

Report to:	Cabinet	Date of Meeting:	1 September 2022
Subject:	Market Sustainability and Fair Cost of Care		
Report of:	Executive Director of Adult Social Care and Health	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Adult Social Care		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To update Cabinet on work taking place on the Market Sustainability and Fair Cost of Care exercises for Adult Social Care and to seek approval of the governance and approval arrangements for the associated infrastructure costs to drive the programme forward and the required submissions to the Department of Health and Social Care.

Recommendation(s):

Cabinet is recommended to;

- (1) Note the work taking place on meeting the Department of Health and Social Care Market Sustainability and Fair Cost of Care requirements, associated allocations of 2022/23 funding provided to the Council and risks identified to date;
- (2) Give delegated authority to the Executive Director Adult Social Care and Health (DASS) / Place Director Sefton, in consultation with the Cabinet Member – Adult Social Care, the Cabinet Member – Regulatory, Compliance and Corporate Services and the Executive Director of Corporate Resources and Customer Services to formulate, approve and submit the required provisional and final Market Sustainability Plans, spend reports and cost of care reports to the Department of Health and Social Care;
- (3) Give delegated authority to the Executive Director Adult Social Care and Health (DASS)/ Place Director Sefton, in consultation with the Cabinet Member for adult Social Care, the Cabinet Member – Regulatory, Compliance and Corporate Services and the Executive Director of Corporate Resources and Customer Services, to agree the use of any further funding received for infrastructure costs required to drive forward the programme; and
- (4) Note that further reports will be submitted to Cabinet detailing the outcomes of these work programmes and to seek any required approval for the use of further additional funding the Council receives from the Department of Health and Social Care.

Reasons for the Recommendation(s):

To update Cabinet on the work taking place on meeting the Department of Health and Social Care requirements relating to Market Sustainability and Fair Cost of Care in regards to Adult Social Care, to seek approval of arrangements for submission of the required plans and reports, to provide details of risks identified to date and to seek approval of arrangements for the infrastructure required to drive forward the programme.

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs

Revenue costs will be met through the Market Sustainability and Fair Cost of Care fund allocated to the Council by the Department of Health and Social Care.

To date the Council has been allocated £1.029m and 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. Up to 25% of allocated funding in 2022 to 2023 can be used to fund implementation activities associated with meeting the purpose of the fund, such as additional internal capacity to support the delivery of the significant work programme.

(B) Capital Costs

There are no capital costs associated with the implementation of the recommendations within this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

Resources are required to formulate the required Market Sustainability Plans and conduct the Cost of Care exercises.

External consultancy support commissioned previously to conduct a cost of care exercise for Care Homes has been increased to provide further support for this exercise and the additional Domiciliary Care exercise.

Legal Implications:

Care Act 2014
Care and Support Statutory Guidance

Equality Implications:

There are no equality implications associated with the recommendations in this report.

Any decisions implemented as part of the future work detailed in this report will be subject to Equality Impact Assessments.

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

It is not anticipated that there will be any positive or negative impacts relating to the recommendations proposed in this report.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:

The production of a Market Sustainability Plan and Fair Cost of Care exercises will ensure that Sefton are better placed to ensure Provider sustainability and therefore the ongoing provision of services to vulnerable people in Sefton.

Facilitate confident and resilient communities:

The commissioning of sustainable, value for money services linked to the development of a Market Sustainability Plan with a strong social value ethos will enable local communities to build a natural resilience.

Commission, broker and provide core services:

Work taking place will have a focus on market sustainability, Provider viability and a vibrant and robust Sefton care market.

The Cost of Care exercises are a further opportunity for Sefton and local care Providers to work together to arrive at a shared understanding of what it costs to run quality and sustainable care provision in the local area and that is reflective of local circumstances.

Place – leadership and influencer:

The work taking place will inform national and local work on the delivery of 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

Drivers of change and reform:

The drivers are;
<ul style="list-style-type: none"> • People at the Heart of Care White Paper • Market Position Statement for Sefton • Adult Social Care Vision and Strategy • Adult Social Care Demand Management Programme
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6895/22) and the Chief Legal and Democratic Officer (LD.5095/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The Council has commenced Fair Cost of Care exercises with Care Home (65+) and Domiciliary Care (18+) Providers.

Provider engagement is ongoing in order to inform the formulation of the Market Sustainability Plan and allocations of funding from the Market Sustainability and Fair Cost of Care fund.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 In December 2021 the Government 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

- 1.2 Following the publication of the White Paper, the Department of Health and Social Care announced the *Market Sustainability and Fair Cost of Care Fund* which has the primary purpose of supporting Local Authorities to prepare their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014 in October 2023, and to support Local Authorities to move towards paying providers a fair cost of care.
- 1.3 The fund is being allocated in stages in order to allow for a staged implementation that is deliverable, while also reflecting the timelines for charging reform.
- 1.4 For 2022/23 Sefton has been allocated £1.029m and as a condition of the funding is required to evidence the work it is doing to prepare their markets and submit the following to DHSC by 14 October 2022;
- A cost of care exercises for 65+ care homes and 18+ domiciliary care
 - A provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market; and
 - A spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose
- 1.5 A final Market Sustainability Plan is then required to be submitted in February 2023.
- 1.6 In 2022 to 2023 local authorities are also expected to start making genuine progress towards more sustainable fee rates, where they are not already doing so.
- 1.7 Prior to the announcement of this fund, the Council had already taken a pro-active approach to further understanding Care Home costs through of a new Cost of Care exercise which commenced in November 2021 as part of the delivery of the Joint Local Authority and Health Sefton Care Home Strategy 2021-24.

2. Update on Work Conducted to Date, Next Steps and Risks

- 2.1 As outlined above, the Council had already commenced a cost of care exercise for the Sefton care home sector prior to the announcement of the fund. An external consultant was commissioned to conduct the exercise which included engagement and workshop sessions with Providers.
- 2.2 Since the announcement of the fund and an analysis of the requirements of the Department of Health and Social Care technical specification for the cost of care exercise it was identified that there was a need to collect some additional information from Providers on their costs and as a result the consultant has been commissioned to conduct this additional work and care home Providers have been asked to update and submit information through the nationally available cost of care toolkit. This also affords Providers another opportunity to submit

information if they did not engage in the original exercise the Council commenced in November 2021.

- 2.3 For Domiciliary Care (18+) services a cost of care exercise has also commenced, with further consultancy support being secured to support the analysis of Provider submissions. An initial workshop has been held with Providers to support them with completion of the toolkit and further engagement will take place with them.
- 2.4 Once these exercises are completed the Council is required to submit;
- Fully completed cost of care tables for care homes and domiciliary care;
 - A Spend Report detailing how the grant funding for 2022-23 is being spent in line with the stated purpose; and
 - A Cost of Care Report for care homes and domiciliary care
- 2.5 With respect to the Market Sustainability Plan, work on this has commenced and will be informed by ongoing engagement with Providers in order to ensure that the plan gives a comprehensive and representative picture of the current local market situation. The plan will also include;
- An assessment of the expected impact of market changes over the next three years and will also outline how the fund will be used to move towards a fair cost of care and help address sustainability issues;
 - Details of any further actions proposed to support market sustainability;
 - How the plan compliments other strategic documents and plans – for example the Joint Care Home Strategy 2021-24 which outlines how Commissioners will work with Providers to better meet local needs; and
 - How the Council has engaged with Providers
- 2.6 It is recommended that Cabinet give delegated authority to the Executive Director Adult Social Care and Health (DASS) / Place Director Sefton, in consultation with the Cabinet Member – Adult Social Care and the Executive Director of Corporate Resources and Customer Services to agree the infrastructure costs required to drive forward the programme, formulate, approve and submit the required provisional and final Market Sustainability Plans, spend reports and cost of care reports to the Department of Health and Social Care.
- 2.7 With respect to the £1.029m funding available, the March 2022 budget report detailed this funding and the general approach to its use was approved. Since that report, the Department of Health and Social Care published specific guidance on its use and work has taken place on formulating proposals on how the (minimum) 75% element will be allocated to Providers followed by the allocation of the funding as soon as possible to Providers to mitigate market risks in relation to financial failure, closure of services in Sefton and to increase fee rates to Providers in scope and to reflect additional costs – for example Domiciliary Care additional costs as a result of rising fuel prices which are impacting on Staff costs when conducting visits to Service Users.
- 2.8 For the remaining 25% of the fund, Council Officers are working to finalise the support resources required to deliver on the programme which will be within the 25% of the overall grant. Final decisions will be implemented as part of pre-

existing delegated authority arrangements. For any further funding received it is recommended that delegated authority is given to the Executive Director Adult Social Care and Health (DASS) / Place Director Sefton, in consultation with the Cabinet Member for adult Social Care, the Cabinet Member – Regulatory, Compliance and Corporate Services and the Executive Director of Corporate Resources and Customer Services, to agree any further infrastructure costs required to drive forward the programme.

- 2.9 Once the above submissions have been made to the Department of Health and Social Care it is envisaged that further funding will be allocated to the Council for 2023 and 2024 to ensure that the national objective of making the markets more sustainable is met. This was highlighted in the budget report of March 2022 and will be a key feature of the Council's medium term financial plan and budget planning with the current assumption based on government advice that this will be a fully funded new process. As the work progresses the council will understand whether this principle will be met, or whether there will be an additional cost impact on the council. If this does materialise then lobbying both regionally and nationally will be required for further funding and/or key policy decisions will be required within the Council as to how to approach such a scenario. These will need to be reported to Cabinet and Council at the earliest opportunity should this potentially materialise.
- 2.10 Linked to the above pressures there will be the additional requirement to conduct further market oversight and demand management activities, such as with respect to predictive analysis work in order to identify both changes in demand for specific services and how any increases to rate paid for certain sectors would in part be funded through reductions to commissioning levels in other sectors. Such oversight is also needed to monitor the delivery of strategic objectives and their impact on the market.
- 2.11 As a result, it will be the case that further reports will be submitted to Cabinet to provide updates on these work programmes and to also, if required, seek approval of any associated future financial decisions, in line with the Council's budgetary authorisation and approval processes.

3. Conclusions

- 3.1 This report has been produced in order to update Cabinet on the work taking place to meet the national Department of Health and Social Care requirement and the recommendations have been made so that there is a clear governance and approval process in place for the required submissions.
- 3.2 Further reports will be provided to Cabinet in order to provide updates on the outcomes, impacts and risks associated with the work programmes as they, together with the wider Social Care Charging Reform Programme (care cap) will have a significant impact on the Council, including internal resources and required changes to policies and business processes.