



Department
of Health

Our ref: TO00000956414

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Mr Steve Harris
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Housing and Support Alliance
Rodney Chambers
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Dear Mr Harris,

Thank you for your letter of 20 August to George Osborne about the pay of care workers. As your correspondence relates to social care, it has been passed to the Department of Health and I have been asked to reply.

The Government has stated that care and support is one of its priorities. Over the last spending review period, the Government allocated additional funding to local authorities, including a transfer from the NHS worth £1.1 billion a year by 2014/15, to be spent on social care with a health benefit. Looking ahead, as part of the upcoming Spending Review, the Department will consider adult social care expenditure and the future demand for services before decisions on future funding are made. This will include the impact of the new National Living Wage on local authority finances as part of an overall assessment of spending pressures.

The Government believes that the National Living Wage is an essential part of its intention to move from a low wage, high tax, high welfare society to a higher wage, lower tax, lower welfare society.

Ultimately, local authorities are responsible for commissioning social care and remain locally accountable for how their budgets are allocated. The terms and conditions of contracts negotiated between commissioners and providers on an open market are a local matter that should reflect local conditions. However, under the Care Act, local authorities must have regard to fostering an effective workforce with the appropriate capabilities when shaping their local markets. The Act is clear that prices and fee rates agreed with providers must reflect these new duties.

The Department has published statutory guidance to support the implementation of the Care Act that describes how local authorities must meet these new duties when commissioning, including assuring themselves and having evidence that fee levels are appropriate to retain an effective workforce capable of delivering high quality care.

The Department has also worked with the Association of Directors of Adult Social Services and the Local Government Association to co-produce a set of commissioning standards to support local authorities to assess and improve their commissioning practices. These standards amplify the good practice set out in the statutory guidance with regard to fostering an effective workforce.

I hope this reply is helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C Proctor', with a stylized flourish at the end.

Calum Proctor
Ministerial Correspondence and Public Enquiries