

# Spending and the case for social care

The government is currently looking into how we provide and pay for social care.

Today we have a mixed scheme. The general principle behind it is if someone needs meals and housing, these are normal costs they should pay for out of their incomes and pensions. If someone needs medical treatment or a stay in hospital, this is something that comes free under the NHS guarantee.

If someone needs help at home with everyday activities then they have to pay. If they are on a low income with few assets then the state pays. The value of their home is not taken into account when working out if they can afford the home care. If someone has to go into a care home then they have to pay if they have income and assets. The state pays when the assets have largely gone. The value of their former home is part of their assets for this purpose, and they have to sell their former home to pay for the care home. Of course if they have a partner that still needs to live in their own home this does not apply.

Some think this is unfair, as it means if an elderly person needs to go into a home they lose their home and its value if the fees so require. Conversely if an elderly person can stay in their own property, they keep the asset and get more help with the care costs if on a low income.

I do not think we should change this general approach. It would be too dear to offer people free care home provision so they can leave their former home to their children, whilst it would be too tough to demand people living in their own homes to have to pay a levy on the price of their home. No political party has come up with a popular way of making this fairer and easier. Some have suggested taking some of the value of the home for the person continuing to live in it, by way of an additional death tax, whilst putting some cap on the amount of the value of the former home someone needs to spend on care home fees. I would be interested in views on it, but still think it too difficult to sell the idea of what will be called a new death tax over and above IHT.

I want some additional money to increase the quality and quantity of social care, for people of all ages and disabilities. Better care is a good in its own right, where many of us are happy to make a contribution through taxation. It will also reduce more strain on the NHS by getting people back home more quickly after hospital treatment.

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## Spending and investing – what about transport?

The government has been playing catch up on transport capacity. A successful growing economy since 2010 needs more road and rail capacity than we enjoy. The outgoing Labour government at the end of the last decade slashed what remained of the roads budget as part of its efforts to cut excessive borrowing, after a long period when in office it had done little by way of new road construction. The present government has committed to the very expensive HS2 rail project which will bring extra capacity on the north south route, and to cheaper capacity expansion through digital signalling. It has started to raise the amount of road investment, but it remains low by pre 1997 standards and in relation to need. There is a missing two decades of investment to make good.

Now is a good time to spend on additional road capacity. Borrowing rates are very low, and motoring contributes far more in taxes than is spent on road provision. The Transport department has announced an intention to create a local strategic network of A roads to take more through traffic locally. This will require a substantial increase in the financial provision to pay for the schemes needed. In the short term a programme of improving junctions could increase safety and reduce congestion. It is also going to take road widening and by pass provision to complete the job.

The national route network also needs extra cash. Successive governments have failed to complete the south coast highway or the A 303 to the west country. There is a shortage of capacity on the Southampton to Birmingham haul road, the A 34, and on the main routes to the east coast ports. There are similar shortcomings in the north. Some extra investment should be spent on augmenting local and national road improvement.

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## Spending more – what about defence?

The UK is a leading country in the world, with a seat at the Security Council of the United Nations. As such it has responsibilities to contribute to UN peace keeping and peace making missions, and to humanitarian interventions around the world. The UK is also a leading member of NATO, a crucial defensive alliance for the western democracies. The UK is the second largest spender on defence after the USA in the alliance, and agrees with President Trump that the non US partners need to make a larger contribution to their own defence than they have been doing. The UK has agreed to spend 2% of its GDP on defence, which means that each year as GDP rises defence receives a cash and a real increase in its spending levels.

The UK needs several important capabilities. It needs an expeditionary force, so that it can intervene decisively, usually with allies, where there are events like the invasion of the Falklands or Kuwait that require a swift and effective military response. It needs a similar ability to project force over distance to assist with peace making interventions in regional wars as sometimes in the Middle East, and to have humanitarian capability to assist victims of flood or disease or other disasters. Above all the UK needs a strong defence to protect these islands, which includes the insurance of a nuclear missile shield to deter aggression.

The government has found the money for two large carrier ships and attendant planes. It is proceeding with the renewal of the submarines which contain the nuclear deterrent, which need to have a continuous at sea capability to be effective. It has reduced the size of the surface navy, the army and the airforce as it has sought to adjust to tighter budgets in the last twenty years.

Extra money would be welcome to expand the surface fleet needed to complete and protect the carrier groups, and to provide flexible task forces for humanitarian purpose and to provide home defence. It could be used to relieve the pressures for a smaller army, which stretches UK ability to respond positively to the demands of allies and the UN to contribute to missions. It could add to the number of aircraft, as we resume a maritime reconnaissance ability and strengthen the heavy lift capability. To be a successful expeditionary power we need eyes in the sky and the ability to move people and equipment rapidly to trouble spots.

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## Spending increases: the case for schools

The government has admitted that schools in areas like Wokingham get too little per pupil compared to the average, and too little in absolute terms. They have under pressure given us a modest uplift. Some of this has come from changing the formula to limit the losses of the lowest paid areas. Some has come by way of a general increase for all schools.

More needs to be done. Schools need to be able to recruit and retain enough good teachers, and teachers deserve a professional salary to reflect their training, commitment and responsibilities. I would like to see a bit more cash provided overall, with a further improvement in the formula for the lowest paid areas.

Schools have considerable discretion over their budgets. The state needs to ensure the average and the minimum level of per pupil funding is sufficient for a well run school to do a good job. Some schools are better than others at getting value for the money they spend. Some are better at attracting

great teachers who encourage high standards and motivate pupils well. In such a decentralised system there are limits to what the central government can achieve. We look in particular to the teaching profession to set standards, to innovate, and to manage the school budgets well.

I see the Secretary of State is challenging the Treasury on this issue. There is money available without raising tax rates. Cutting some tax rates would also bring in more revenue. The government continues to collect more tax than Treasury forecasts.

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## We do need to spend a bit more

Starting today I want to run a series of articles looking at how we could best spend the additional money coming from growth and from the savings in our EU contributions.

The NHS does need more money. There is the need to provide for the rising numbers of patients, partly the result of rapid growth in population. Even after a new migration policy has been put in place there will be some growth of population we need to provide for.

Under new arrangements with the EU after departure we need to make sure that if we continue with state payments for care in each other's territory there is a fairer recharging by the UK to the EU for the care we deliver to EU citizens in the UK. If there is no agreement then we need to require payments or insurance on EU citizens here, and to offer a way of reimbursing UK citizens needing care on the continent.

The government has accepted the case for more money, and even accepted a general level of increased payments. Over the summer it is vital this is turned into a positive programme. The government should not sign off on any extra money unless and until there is a costed proposal that cannot be covered by existing budgets, and which will raise the quality and quantity of care delivered.

Ministers are talking about setting the Chief Executive of NHS England proper targets and requiring performance against them to justify extra cash. These targets need careful choosing and enforcement. It also needs to be clear that failure to hit agreed targets will result in financial penalties for the highly paid top team. If they wish to be paid far more than the PM, more like the private sector, there needs to be genuine performance related risk for them.

I do think we need more money to expand operating theatre capacity, provide extra medical teams for hospital treatments, and expand the numbers of GPs.