

# Social Care Funding Reforms –The Market Sustainability & Fair Price for Care Fund

Date: 26 May 2022

Report of: Deputy Director Integrated Commissioning

Report to: Director of Adults and Health

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

## What is this report about?

### Including how it contributes to the city's and council's ambitions

- Section 5 of the Care Act, 2014, places a duty on local authorities to promote the efficient and effective market for the delivery of care and support services for to meet the needs of local citizens, including people who fund their own care. The duty extends to ensuring there are a range of diverse services to enable choice, that they are sustainable and are of a high standard of quality.
- The DHSC white paper, [People at the Heart of Care](#), outlines a 10-year vision that puts personalised care and support at the heart of adult social care. This sets out the government's ambition to implement wide-ranging reform of adult social care, one of which relates to the duties under Section 5 of the Care Act, 2014.
- The proposals in this report support the ambitions and priorities for the organisation and the city as set out in the Best Council Ambition to be an Efficient, Enterprising and Healthy Organisation in terms of effective partnership working and commissioning, with a clear focus on delivering high quality, locally integrated public services and supporting the people and places most in need.

## Recommendations

- a) Approve the additional staffing capacity required within Commissioning for a period of 18 months:
  - Commissioning Manager - PO4 x 1FTE
  - Business Support Officer – C1 x 18.5hrs

## Why is the proposal being put forward?

- 1.1 In December 2021, the DHS published a white paper, [People at the Heart of Care](#), which outlined a 10-year vision that puts personalised care and support at the heart of adult social care. This sets out the government's ambition to implement wide-ranging reform of adult social care, one of which relates to the duties under Section 5 of the Care Act, 2014.

- 1.2 In supporting this ambition, the DHSC is making available the Market Sustainability and Fair Cost of Care Fund to be allocated over a 3-year period. The [fund was announced on 16 December 2021](#). In total the fund amounts to £1.36 billion (of the £3.6 billion to deliver the charging reform programme). In 2022 to 2023, £162 million is to be allocated. A further £600 million will be made available in each of 2023/24 and 2024/25. This funding profile allows for staged implementation, while also reflecting the timelines for charging reform.
- 1.3 As a condition of receiving future funding, local authorities will need to evidence the work they are doing to prepare their markets and submit the following to DHSC by 14 October 2022:
- 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, with particular consideration given to the implementation of Section 18(3) of the Care Act 2014 (which is currently in force only for domiciliary care) – a final plan will be submitted in February 2023
  - a spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose
- 1.4 On 24 March, DHSC published guidance on the Market Sustainability and Fair Cost of Care Fund 2022/23. The guidance states that local authorities are required to use all funding to improve sustainability of the 65+ care home and 18+ domiciliary care markets (including domiciliary care providers who operate in extra care settings), with at least 75% of allocated funding in 2022/23 to increase fee rates paid to providers in order to move closer to meeting providers' costs.
- 1.5 Up to 25% of allocated funding in 2022/23 can be used to fund implementation activities associated with meeting the fund purpose, including:
- strengthening internal commissioning and contract management capacity or procuring external resource to undertake the work associated with these grant conditions, and to respond to the opportunity for greater market oversight as a result of increased section 18(3) of the Care Act 2014 commissioning (this does not include the cost of undertaking additional assessments) and/or to increase provider oversight to ensure poor market practices are being addressed
  - conducting cost of care exercises for 65+ care homes, and 18+ domiciliary care
  - engaging with providers for the purpose of both the cost of care exercise and market sustainability plan to better understand the potential impact of reform on the local market. This may include working with local provider associations or third sector organisations to financially support local capacity, where appropriate
  - developing and executing a market sustainability plan
- 1.6 The guidance states that where a local authority has completed a cost of care exercise(s) in April 2021 or later, they may be able to use this for the cost of care report and data return, but local authorities will need to consider:
- whether this accurately reflects current costs
  - how they have adjusted for inflation since the exercise was carried out
  - whether their approach to future inflation, return on capital and travel time remain relevant in future years

The information from the previous cost of care exercise(s) will need to be sufficiently detailed to enable the submission template to be completed.

- 1.7 Alongside Cost of Care exercises, local authorities are required to develop and submit a provisional market sustainability plan, and subsequently a final market sustainability plan. The market sustainability plan needs to demonstrate how it relates to other strategic plans including the Market Position Statement and to demonstrate engagement with local providers in developing the plan.
- 1.8 The provisional market sustainability plan is required to be submitted by 14 October 2022, outlining a local authority's assessment of the sustainability of the local care market in relation to 65+ care home services and for 18+ domiciliary care services, which:
  - takes into account the results from the cost of care exercises
  - considers the impact of future market changes over the next three years, particularly in the context of adult social care reform
  - sets out an outline action plan for addressing the issues identified and the priorities for market sustainability investment
- 1.9 A final market sustainability plan is required to be submitted in February 2023, once budgets are agreed, following the publication of the Local Government Finance Settlement 2023/24.
- 1.10 A&H in partnership with the CCG and LCA, commissioned two external organisations (ARCC and C. Co) to undertake two cost of care exercises during July – December 2021. The DHSC guidance is clear that we therefore are not required to undertake further cost of care exercises for the required submissions in October. However, we will need to review and refresh the data from those exercises to take account of more recent inflation-related costs pressures and to ensure the data we submit meets the requirements as set out in the DHSC guidance published on 24 March 2022.
- 1.11 In order to progress this, the A&H Directorate is commissioning ARCC and C.Co to complete a refresh of their cost models through some further engagement with the home care and care home market to ensure that the conditions set out in the guidance are fully met. Approval for this has previously been sought as an Admin Decision.
- 1.12 In order to complete this new work, additional staffing capacity is required within the Commissioning Team. As such, it is proposed that the following posts are established at the earliest opportunity, initially on an 18-month temporary basis, with the acknowledgement that approval may be sought to extend or make permanent if the future workflow requires it:
  - Commissioning Manager - PO4 x 1FTE p.a - £51,524 - £55,588 (including pay on-costs)
  - Business Support Officer – C1 x 18.5hrs at p.a. £16,000 - £18,000 (including pay on-costs)
- 1.13 The timelines for completion of the cost of care exercises and submission of the template and the market sustainability plan are incredibly tight (14 October 2022). It is therefore not feasible to commence a long recruitment process and it is therefore proposed that the Commissioning Manager PO4 post will be offered as a secondment opportunity within the Integrated Commissioning Team through expressions of interest and interview.

## What impact will this proposal have?

### Wards Affected:

Have ward members been consulted?      Yes      No

- 1 The proposal to establish a PO4 FTE Commissioning Manager post and C1 18.5hrs post initially for an 18-month period will provide dedicated staffing capacity to ensure the Council is able to complete and oversee the work required to enable the Council to complete the cost of care exercises, draft the initial market sustainability plan and the submission template within the required timeline of 14 October 2022.

## What consultation and engagement has taken place?

- 2 Consultation and engagement has not been undertaken for the purpose of seeking approval for the establishment of the staffing resources. In undertaking and overseeing the completion of the cost of care exercises and the drafting of the Market Sustainability Plan, there will be wide consultation and engagement with the care provider market, part of this engagement has already commenced through the regular provider forums.

## What are the resource implications?

- 2.1 The funding to be allocated to Leeds for 2022/23 is £2.235m, up to 25% of which can be used to meet the cost of implementation of this element of the social care reform.
- 2.2 The cost of the staffing resource outlined in 1.12 above would be approximately £109k for an 18-month period (including pay on-costs).

## What are the legal implications?

- 3 In order to access the Fair Cost of Care Fund, the Council is required to complete cost of care exercises within 65+ care homes and 18+ domiciliary care, and to complete an initial Market Sustainability Plan for submission to DHSC by 14 October 2022.

## What are the key risks and how are they being managed?

- 4 The key risk is poor or limited engagement in the cost of care exercises by the care provider market. This is being mitigated by the extensive engagement and consultation that will be undertaken over the next four months by the dedicated staffing resource and through the work to be undertaken by ARCC and C Co.

## Does this proposal support the council's 3 Key Pillars?

Inclusive Growth      Health and Wellbeing      Climate Emergency

- 5 The proposal will enable the Council's ambitions for a strong economy and a compassionate city and to enable people to live with dignity and stay independent for as long as possible. The proposal will also support the ambition of inclusive Growth: Supporting the city's economic recovery from COVID-19 and building longer-term economic resilience; Supporting businesses and residents to improve skills, helping people into work and into better jobs; Tackling low pay.

## Options, timescales and measuring success

- a) What other options were considered?

6 Consideration was given to the option of absorbing this new work into the current staffing capacity within the Older Adults' Integrated Commissioning Team however, there are various additional workstreams which the team is currently progressing and there is a significant risk that the required volume of work will not be completed, and the timeframes for delivery will not be met without the dedicated staffing capacity.

**b) How will success be measured?**

7 Success will be measured by the timely completion of the required work and submissions to the DHSC of the following:

- 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
- a spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose

**c) What is the timetable for implementation?**

8 The submissions to the DHSC are required by 14 October 2022.

**Appendices**

9 EDCI

**Background papers**

10 None