

TITLE OF REPORT: Market Sustainability and Cost of Care

REPORT OF: Dale Owens, Strategic Director, Integrated Adults and Social Care Services

Purpose of the Report

1. To seek Cabinet approval for the publication of the Market Sustainability Plan (MSP) which was required for the Market Sustainability and Fair Cost of Care submission.

Background

2. In December 2021 the government published a white paper People at the Heart that outlined a 10-year vision that puts personalised care and support at the heart of adult social care. Implementation of the Market Sustainability and Fair Cost of Care Fund is one of the steps to achieving the right architecture to underpin and support the implementation of the 10-year vision.
3. In 2022/23 £162 million has been allocated for delivering the outcomes with Gateshead receiving £0.765 million and in the provisional settlement it was affirmed this amount has been maintained. to continue to support the progress local authorities and providers have already made this year on fees and cost of care exercises.
4. As a condition of receiving funding, local authorities were required to evidence what they are doing to prepare markets and submit the following to DHSC by 14 October 2022:
 - Annex A – Cost of Care Table which is the median values for care homes for certain categories of spend as defined in the data collection split between Residential Care, Residential Enhanced (assumed to be dementia provision), Nursing and Nursing Enhanced. For domiciliary care it is a breakdown of the median cost per hour. This also includes the spend plan for 2022/23 funding.
 - Annex B – two reports are required one each for care homes and domiciliary care which describe the process undertaken, approach to inflation and approach to return on operations and for care homes return on capital.
 - Annex C – the market sustainability plan (MSP). This sets out the assessment of the current sustainability of the 65+ care home market and the 18+ domiciliary care market; assessment of the impact of future market changes over the next 1-3 years for each of the markets and plans to address sustainability issues identified including how the fair cost of care funding will be used to address these issues.

5. Providers were engaged via specific provider forums for both domiciliary care and care homes with additional engagement with the care home market due to their collective membership of Care North East whose primary aim is to ensure a fair cost of care for its members.
6. On 24 January 2023 Cabinet approved the Annex A and Annex B reports which are published on the Council's website.
7. The MSP has been updated to consider the delay in the implementation of the Charging Reform by two years until October 2025 and plans to develop the markets over the next three years.

Proposal

8. Alongside the cost of care exercise, local authorities are required to develop and submit a MSP by 27th March 2023.
9. The purpose of these plans is for local authorities to assess and demonstrate how they will ensure local care markets are sustainable, as they move towards implementing reform.
10. The MSP covers the following sections:
 - a. Section 1 – Revised Assessment of the current sustainability of local care markets (Older Persons Care Homes & Generalist Domiciliary Care Markets)
 - b. Section 2 – Assessment of the impact of future market changes between now and October 2025
 - c. Section 3 – Plans for each market to address sustainability issues, including fee rate issues, where identified
11. The MSP outlines how we have allocated the grant received for 2022/23 and our vision for the years ahead to develop a fee setting approach to take into account the challenges being faced in the market and implications of charging reforms in the future.

Recommendations

12. Cabinet is asked to approve the publication of Annex C (Appendix 2) on the Council's website

For the following reason:

- To ensure the Council complies with the DHSC Market Sustainability and Fair Cost of Care grant conditions.

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Policy Context

1. As set out in section 5 of The Care Act 2014 local authorities have a duty to promote the efficient and effective operation of a market in services for meeting care and support needs, with a view to ensuring services are diverse, sustainable and high quality for the local population, including those who pay for their own care.
2. The Government white paper People at the Heart that outlined a 10-year vision that puts personalised care and support at the heart of adult social care. Implementation of the Market Sustainability and Fair Cost of Care Fund is one of the steps to achieving the right architecture to underpin and support the implementation of the 10-year vision.

Background

3. In September 2021, the Government set out plans to reform adult social care in England. It said that £5.4 billion would be used to fund the reforms between 2022/23 and 2024/25: £3.6 billion would be used to reform how people pay for social care (charging reforms). This included £1.4 billion to help local authorities move towards paying a “fair cost of care” to providers and £1.7 billion would be used to support wider system reform.
4. The funding was initially planned to come from the new Health and Social Care Levy, but despite this being cancelled the Government affirmed funding for social care would remain unchanged.
5. The Government originally proposed that the adult social care charging reforms would be implemented from October 2023. However, the Autumn Statement 2022 confirmed the reforms would be delayed for two years.
6. The Market Sustainability and Fair Cost of Care Fund of £162 million grant has been rolled into the Adult Social Care Market Sustainability and Improvement Fund to continue to support the progress local authorities and providers have already made this year on fees and cost of care exercises.

Impact of the Submission

7. The MSP outlines the cost to the Gateshead system based on comparing the current average fees paid with the median values from the data outputs results in a cost implication of £2 million for domiciliary care and £5 million for care homes. Therefore, a total cost implication of £7 million.
8. The MSP outlines that further work is needed with both the 18+ domiciliary care market and the 65+ care home market to gather further evidence to develop a new fee model for future contracts. The cost implications for 65+ care homes include implications for health and are not therefore solely the responsibility of the local authority.

9. New delivery models are already being considered for both markets with the aim of a procurement process being carried out in 2023/24 to award new contracts. The new contracts will help us shape the market and have the flexibility to support any future impacts of Charing Reforms being introduced.
10. In support of this further work will be carried out during 2023/24 to understand the true impact of Charging Reform for both providers in the markets and to the local authority
11. In recognition of the additional costs faced by providers the grant for 2022/23 has been utilised to fund care home fees above our normal fee setting approach amounting to £0.666 million of the £0.765 million with the remaining grant been utilised to support the fair cost of care work through internal commissioning capacity and external consultants.

Consultation

12. Consultation has taken place with the Leader and Deputy Leader and the Cabinet Member for Adult Social Care.

Alternative Options

13. There are no alternative options proposed.

Implications of Recommended Option

14. Resources

- a. **Financial Implications** – The Strategic Director, Resources and Digital, confirms that the implications of increasing inflationary pressures on providers has been considered as part of the Medium-Term Financial Strategy. Cost implications arising from strategic market investment for 2023/24 and beyond above this level will be subject to the availability of funding and has been considered as part of setting the budget for 2023/24.
- b. **Human Resources Implications** – there are no HR implications arising directly from this report.
- c. **Property Implications** – there are no property implications arising directly from this report.

15. **Risk Management Implications** – There is a risk that the Council is under resourced to meet the cost of care outlined in this report. However, progress towards an agreed cost of care with providers will be in the context of affordability for the Council.
16. **Equality and Diversity Implications** – There are no equality and diversity implications arising directly from this report.
17. **Crime and Disorder Implications** – There are no crime and disorder implications arising directly from this report.

18. **Health Implications** – There are no health implications for the Council arising directly from this report.
19. **Sustainability and Climate Emergency Implications** – There are no sustainability or climate emergency implications arising directly from this report.
20. **Human Rights Implications** – There are no Human Rights implications arising directly from this report.
22. **Ward Implications** – All wards will be affected by the proposals in this report.

Background Information

Care Act 2014

People at the Heart of Care – Government White Paper

Market Sustainability and fair cost of care fund 2022 to 2023: Guidance

Autumn Statement 2022