



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
6 MARCH 2023

MARKET SUSTAINABILITY PLAN

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

Purpose of the report

- 1 The purpose of this report is to provide an update to the Committee regarding the final Market Sustainability Plan (MSP) to be submitted to the Department of Health and Social Care (DHSC) at the end of March 2023. The final MSP is appended to this report.
- 2 This report also provides an update on the Fair Cost of Care (FCoC) exercise carried out by the Council and subsequent publication of associated information, and the Council's position in respect of uplifts to commissioned care package fees for 2023/24.

Policy Framework and Previous Decisions

- 3 On 7 September 2021, the Government announced £5.4 billion over three years solely for the reform of adult social care in England. At its spending review in October 2021, the Government announced that the investment would be used in two main areas - £3.6 billion to pay for the Charging Reform, and £1.7 billion to improve access to social care, including a £500 million investment in the workforce.
- 4 The "People at the Heart of Care" White Paper, published in December 2021, sets out the Government's 10-year vision of how it proposes to transform support and care in England. The vision revolves around three objectives:
 - People have choice, control, and support to live independent lives;
 - People can access outstanding quality and tailored care and support;
 - People can find social care in a fair and accessible way.
- 5 On 6 June and 5 September 2022, the Committee received reports on the work underway to prepare for the Social Care Reforms and commented on the draft MSP.
- 6 In November 2022, the Government's Autumn Budget Statement set out significant changes, delaying the implementation for the Care Cap and Charging Reforms for two years.

Background

- 7 Further details of the Social Care Reform Programme are set out in a separate report also on the agenda for this meeting.
- 8 Following the submission of provisional reports in October 2022, to complete the FCoC reporting to the DHSC, the Cost of Care report (Annex B) was submitted on 1 February 2023 and the MSP is required to be completed and submitted to DHSC as a final document at the end of March.

Fair Cost of Care (FCoC) update (including Annex B)

- 9 As set out in the report to the Committee on 5 September 2022, the Council was mandated to complete a FCoC exercise across both care homes for older people and home care for adults in the County.
- 10 The County Council completed and submitted its FCoC to the DHSC in October 2022 and its final overview document (Annex B) in February 2023 in relation to the details identified in the FCoC and the Council's summary of the exercise and findings (including the limitations of the FCoC exercise).

Care Homes

- 11 The key details which are set out in the FCoC report (Annex B – Care Homes – attached) in a format required by the DHSC, are:
- The median FCoC reported for care homes was **£719.00** (residential placements) – this is based on a standard rate of £694 and an enhanced rate of £744.
 - The median FCoC reported for nursing homes was **£938.00** (nursing placements) including Funded Nursing Care - this is based on a standard rate of £913 and an enhanced rate of £964.
 - Provider response rates were 31% for all homes and 36% for nursing homes, a reasonable response.
 - The extent to which the sample is representative is discussed, with higher response rates from groups, which typically have higher overheads.
 - There is discussion about the sustainable level of profit that should be incorporated into the analysis.
 - Importantly, the report explains the limitations of the FCoC approach, and that whilst the exercise has yielded useful information in relation to provider costs, it should not be used as the sole basis for fee setting.

Home Care

- 12 The key details which are set out in the FCoC report (Annex B – Home Care), the key points are:
- The median FCoC rate for home care reported was **£21.87** per hour.
 - The response rate was low, with 14 useable returns received, which included providers that mainly operate in Leicester city. There were only nine responses from providers operating mainly in the County.
 - The County Council's urban rate is currently **£20.25** per hour rising to **£26.45** for isolated rural areas.

- The report provides information about call times, indicating that about 60% of calls are for 30 mins, 30% for 45 mins and practically no calls are 15 mins or under in length.
- A limitation of this approach is that it does not allow for the urban-rural continuum or consideration of provider specialisms/models.
- As with the care home analysis, the report explains the limitations of the FCoC approach, and that whilst the exercise has yielded useful information in relation to provider costs, it should not be used as the sole basis for fee setting.

13 The Council can use some of the information to better understand provider cost breakdowns, but the varying commissioning models across care services mean that the Council is better informed through its existing formal and informal provider processes and engagement.

Council provider inflation (2023/24)

- 14 Leicestershire's position regarding provider costs and uplifts for 2023/24 and subsequent years will be predicated on the amounts assigned by Government to fund these additional costs/pressures.
- 15 Grant conditions in relation to the FCoC Fund, now referred to in the draft funding settlement as the Market Sustainability and Improvement Fund for 2023/24 onwards have not yet been published.
- 16 The process for determining provider fee uplifts is nearing its conclusion with providers engaged over a number of months on specific cost pressure areas. Providers will be informed of the 2023/24 uplift levels with the Council carefully considering the national uplifts to the National Living Wage and the UK inflation levels.

Market Sustainability Plan (MSP)

- 17 The draft MSP was submitted to DHSC in October 2022 and a revised (shortened) template has been developed by DHSC for the final version. This needs to be submitted to the DHSC by 27 March.
- 18 The MSP highlights those areas where the local authority will focus its resources on ensuring its care provider market is both developed and financially stable to meet the County's residents with care and support needs.
- 19 The development of the MSP has been informed by advice and guidance from the Local Government Association (LGA), Association of Directors of Adult Social Services (ADASS) and the DHSC.
- 20 Key areas of focus outlined within the MSP are detailed as:

Care Homes

- Sufficiency of supply, quality of provision, fee levels and workforce are all considered to provide an assessment of the current sustainability of each market.
- A risk assessment is then developed to judge the impact of market changes in the coming years.

- In residential care, high risk related to workforce pressures, which are well documented, is highlighted.
- Regarding fee levels, this is judged to be a medium risk, partly because the current fee calculations assume 19 hours of personal care, but the survey indicates that at least 21.5 hours should be assumed, probably more.
- In addition, unprecedented levels of in-year inflation have put pressure on the current fee structure.
- In nursing care, the risks are at their greatest and relate to workforce, sufficiency of supply and fee levels, which are all high risk. A reduction in capacity recently is making it very difficult to make placements across Leicester, Leicestershire and Rutland.
- Developing the nursing market/new provision to support people with more complex health care needs is a key driver, in conjunction with Health partners, to support people in appropriate settings with mixed funding across health and social care.
- Maximising the use of existing Extra Care provision in the County to support people with higher care needs (akin to existing residential care levels) whilst seeking to increase new Extra Care developments across the County is also a key focus.

Home Care

- In home care, workforce pressures are the key high-risk area, with risk also associated with the sufficiency of provision in certain rural areas.
 - Risks have been mitigated significantly with recent procurements which have added capacity and sustained significant growth in the market.
 - There will be development work to increase the system offer for reablement/hospital discharge and hospital prevention in conjunction with Health partners.
 - Also, developing new initiatives for people living at home with care and support needs to maximise efficiencies for both the Council, care providers and other support mechanisms (for example, Personal Assistants, Direct Payment organisations and home care agencies) will be explored.
- 21 A programme of work has started which is focussed on the deliverables of the MSP as outlined in paragraph 24, with additional commissioning projects as part of a transformational programme for care market development.
- 22 Whilst developing these plans the Council is updating its market position statements for 2023 onwards to inform the wider care market of its commissioning intentions.

Consultation

- 23 There was no requirement for the Council to undertake formal consultation on the MSP, but it is continuing extensive engagement with care providers has informed both the content and subsequent commissioning proposals as part of the MSP.
- 24 Actions to involve the care provider market included:
- Engagement with representative provider bodies EMCARE and Leicestershire Home Care Alliance.
 - Aligned statements and approaches from national bodies.

- Engagement with providers through regular conference calls including a bespoke finance session in December 2022.
- Letters and emails from individual organisations.
- Feedback via the Quality and Contracts Service within the Department's Commissioning Team.
- Lessons learned from local provider instability or failure.
- Local market risks as they have emerged with providers.

Resource Implications

- 25 As set out in paragraphs 11 and 12 above, the FCoC exercise should not be used as the sole basis of fee setting – rather it is one element that can help to inform the Council's fee setting process. The Council's process for determining provider fee uplifts is nearing its conclusion. The additional cost of these uplifts will be factored into the Council's overall Medium Term Financial Strategy.
- 26 The Government announcements in 2021 on care reform set out anticipated funding (the Market Sustainability and FCoC Fund) specifically to move Council's towards a FCoC. However, the delay to social care reform has led to a number of changes including that fund now becoming the Market Sustainability and Improvement Fund. Initial information emerging on this new fund states that the fund will have a broader range of uses, but full details are still awaited. The Council will await these further details before committing to how it will use this funding.
- 27 The Director of Corporate Resources and Director of Law and Governance have been consulted on the content of this report.

Timetable for Decisions

- 28 The final MSP will be submitted to the DHSC by 27 March.

Conclusions

- 29 The Committee is asked to comment on the final MSP.

Background Papers

People at the Heart of Care" White Paper -

<https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper/people-at-the-heart-of-care-adult-social-care-reform>

Report to the Adults and Communities Overview and Scrutiny Committee: 6 June 2022 – Update on the Social Care Reform Programme

<https://politics.leics.gov.uk/ieListDocuments.aspx?MIId=6840>

Report to the Adults and Communities Overview and Scrutiny Committee: 5 September 2022 – Adult Social Care Reform – Market Shaping and Charging Reform

<https://politics.leics.gov.uk/ieListDocuments.aspx?CIId=1040&MIId=6841&Ver=4>

The Annex B in respect of both Care Homes and Home Care is accessible via the following link: <https://resources.leicestershire.gov.uk/adult-social-care-and-health/communication-and-engagement/fair-cost-of-care-and-market-sustainability-plan>

Circulation under the Local Issues Alert Procedure

30 None.

Equality Implications/Other Impact Assessments

- 31 An initial Equality Impact Assessment (EIA) has been developed and will be discussed at the Adults and Communities Departmental Equalities Group on 9 March 2023.
- 32 Provider sustainability impacts on older people and people with disabilities by the very nature of the services provided and these are highlighted within the EIA.
- 33 There are no equality risks or concerns identified with the implementation of the FCoC work and actions associated with the Market Sustainability Plan, as the work is designed to improve provider fees and sustainability.

Human Rights Implications

- 34 There are no human rights implications arising from the recommendations in this report.

Appendix

Final Market Sustainability Plan

Officer to Contact

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