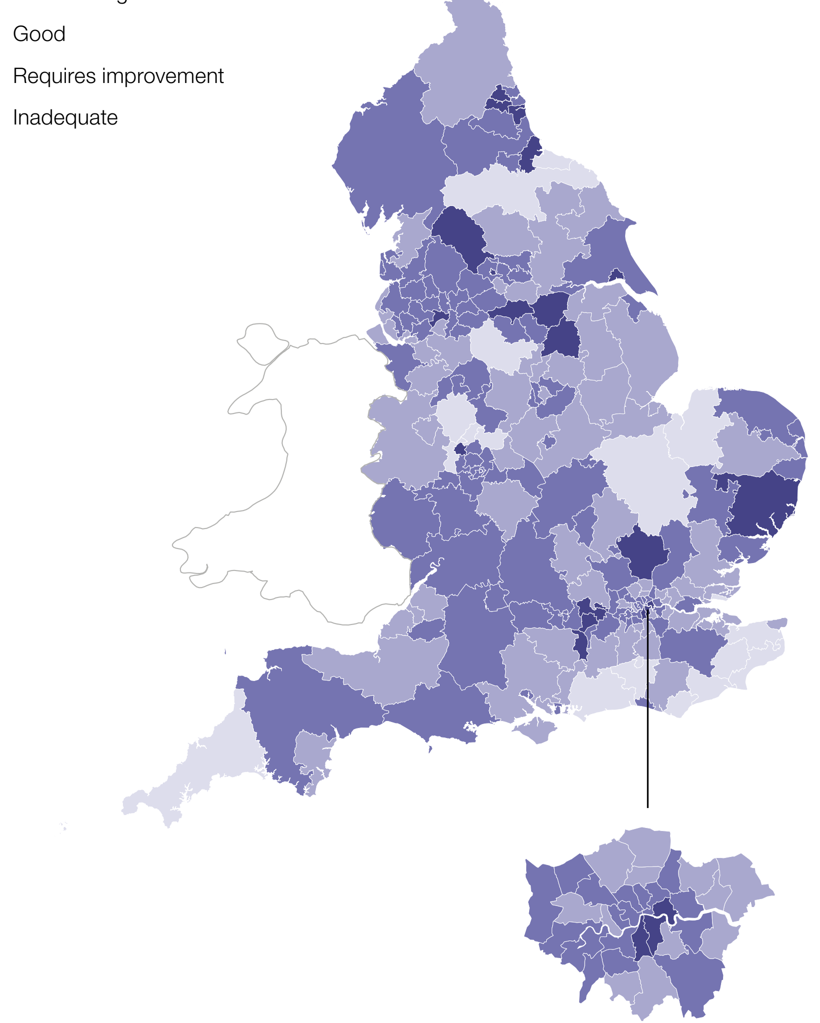
Overall performance is based on CCG performance against 51 indicators, including patient experience and CCG leadership.

Out of the then 207 CCGs in 2017-18:

- **20 (10%) were rated outstanding;**
- **100 (48%) were rated good;**
- **69 (33%) were rated as requiring improvement; and**
- **18 (9%) were rated as inadequate.**

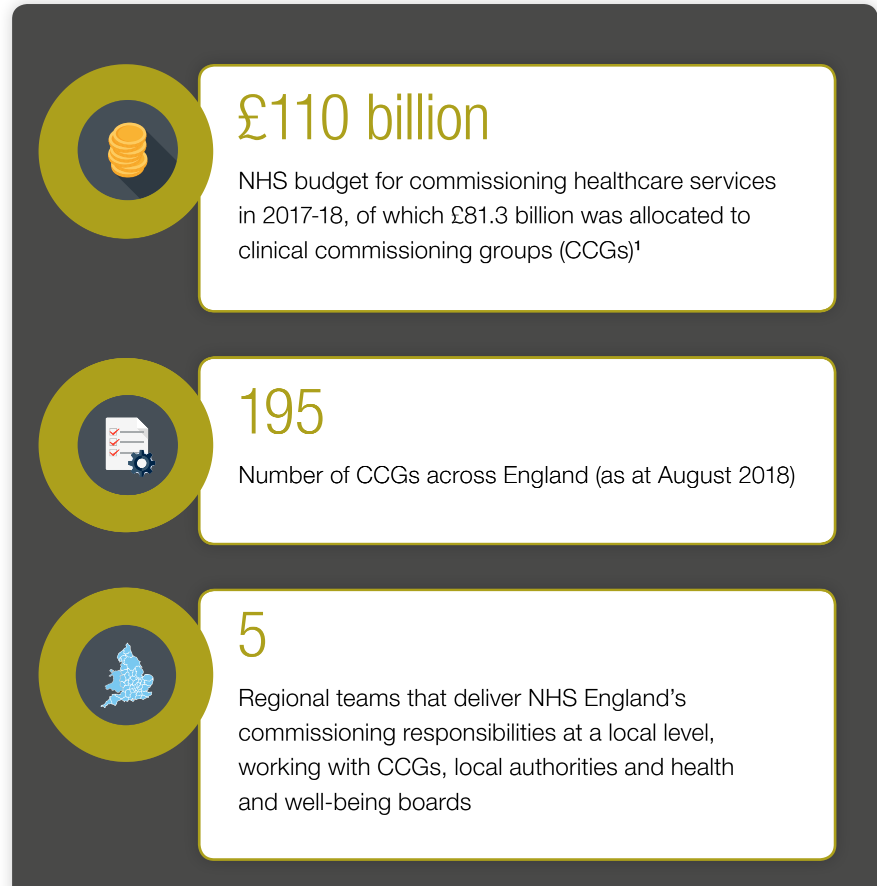
NHS England has formal powers of direction it can apply to failing CCGs. These directions can include requiring a CCG to produce a recovery plan and undertaking a review of its governance arrangements. NHS England maintains a list of CCGs currently under legal directions on its website.

Performance of Clinical Commissioning Groups against NHS England's 2017-18 annual assessment



Source: NHS England Clinical Commissioing Group Annual Assessment 2017-18

Oversight of NHS services



Although there are some improvements, our reports continue to highlight a requirement for further development and strengthening of oversight and accountability arrangements in some parts of the health system.

Investigation into NHS continuing healthcare funding found that, although NHS England's assurance mechanisms for continuing healthcare funding included regular reporting by CCGs, there were limited mechanisms to ensure that individual eligibility decisions are being made consistently across CCGs.

Sustainability and transformation in the NHS found that NHS England and NHS Improvement need to further develop the way they regulate Sustainability and Transformation Partnerships, which are arrangements to plan and deliver services locally.

Care Quality Commission – regulating health and social care identified improvements in accountability and oversight. We found that the Department had put in place an appropriate framework for holding the Commission to account. However, we highlighted that a key challenge for the Department was how it would maintain adequate levels of oversight following the expected reduction in the capacity of its team due to Department restructuring.

1 This was the amount budgeted by the Department and includes both capital and resource funding. The actual amount paid by NHS England to CCGs was £80.7 billion as shown on page 5.

Integration between health and social care is one of the ways in which the delivery of NHS services is changing.

The NHS has had several initiatives to promote the integration of services including integrated care pilots (2009-2011) and integrated care pioneers (2013). Each new initiative requires effort and money to set up, and relies on the goodwill of local NHS organisations, but we have seen a pattern of initiatives being continually folded into a successor initiative.

New care models aim to deliver better care for patients, particularly those with long-term or complex needs, and to improve the efficiency and productivity of hospital services. In 2015, NHS England selected 50 sites to act as 'vanguards' to lead the development of five new care models, following the previous initiatives. Individual vanguards have made progress and there are early signs of a positive impact on emergency admissions. While NHS England expects to achieve savings, the long-term impact and sustainability of vanguards is still not proven.

In 2016, NHS organisations and local councils came together to develop Sustainability and Transformation Plans across 44 areas with the intention that, in some areas, a partnership will evolve to form an integrated care system, a new type of even closer collaboration. NHS England has developed a dashboard, intended to be updated annually, to monitor these areas' progress across 17 performance indicators.

In 2017, we reported on Health and social care integration and said that joint working between the NHS and local government to manage demand and support out-of-hospital care through integration could be vital to the financial sustainability of the NHS and local government.

In 2018, we noted in The health and social care interface report that it is challenging to develop a robust evidence base to show that integrating health and social care leads to better outcomes for patients. This is because it is difficult to isolate the impacts of integration from other factors.

Risks of relying on private sector providers

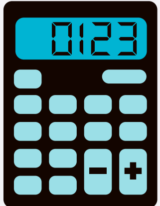
Provider failure

In January 2018 Carillion plc entered into liquidation. NHS bodies are thought to have had 25 contracts with Carillion, worth an estimated £287 million.

Our investigation into the government's handling of the collapse of Carillion found that Carillion staff continued to provide public services to hospitals while it went into liquidation. However, some of the construction contracts, including two PFI hospitals, were mothballed while investors looked for alternative construction companies.

Understanding the service being contracted out

In NHS England's management of the primary care support services contract with Capita we concluded that neither NHS England nor Capita fully understood the complexity and variation of the service being outsourced. Although NHS England saved significant sums of money, both parties misjudged the scale and nature of the risk in outsourcing these services. This had an impact on the delivery of primary care services and had the potential to seriously harm patients, although no actual harm to patients has been identified.



While NHS England expects to achieve savings, the long-term impact and sustainability of vanguards is still not proven.

The financial sustainability of the NHS

There are continuing financial pressures on providers and clinical commissioning groups.

Hospital and specialist care is primarily delivered by NHS foundation trusts and NHS trusts, described as 'providers'. Despite slightly fewer providers ending the year in deficit (101 in 2017-18 compared with 102 in 2016-17) the provider sector ended 2017-18 with a collective deficit of £991 million (up from the £791 million deficit in 2016-17). (See chart)

The financial pressures experienced by CCGs has also increased. Seventy-five CCGs ended 2017-18 with an overspend, up from 57 in 2016-17. Overall, CCGs overspent by £213 million, which NHS England partly attributed to the cost pressure arising from pricing issues for generic medicine, a subject we covered in a recent investigation.

Parts of the NHS continue to struggle to remain within their budgets.

Our 2018 report *Sustainability and transformation in the NHS* found that additional funding helped the trust sector to improve from a combined deficit of £2,447 million in 2015-16 to £791 million in 2016-17. We also found that CCGs and trusts were increasingly reliant on one-off measures to deliver savings, rather than recurrent savings that are realised each year, posing a significant risk to financial sustainability.

Increased demand for healthcare is also putting pressure on the health system.

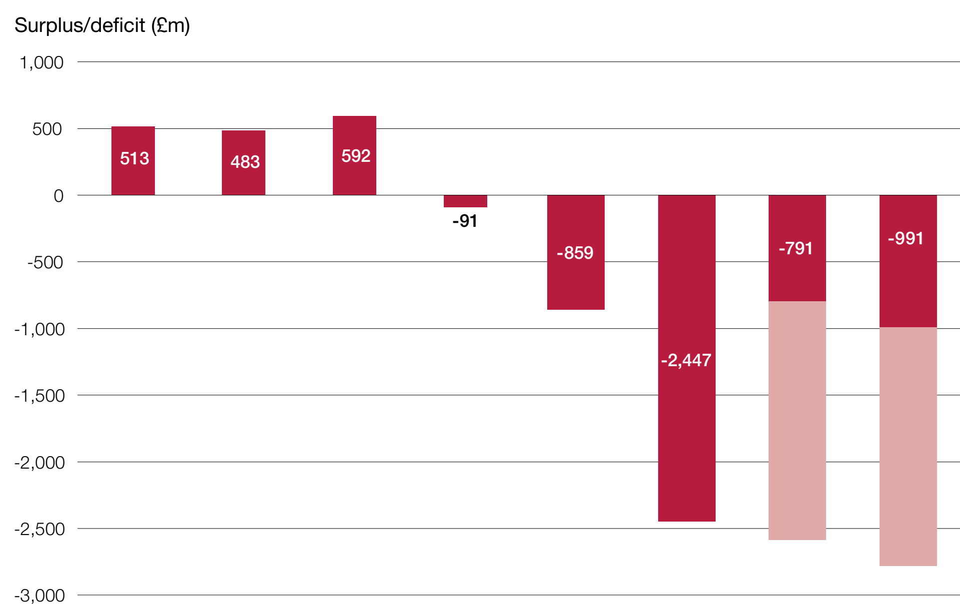
Our 2018 report *Reducing emergency admissions* found that rising emergency admissions posed a serious challenge to both the service and financial position of the NHS. We found that bed closures had increased the pressures on hospitals, and that the capacity in the community to prevent emergency admissions did not meet demand.

PFI impacts the Department's ability to be flexible in how it manages its budget.

Our 2018 report *PFI and PF2* found that Private finance initiatives (PFI) increase departments' budget flexibility and spending power in the short term, as no upfront capital outlay is required. The Department has generated £13 billion of capital investment through PFI across 127 projects. Although since 2010-11 it has reduced its use of PFI, PFI payments now cost the Department more than £2 billion a year (1.7% of cash budget). Since these are payments that contractually have to be made they reduce the Department's budget flexibility. Some trusts have no PFI deals, while others pay annual charges up to 20% of their turnover.

Surplus/deficit of trusts, 2010-11 to 2017-18

The financial position of trusts significantly improved in 2016-17 and 2017-18, helped by Sustainability and Transformation Fund payments



Note

1 Sustainability and Transformation Fund payments totalled £1,796 million in 2016-17, and is £1,800 million in 2017-18.

Source: National Audit Office analysis of trusts' financial data

Application of financial special measures

Where an NHS trust or foundation trust has serious financial problems, and there are concerns that the existing leadership cannot make the necessary improvements without support, NHS Improvement can place it in financial special measures.

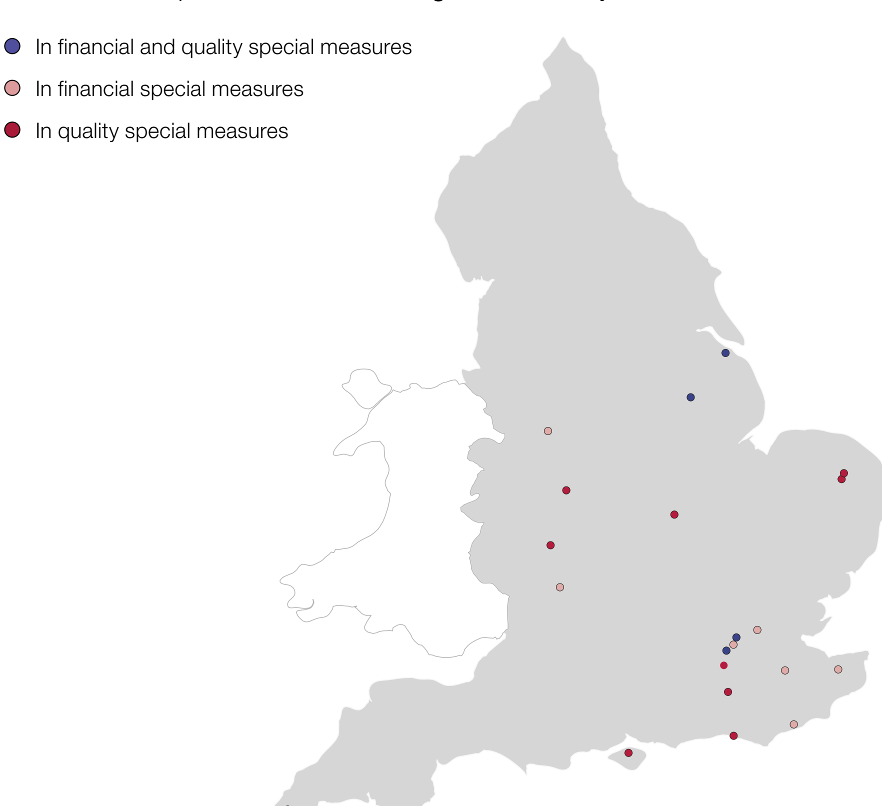
As at July 2018, seven trusts were in financial special measures. Nine trusts were in special measures for quality as a result of serious failures in the quality of care. An additional four trusts were in special measures for both financial problems and quality failures.

Recent and planned developments

The NHS is developing a plan to accompany the planned additional £20.5 billion funding. The government has set the NHS five financial tests which the plan is required to meet and this will show how the NHS will do its part to put the service on a more sustainable footing. These tests are:

1. improving productivity and efficiency;
2. eliminating provider deficits;
3. reducing unwarranted variation so people get consistently high standards of care wherever they live;
4. getting better at managing demand effectively; and
5. making better use of capital investment.

NHS trusts in special measures in England as at July 2018



Notes

1 The following trusts were in financial special measures: Barking, Havering and Redbridge University Hospitals NHS Trust, East Kent Hospitals University NHS Foundation Trust, East Sussex Healthcare NHS Trust, Gloucestershire Hospitals NHS Foundation Trust, King's College Hospital NHS Foundation Trust, Maidstone and Tunbridge Wells NHS Trust and University Hospitals of North Midlands NHS Trust.

2 The following trusts were in quality special measures: Brighton and Sussex University Hospitals NHS Trust, Isle of Wight NHS Trust, Kettering General Hospital NHS Foundation Trust, Norfolk and Norwich University Hospitals NHS Foundation Trust, Norfolk and Suffolk NHS Foundation Trust, Royal Cornwall Hospitals Trust, South East Coast Ambulance Service NHS Foundation Trust, Walsall Healthcare NHS Trust and Worcestershire Acute Hospitals NHS Trust.

3 The following trusts were in financial and quality special measures: Barts Health NHS Trust, Northern Lincolnshire and Goole NHS Trust, St George's University Hospitals Foundation Trust and United Lincolnshire Hospitals NHS Trust.

Source: NHS Improvement

Adult social care

How adult social care is delivered

The Department is responsible for health and adult social care policy in England, with its new name reflecting its breadth of responsibilities. The Ministry of Housing, Communities and Local Government has responsibility for local government finance and the accountability system.

Adult social care covers 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.

Unlike the NHS, which is free at the point of delivery, the provision of social care is means-tested, and adults accessing services may make financial contributions to the cost of their care. As per note 3 on page 5, in 2017-18 CCGs incurred expenditure on social care with non-NHS bodies of £0.6 billion, which is part of a larger programme of pooled spending on social care. In 2017-18 the CCG minimum planned spend allocated to social care is £1.59 billion, which may be allocated to a range of other classifications in addition to social care.

Demand for adult social care is increasing as people are living longer: improvements in living standards and clinical treatments have changed the nature of the population's health and care needs, and more people are living with multiple long-term conditions.

At the same time, as spending on adult social care has fallen, local authorities have focused their resources on a smaller number of people.

In 2016-17 local authorities received, on average, almost **5,000** requests each day for adult social care support from new clients.

58 in 1,000 adults aged 65 and over received long-term adult social care support during 2016-17.[1]

1 For reporting purposes local authorities describe care as long or short term.

Key findings from NAO reports

Our 2017 report Health and social care integration found that NHS England had not assessed how pressures on adult social care may impact on the NHS. NHS England has noted that the widening gap between the availability of, and need for, adult social care will lead to increases in delayed discharges and extra pressure on hospitals.

In 2018 we looked at a means of reducing pressure on hospitals through reducing emergency admissions, and noted that the Better Care Fund is showing limited progress in terms of reducing emergency admissions through more integrated health and social care services.

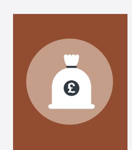
In 2016-17, the annual turnover of all care staff was 27.8%.

In 2018 we also examined the adult social care workforce in England and found there were highly visible challenges in recruitment and retention of the workforce, and increasing numbers of people with some level of unmet care needs.

Adult social care

There is variation in the quality of care

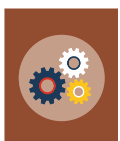
In 2017, the Care Quality Commission, which inspects adult social care providers, reported that the majority of providers delivered good or outstanding care. However, these ratings vary by the service type and geographical region. (See chart). Adult social care users report higher levels of quality of life and satisfaction with the services they received in comparison with carers. In 2016-17, 65% of adult social care users and 39% of carers were satisfied with the care and support they received.[1]



Local authority spending on social care is falling while income from the NHS is rising

Adult social care is the largest area of spend for local authorities. In 2016-17, 43% of local authority spend on main services was used to fund adult social care, double that of children's social care (21%) and more than 10 times the spend on housing services (4%).

Between 2010-11 and 2016-17, local authority net spending on adult social care fell by 8% while income from the NHS increased by 25%. This increase in income from the NHS helped contribute to a real-terms rise in the value of local authority arranged care of 3% between 2014-15 and 2016-17. In Budget 2017, local authorities received an additional £2 billion for social care, paid between 2017-18 and 2019-20. Separately, the 2017-18 Local Government Finance Settlement announced a £240 million adult social care support grant for 2017-18. In 2018-19 local authorities received an additional £150 million adult social care support grant, again through the 2018-19 Local Government Finance Settlement.



Recent and planned developments

In 2012, the Department commissioned a review of the formulae used to allocate social care funding to local authorities. These formulae are intended to help account for differences in local funding requirements. The outcome of this review, published in March 2018, proposes a new formula to be used. Government has said this will be considered in its review of local authorities needs and resources led by the Ministry of Housing, Communities and Local Government.

In addition to the NHS five-year funding settlement, the government has committed to developing proposals to reform social care later in 2018 and ensuring that adult social care does not impose additional pressure on the NHS.

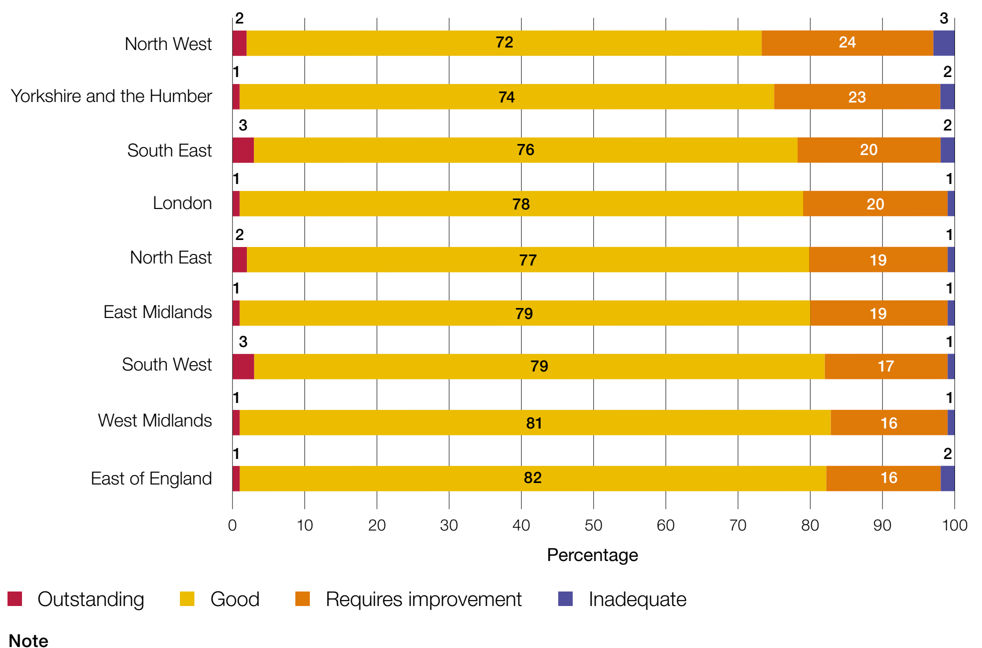
Care Quality Commission ratings by service type, May 2017

	Outstanding	Good	Requires improvement	Inadequate
Nursing homes	1	67	29	3
Residential homes	1	80	18	1
Domiciliary care agencies	2	80	18	1
Community social care	2	85	12	1
All providers	2	77	19	2

0 20 40 60 80 100

Percentage

Care Quality Commission ratings by region, May 2017



Note

1 Percentages may not sum to 100 due to rounding.

Source: Comptroller and Auditor General, *Adult social care at a glance*, National Audit Office, July 2018

1 This is based on the 2016-17 surveys of users and carers receiving support.

What to look out for

Future developments, risks and challenges

01	**Workforce**	There is a risk that the NHS does not recruit and retain the right numbers and skills of staff needed to deliver care. In March 2018, the Secretary of State announced the allocation of 1,000 new undergraduate medical school places, in addition to the 500 new places already allocated to existing schools.
02	**Mental health**	A priority for the upcoming 10-year plan will be better access to mental health services to help achieve the government's commitment to parity of esteem between mental and physical health.
03	**Capital investment**	In the 2017 Autumn Budget the Department committed to £3.5 billion of new capital investment by 2022-23 to transform the NHS estate and drive further efficiency savings. This includes £2.6 billion for Sustainability and Transformation Partnerships.
04	**Digital**	The Department is responsible for developing the policy, and setting the direction, for the use of technology in health and social care. This includes access to data digitally and enabling patients to personalise their health care. The Department is overseeing the delivery of the £4.2 billion Digital Transformation Portfolio programme, running from 2016 to 2021.
05	**Public health**	Over recent years, local government has been given a bigger role in supporting residents' well-being. However, there is a danger that new plans, structures and systems continue to support patterns of care that are fragmented and too focused on the acute sector. The Care Quality Commission has concluded that health and social care organisations need to focus more on keeping people well.