



Northumberland

County Council

CABINET

Date: 14 March 2023

Market Sustainability Plan for adult social care

Report of Councillor Wendy Pattison, Adult Wellbeing

Executive Director: Neil Bradley, Adults, Ageing and Wellbeing

Purpose of report

To seek approval for the Market Sustainability Plan which the Council is required to submit to the Department of Health and Social Care as a grant condition.

Recommendations

Cabinet is recommended:

- 1. to approve the draft Market Sustainability Plan included as an appendix to this report for submission to the Department of Health and Social Care**
- 2. to authorise the Executive Director of Adults, Ageing and Wellbeing, in consultation with the Cabinet member for Adult Wellbeing and the Leader, to make any final revisions to the Plan which appear to be necessary or desirable before submission, after considering any submissions received from care providers after this report was finalised and any comments made at this meeting.**

Link to Corporate Plan

This report is relevant to the “Living” priority in the Corporate Plan.

Key issues

1. The Council is required to submit a Market Sustainability Plan to the Department of Health and Social Care (DHSC) as a condition attached to a grant received during 2023/24. The original purpose of this requirement was to assure DHSC that local authorities were making adequate preparations for the intended implementation of adult social care charging reforms from October 2023. Those reforms have now been deferred, with a revised target date of October 2025, and a possibility that plans might change further before that date, but the requirement to produce a Market Sustainability

Plan remains in place, and the government has recently announced that an updated version of the plan will be required in advance of winter 2023/24.

2. The Council submitted a draft market sustainability plan in October 2022, as required by the grant guidance. This accompanied the Council's report on the outcome of a "fair cost of care" survey of care homes for older people and homecare services which local authorities were required to carry out as a further grant condition. A revised template and guidance for the final version of the Market Sustainability Plan was published only on 1 February 2023, with a deadline for submission to DHSC of 27 March.
3. The draft plan focused on the potential implications of the government's charging reforms for the care home sector, explaining the reasons for concern about how the reforms might destabilise a sector in which the business models of many care home operators assume a mix of publicly funded and private contract residents. It also set out the reasons for thinking that the care service currently most in need of additional funding was homecare to support people to remain in their own homes, which for the majority of older people with care and support needs is the way in which they wish to live. Since summer 2021, home care services in Northumberland and across the country have been experiencing unprecedented difficulties in recruiting and retaining a sufficient workforce.
4. DHSC initially gave the impression that they did not wish local authorities to publish immediately their draft market sustainability plans or cost of care survey analyses, and that the draft plans would be reviewed by the Department, which might ask for changes before publication of the final version. In late December, DHSC issued revised advice, and the draft plan and the survey analysis have been available on the Council's website since early January. All providers of home care and of care homes for older people in Northumberland have been invited to comment on the draft plan.
5. Care North East, a regional association whose membership is said to include the operators of 23 of the 71 care homes for older people in Northumberland, have expressed disagreement with the contents of the draft market sustainability plan and the Council's analysis of the "fair cost of care" survey returns. The association believes that the Council's fees are inadequate to sustain the market, and that adjustments made to the figures submitted in the survey returns were unreasonable. Officers' advice is that, while a variety of different assumptions could have been made when analysing the survey returns, the adjustments made still appear reasonable. DHSC have not raised any queries about the Council's submission.

Market Sustainability Plan for adult social care

BACKGROUND

1. Introduction

- 1.1 The Cabinet considered at its meeting on 11 October 2022 a report on the “Market Sustainability and Fair Cost of Care Fund 2022 to 2023”, a Government grant of £1.027m intended “to support local authorities to prepare their markets for reform of the adult social care system” and “to support local authorities to move towards paying providers a fair cost of care”.
- 1.2 The grant was intended to address two issues:
 - a) The charging reforms then expected to be implemented with effect from October 2023 would have given anyone in need of care home accommodation right to ask the local authority to make arrangements under its contract, which was expected to lead to a convergence between the fees paid to care homes by the local authorities and fees charged to private residents, which are in many cases significantly higher. DHSC anticipated that the results of a “fair cost of care” survey which local authorities were required to carry out as a condition for receiving the grant would provide an indication of the scale of the necessary increase in public sector fees.
 - b) DHSC were of the view that “a significant number of local authorities are estimated to pay below the cost of providing care”, both for care home accommodation for older people and for home care. This was based on modelling work carried out while preparing an impact assessment for the charging reforms.
- 1.3 The October 2022 Cabinet report confirmed that in Northumberland, and also in other local authorities across the north-east and nationally, many care home providers had returned figures in response to the survey which, if taken at face value, implied costs per resident substantially higher than current local authority fees, and also much higher than the assumptions in the DHSC impact assessment. It explained that officers intended to make a number of adjustments to the submitted figures, including substituting standard figures for the levels of return on capital and on operations which care home operators had suggested they should be funded to receive and adjusting for the unusual circumstances in 2021/22, the base year for the survey, when care home finances had been substantially affected in a number of ways by the Covid pandemic.
- 1.4 Along with its analysis of the survey results, the Council was required to submit a draft “Market Sustainability Plan”, setting out its view about the current sustainability of the care home and home care sectors in its area, and its plan for preparing these sectors for the impact of the charging reforms. It was envisaged that where necessary these plans would include plans for increasing average fee levels to move towards the indicative sums calculated from the figures submitted by care providers through the survey.

2. The Market Sustainability Plan

- 2.1 In Northumberland, officers' analysis of the survey results suggested that an indicative figure for the median "cost of care" in care homes calculated on the basis requested by DHSC would, on what appeared to be reasonable assumptions, come out at a level not significantly different from the current level of fees, and that the difference in homecare would be relatively small. However these comparisons were heavily dependent on the precise assumptions made, and it was not possible to be confident that they were a reliable guide as to the fees that would in reality be necessary to sustain services. For a variety of reasons, spelled out in the analysis of the survey submitted by the Council to DHSC and in the Market Sustainability Plan, there were and continue to be exceptional circumstances which make it hard to arrive at a confident view about the base level of fees required to (in the case of care homes) maintain existing capacity and (in the case of homecare) return to a position in which capacity is sufficient to enable all needs to be met in a timely way.
- 2.2 The draft Market Sustainability Plan submitted to DHSC in October 2022 included a detailed discussion of the potential impact of the charging reforms in a rural area such as Northumberland which is less relevant now that the charging reforms have been deferred until at earliest October 2025. The proposed revised version of the plan which accompanies this report as an appendix has been rewritten in line with revised DHSC guidance to focus primarily on market challenges in the period between now and October 2025.
- 2.3 Further grant funding will be available in 2023/24, now renamed as the "Market Sustainability and Improvement Grant". The total grant payable to the Council will be £3.56m. At the time of preparing this report, detailed grant conditions for this funding had not yet been published. A guidance note issued alongside the final local government financial settlement indicates that this grant will include an element set up the same level as in 2022/23 which is intended specifically "to continue to support the progress local authorities and providers have already made in 2022/23 on fees and cost of care exercises", and that the grant would be targeted on four objectives:
- a) Increasing adult social care capacity
 - b) Reducing waiting times
 - c) Increasing workforce capacity and retention
 - d) Increasing fee rates to close the cost of care gap in an area
- 2.4 The attached Market Sustainability Plan makes no firm commitments about the use of the grant in 2023/4, but indicates that, subject to grant conditions, priorities are likely to include further support for homecare services to address capacity issues and further time-limited support for care homes for older people to address current exceptional cost pressures.
- 2.5 While the original purpose of the Market Sustainability Plan was specifically to prepare for the charging reforms, it now appears that it is seen as a mechanism enabling DHSC to oversee more generally the steps being taken by local authorities to address current challenges in the care sector. A further Market Sustainability Plan

will now be required later in 2023, whose intended focus appears to be the capacity of care services to meet pressures in the health care system during the winter of 2023/24.

Consultations

- 2.6 At the time of preparing this report, officers had received and responded to comments about the October 2023 draft Market Sustainability Plan from Care North East, but had received limited feedback from care home providers outside that association or from homecare providers. The revised template for the Market Sustainability Plan was published only on 1 February 2023, and Care North East indicated in their initial comments that they would wish to make further representations when the revised template was available. Opportunities are also being set up for other providers to discuss with officers their views about the issues covered in the Plan. The Lead Member will provide an oral update at the Cabinet meeting on any further comments received from providers, and the Cabinet is asked to authorise detailed amendments to the text of the Plan under delegated powers, to ensure that it represents as fully as possible the views of providers.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy	The strategic intentions summarised in the plan are based on those previously adopted by the Council in its Market Position Statement.
Finance and value for money	The plan indicates in broad terms how the Council intends to make use of some elements of the Market Sustainability and Improvement Grant for adult social care to be received during 2023/24. No firm commitments can be given at this stage, since full details of the grant conditions have not yet been published.
Legal	<p>Section 5 of the Care Act (2014) sets out duties on local authorities to facilitate a diverse, sustainable high quality market for their whole local population, including those who pay for their own care and to promote efficient and effective operation of the adult care and support market as a whole. Alongside this, the Council has a critical role in local market shaping to encourage quality, choice and sufficiency of provision.</p> <p>The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council.</p>

Procurement	The Council's contracts for care home accommodation for older people and for home care are open to any qualified provider. Any additional funding offered through either contract will be offered on a basis which treats all providers on an equal basis.
Human Resources	There are no direct implications for the Council's workforce.
Property	No implications identified
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	Any specific proposals for the use of grant or other funding to increase fees for care and support services will be screened separately to assess whether there is a need for a full analysis of potential impacts on people with protected characteristics under the Equality Act.
Risk Assessment	No separate risk assessment is required
Crime & Disorder	No implications identified
Customer Considerations	The primary impact on people with care and support needs of any increases in fees paid to the providers of services will be increased assurance services will continue to be available, and in the case of home care will, we hope, over time return to a level which enables needs to be met more quickly than is always possible at present. However some service users, primarily those with assets above the capital limit in regulations of £23,250, will be required to meet the cost of fee increases.
Carbon reduction	The plan sets out an intention to explore with care home providers whether any funding provided to support them with the impact of energy cost inflation could include support to improve energy efficiency.
Health and wellbeing	The services which the plan focuses on are essential for the health and well-being of some of the county's most vulnerable residents.
Wards	All

BACKGROUND PAPERS

Draft Market Sustainability Plan (published on the Council's website at www.tinyurl.com/costsurvey22).

Report sign off.

Authors must ensure that officers and members have agreed the content of the report.

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