

# HEALTH AND ADULT SOCIAL CARE OVERVIEW AND SCRUTINY COMMITTEE



Report subject	<b>BCP Council Adult Social Care Market Sustainability Plan</b>
Meeting date	6 March 2023
Status	Public Report
Executive summary	<p>Since the last update to Members and in line with government requirements, working with an independent organisation, officers have completed and returned the Fair Cost of Care exercises for both 65+ care homes and 18+ domiciliary care provision to government.</p> <p>The results of both exercises identified that the Council framework rates for 18+ domiciliary care were below the median average and benchmark rates from the exercise, but that the Council was already paying above average rates when spot purchasing residential care placements.</p> <p>Consequently, the funding from government to support a move towards a Fair Cost of Care has been targeted towards supporting people at home, rather than increasing residential care fees.</p> <p>In addition, a draft Market Sustainability Plan has been produced, which was submitted in October 2022 as required. The plan includes work planned or underway across Adult Social Care Commissioning to help reduce the reliance on long term care, as well as action underway to support the local care sector with recruitment, skills development, and fees.</p> <p>Provider engagement workshops are planned for 21 and 22 February after which a final version of the plan will be produced for publication by 27 March in accordance with government requirements.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>Members scrutinise the draft Market Sustainability Plan, ahead of final amendments and publication, and the findings in the wider report.</b></p>
Reason for recommendations	To provide Committee Members an opportunity to inform the shaping of the Council's Market Sustainability Plan ahead of publication in March.

Portfolio Holder(s):	Cllr Karen Rampton Portfolio holder for People and Homes
Corporate Director	Phil Hornsby – Director of Commissioning for People
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Wards	Council-wide
Classification	For Recommendation

## Background

### 1. National Policy

In December 2021 the Department of Health and Social Care published a white paper, [People at the Heart of Care](#), that outlined a 10 year vision that puts personalised care and support at the heart of adult social care, ensuring that people:

- Have the choice, control and support they need to live independent lives
- Can access outstanding quality and tailored care and support
- Find adult social care fair and accessible

A [fund was announced on 16 December 2021](#). The primary purpose of the fund was to support local authorities to prepare their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014 in October 2023.

Section 18(3) refers to the proposed ‘Cap on Care’ which, following the 2022 Autumn Statement, has been postponed until October 2025.

Each local authority was required to undertake a Fair Cost of Care (FCoC) exercise by October 2022 and submit the findings to the Department of Health and Social Care (DHSC).

Local authorities were also required to develop and submit a provisional Market Sustainability Plan by October, which was to be followed by a final version once local government budgets for 2023 to 2024 had been confirmed.

Each local authority received a Market Sustainability Grant in the second half of 2022/23 to help improve sustainability of the 65+ care home and 18+ domiciliary care markets by increasing fees.

25% of the grant could also be used to undertake the cost of care exercises, developing the Market Sustainability Plan, and strengthening commissioning and contract arrangements to increase provider oversight and to ensure poor market practices are being addressed.

Local authorities are expected to use at least 75% of allocated funding in 2022 to 2023 to increase fee rates paid to providers in scope, where necessary, and beyond pressures funded by the Local Government Finance Settlement 2022 to 2023.

Ongoing funding for 2023/24 has been confirmed within the Local Government Finance Settlement announced in December 2022.

Market Sustainability Plans are required to:

- Assess and demonstrate how LAs will ensure local care markets are sustainable
- Assess the impact current fee rates are having on the market and the potential future risks to enable local authorities to inform mitigating actions (including how much they will need to increase fee rates over the three-year Spending Review period)
- Consider the impact of further commencement of how sustainability of the 65+ care home and 18+ domiciliary care market can be improved.
- Demonstrate links to other strategic documents, e.g., Market Position Statement and demonstrate how they have worked with local providers to develop the plan.

## **2. Fair Cost of Care Exercise**

BCP Council commissioned Valuing Care, an independent management consultancy that specialise in analysing and negotiating care rates across health and social care, to undertake both 65+ care homes and 18 + domiciliary care exercises. Valuing Care have completed more than 50 cost of care reviews across UK, which meant they could benchmark local results with findings from other areas.

Both reports (referred to as Annexe B reports) were submitted to the Department of Health and Social Care in October 2022. They have since been accepted by Government, with no requirements to amend. Both reports were [published](#) by BCP Council on 1 Feb 2023, in accordance with government requirements.

The FCoC exercise relied on providers submitting information about their own costs over an agreed period. The requirement was to then use the median average of results to produce a FCoC as at Oct 2022. The funding from Government was provided to ensure that local authorities were able to 'move towards' paying a FCoC over the next 3 years.

For the 18+ domiciliary care market, the FCoC exercise identified a median weighted hourly rate of £24.36phr. The comparable weighted hourly rate from the benchmark is £22.54phr. The BCP weighted average hourly rate for the LTC framework for 2022/23 prior to funding was £21.59phr.

Most residential care placements are purchased on a spot basis. In 2022/23 BCP Council uplifted its published rates introducing new fee bandings. However, BCP Council is reliant on providers accepting these rates, or negotiating the best rate possible when brokering care.

The findings of the FCoC exercise for 65+ care homes suggested that the difference between BCP published banding rates and the FCoC benchmark results were relatively small, but that current purchasing rates were significantly above what the fees should be. Consequently, BCP Council is already paying a more than a fair price for care in the majority of new placements made.

Given the outcome of both exercises, the funding received for 2022/23 was used to uplift the 18+ domiciliary care framework. This increased the weighted average to £22.28phr, supporting the move towards the FCoC. The grant was also used to uplift rates within the council's learning disability and autism care and support framework and some Extra Care Housing schemes that were aligned to framework rates.

Whilst not a requirement of government, BCP Council is currently engaging Valuing Care to carry out similar cost of care exercises for the following services:

- supported living
- 18-65 years care homes
- extra care housing

The findings from all cost of care exercises will be used as part of BCP Council's wider financial assessment arrangements to inform future fee setting for 2023/24, once the Council Budget for 2023/24 has been formally approved.

### **3. Draft BCP Market Sustainability Plan**

A draft Market Sustainability Plan, (referred to as Annexe C) was submitted to Government in October 2022, (Appendix 1). The template for the plan has been developed nationally for local authorities to populate.

As well as an assessment of current supply and services and demand over future years, the plan outlines the work already planned, or underway to develop the right care and support options for people, underpinned by a strengths-based model.

This focuses on supporting people to remain independent and at home for long as possible and reducing reliance long term care through:

- Working with Integrated Care System (ICS) partners regarding intermediate care
- Further development of Extra Care Housing (1,312 units by 2030)
- Transforming Care Technology
- Improved information and advice and further work with the voluntary sector

For people who will need support from either domiciliary or residential care, the plan includes how Adult Social Care Commissioning will work with the market to:

- Commission a new domiciliary care framework during 2023/24
- Continue recruitment campaigns under the 'Proud to care' campaign and work with ICS partners to promote opportunities for career progression and skills development
- Work with the market to review fees using evidence from FCoC exercises, alongside wider market intelligence
- Continue to support with overseas recruitment and opportunities for housing for care workers alongside NHS staff.

Provider workshops have been organised for the 21 and 22 February 2023 to share the draft plan and get comments that can help finalise the plan prior to final publication and submission to government in March.

A revised template has recently been published which officers will use for the final version. The amendments are:

- Section 1 now asks for a revised assessment of the sustainability of the local care market in light of the National Living wage increases and the delay to the charging reform
- Section 2 asks for an updated assessment of the impact of the future market changes between now and October 2025 (due to the charging reform delay)
- Section 3 asks for a summary of how the FCoC funding has been committed and any new fee rate issues. This section also needs to highlight any further development to improve capacity and waiting lists and times.

#### **4. Summary of financial implications**

For 2022/23 BCP Council received a Fair Cost of Care and Market Sustainability Grant allocation of £1.181m. In line with the grant conditions, BCP used 25% (£296k) to meet the expectation to conduct a cost of care exercise, engage with providers, strengthen capacity and improve market management and used the additional 75% (£885K) of the funding to genuinely increase fee rates. This was used to uplift framework rates from 1 October 2022-31 March 2023 and allocated as two payments to providers. The first was issued in December and the second is due in March this year.

The Market Sustainability and Improvement Grant for 2023/24 for BCP is £4.097m which includes £1.181m Market Sustainability Grant from last year and £2.916m to support capacity and discharge (to address issues such as discharge delays, social care waiting times, low fee rates and workforce pressures).

The majority of the £1.181m will be used along with inflationary increases agreed within the Council's budget for 2023/24 to revise fees for the market. A proportion of the grant will be retained to continue to support the commissioning, contracting and quality assurance of the market in accordance with the ongoing grant conditions.

#### **5. Summary of legal implications**

Work on the FCoC and Market Sustainability Plan has been undertaken in accordance with the Adult Social Care White paper '*People at the Heart of Care*' (2021, updated March 2022) and following national guidance issued in December 2021. Please refer to background papers for further detail.

#### **6. Summary of human resources implications**

Not applicable Additional capacity needed/already utilised

#### **7. Summary of sustainability impact**

Not required for this update report.

#### **Summary of public health implications**

The MSP and grant funding will be used to support people who have eligible care and support needs and need support from the Council.

## **Summary of equality implications**

Not required for the purpose of this report. The key strategies and service developments within the market sustainability plan each have their own specific equality impact assessments, which have followed due process.

## **Summary of risk assessment**

There is an ongoing challenge both nationally and locally to fund and source care to meet the needs of the population. The proposed Market Sustainability Plan and distribution of funding received from Government will mitigate some of this risk, however significant challenges will continue to face BCP Council and other authorities. BCP Council will continue to work with its Integrated Care System partners to address the ongoing challenges faced.

## **Background papers**

1. [People at the Heart of Care](#), adult social care reform white paper (2021, update March 2022)
2. [Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023](#) (Dec 2021)

## **Appendices**

Appendix 1 Draft BCP Council ASC Market Sustainability Plan.