

Public Inquiry Response: “Integrating health and social care”

To: Public Accounts Select Committee

By: The Intergenerational Foundation

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The Intergenerational Foundation (www.if.org.uk) is an independent think tank researching fairness between generations with regard to such issues as housing, employment, taxation, education, the environment and health and social care. IF’s guiding principle is that policy should be fair to all – the old, the young and those to come.

Introduction

The Intergenerational Foundation (IF) welcomes the opportunity to comment on government policy towards integrating health and social care, as we strongly believe that greater integration between the two services represents the only way of successfully addressing the needs of Britain’s ageing population and reducing demand on the NHS. We would particularly like to bring the following points to the Public Accounts Committee’s attention:

1) Funding

The government has set a target of achieving full integration between the NHS and social care services across England by 2020, and created the £5.3 billion Better Care Fund (BCF) – which is jointly managed between NHS leaders and local authorities – to act as a catalyst to help achieve this target. As mentioned above, IF strongly supports the government’s desire to achieve full integration between the two services. However, we are concerned that the recent [National Audit Office \(NAO\) investigation into the Better Care Fund](#) found that the hoped-for reductions in hospital admissions and visits to A&E departments haven’t occurred since the BCF launched (although this may be partly because the scheme needs to operate for longer than one year in order to have a measurable impact).

IF believes the wider issue that needs to be recognised is that while the creation of the BCF was a positive step forward for health and social care integration, £5.3 billion is equivalent to less than 5% of the total combined amount which England spends on NHS England and local authority social care (currently estimated at £125.5 billion). Given the virtually unanimous agreement among experts that we are currently spending too little on our health and social care services in relation to the level of demand they are facing, this seems like an extremely modest investment. Furthermore, there is very little evidence that improving integration between health and social care will save the NHS money in either the short or the long term; for example, the commission looking at frail elderly care which was convened by the [Health Sector Journal in 2014](#) found that current NHS funding plans will lead to a shortfall in NHS resources which better integration is unlikely to solve. Health and social care integration is still desirable both for clinical reasons and in order to reduce the demand on NHS hospitals, but there is no evidence to suggest it will be a

panacea for fixing the NHS by itself. Therefore, in order for the NHS and social care services to meet the rising level of demand from Britain's ageing population, it seems inevitable that the overall level of funding for both systems will need to increase. That raises important questions of intergenerational fairness which IF believes require very careful consideration.

2) Entitlements

As the [Barker Commission on the Future of Health and Social Care in England](#) argued in 2014, the key issue which a future funding settlement for health and social care needs to resolve is the wildly different levels of entitlement which people have to free care under the two systems. Currently, NHS care remains "free at the point of use" (although there are some obvious exceptions to this totemic statement, such as prescription charges, dentistry and eye care), while state-funded social care is heavily rationed according to both someone's level of medical need and their financial ability to pay for private care themselves. This situation produces some peculiar outcomes; for example, if you were designing a system from scratch then it is not immediately obvious why a patient who requires £100,000 worth of treatment for cancer should have virtually all of it funded by the state, whereas someone suffering from dementia who needs £100,000 worth of social care could end up funding all of it from their own resources. A system in which the two services were fully integrated would need to find a way of resolving this imbalance. In the absence of a desire among the general public to pay for a fully-funded "national care service" that would make all social care free at the point of use, the fairest option in principle would be to make a certain level of access to both services free, beyond which they would be means-tested. However, we fully acknowledge that this option would not be easy to sell to the electorate.

3) Fairness

Finally, if – as seems inevitable – the financial crisis affecting the health and social care systems eventually has to be resolved by finding additional funding for them, then IF is keen to argue that the funding solution should be both socially progressive and intergenerationally fair. This is why we are concerned about the [recent proposals](#) which have been aired by some politicians to provide additional funding by raising National Insurance, as National Insurance is levied in a way which is both more socially regressive (as the lower earnings limit kicks in before the personal allowance) and also less intergenerationally fair (as it stops being collected once someone reaches state pension age) than income tax. Therefore, we would argue that this is not a fair solution to the NHS and social care funding crisis, and we would advocate one of a number of different options instead. These could include: levying National Insurance on people who are above state pension age (which IF has [previously estimated](#) could raise over £2 billion per year); introducing more precepts on Council Tax (which has the advantage of leveraging under-taxed property wealth into the funding solution), or reforming universal pensioner benefits so that the wealthiest pensioners no longer receive them (which was the Barker Commission's preferred solution). IF recognises that none of these options would be easy to implement, but the alternative appears to be an escalating crisis within both the NHS and social care systems, whether integration is successfully achieved between them or not.

Conclusion

If you would like to learn more about the work of the Intergenerational Foundation or would like to organise a meeting to discuss the points we raise further, please contact:

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