

# People & Health Overview Committee

8 September 2022

## Adult Social Care Market Sustainability Plan 2022-2025

### For Recommendation to Cabinet

**Portfolio Holder:** Cllr P Wharf, Adult Social Care and Health

**Local Councillor(s):** All

**Executive Director:** V Broadhurst, Executive Director of People - Adults

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**Report Status:** Public

**Recommendation:**

- (1) To review and comment on the outline of the Market Sustainability Plan for submission to the Department for Health & Social Care;
- (2) To recommend the plan to Cabinet for its approval in order to submit the draft to the Department for Health & Social Care by the deadline of 14 October 2022, subject to any comments and amendments recommended under (1);
- (3) To note the intention to return to Overview with the finalised plan as part of the second-stage submission process to the Department for Health & Social Care in February 2023.

#### Reason for Recommendation:

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.

The Government's reform of adult social care, as set out in the White Paper, *People at the Heart of Care*, includes a new approach to the sustainability of local care markets. This is absolutely central to the overall reform programme for adult social care. It requires the Council to submit a Market Sustainability Plan, which details how it will work with the local providers to set a 'fair' price for care and maintain that level of fees into the future. The plan covers older people's residential care, and all-age domiciliary care. In return, the Government has committed an amount of funding (yet to be allocated) to support local authorities to increase the fees paid for care.

Having commissioned specialist consultancy support, commissioners have developed the plan attached based on their findings on Fair Cost of Care, for submission by the deadline of 14 October 2022. There is further opportunity to revise the plan, to include a firmer commitment on financials (including, critically, Dorset's allocation of the national funding for market sustainability), for resubmission by the final deadline in February 2023. The plan sets out the challenges in the local care market in Dorset, proposes an approach to incrementally raising rates to the level of the 'fair cost of care' by the end of the Plan period and sets out a wider action plan for improving the stability and sustainability of the care market.

## 1. Introduction

- 1.1 In December 2021, the Government published a White Paper, People at the Heart of Care, that outlined a 10-year vision to put personalised care and support at the heart of adult social care. This built upon previous policy and legislation, including the Care Act 2014. In particular, the White Paper and its subsequent regulations takes the existing duty on local authorities to promote market sustainability contained in Section 5 of the Care Act and builds a stronger framework for ensuring that local authority purchasing practices are supportive of an effective, sustainable and sufficient local market in social care.
- 1.2 This is part of the wider reform agenda in adult social care, which includes changes to the ways in which people pay for their care. Separate funding streams support delivery of these related interventions, but the impact of them cannot be separated from the work on the 'fair cost' of care and market sustainability. Members will recall receiving a presentation on the Council's wider approach to implementing the reform agenda at the Overview Committee meeting on 28 June (<https://moderngov.dorsetcouncil.gov.uk/ieListDocuments.aspx?CId=652&MIId=5303&Ver=4>, item 9 refers).
- 1.3 There are 3 fundamental factors that the government wants to achieve with this part of the reforms:
- That the practice of local authorities and self-funders paying different prices for the same care (effectively cross-subsidy) ends;
  - That self-funders (those without local authority contributions to their care costs) can access care at the prices local authorities pay; and
  - That local authorities pay providers a 'fair' rate for care - i.e. what care costs.

### **Market Sustainability and Fair Cost of Care Fund**

- 1.4 A national fund of £1.36bn has been allocated to support changes to the fee levels paid by local authorities, and the associated reform of commissioning systems that will be required. This is provisionally allocated at £162m for 2022/23, and £600m for each of 2023/24 and 2024/25. The Council is required to do three things to access the fund:
- Undertake 'cost of care' exercises for 65+ care homes and 18+ domiciliary care;
  - Develop a market sustainability plan, using the cost of care exercises as a key input to identify risks in the local market, with a final plan to be submitted in February 2023; and
  - Submit a spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose.
- 1.5 These documents are in final development. This report presents an overview of the proposed way forward and seeks Overview Committee input and

guidance on the Market Sustainability Plan as currently drafted. Approval of the Plan is scheduled for Cabinet on 4th October 2022. This allows the first submission of a draft plan, to be made to the Department for Health & Social Care by the required deadline of 14th October.

- 1.6 A second submission is then required in February 2023, which will incorporate full financial implications based on the local government finance settlement and the allocation of the Market Sustainability & Fair Cost of Care Fund for 2023/24 and 2024/25.
- 1.7 Although our draft plan sets out commitments on how quickly the Council intends move to paying the full assessed 'Fair Cost of Care', it is heavily dependent on the grant allocation to ensure that this is affordable.

## **2. Structure of the report**

- 2.1 The attached slide deck sets out the issues which will be presented in the final narrative plan which must be submitted. This conforms to a set menu of information contained within [Annex C of the Department of Health and Social Care guidance](#). It includes:
  - An overview of the market sustainability planning process;
  - An overview of the 'Fair Cost of Care' exercises that have been undertaken;
  - An assessment of the issues in each of the markets that the plan must address: 18+ homecare and 65+ residential care;
  - An overview of the impact of the social care charging reforms;
  - The proposed approach to both of the markets around addressing sustainability;
  - The results of the 'Fair Cost of Care' exercises and the approach that has been taken to setting 2022/23 fee rates, and how this relates to the longer-term trajectory towards the Council paying what is assessed as the 'Fair Cost of Care' by 2025.
- 2.2 Also included as appendices are executive summaries of the two reports that have been presented by the consultancies involved in the 'Fair Cost of Care' exercises. It is a requirement to publish the full reports in due course.

## **3. Conclusion**

- 3.1 The Market Sustainability Plan, and the processes set out by the Government, are an important step towards moving the care market to a more sustainable position and to lower the price differential between that paid by private fee payers and that paid by local authorities for social care services. It has significant financial implications for local government. It will not address all the issues related to the provision of social care services, either locally or nationally. However, it is important that this plan receives due scrutiny and has a robust financial analysis included.

## **4. Financial Implications**

- 4.1 Dorset Council has been allocated £1.2m from the national fund for 2022/23. Local non-recurrent funding of £3m has also been made available by NHS partners to assist the implementation of the Fair Cost of Care exercise. This has allowed for the full implementation in the 18+ domiciliary market and a good start to meeting the 2025 deadline for the achievement of fair costs of care in the 65+ residential market.
- 4.2 When taking inflation into account from the Fair Cost of Care exercise the financial impact in 2023/24 is between £12.6m and £14.3m depending how approach to the 65+ residential market. This figure includes the £4.2m from 2022/23.

## **5. Well-being and Health Implications**

- 5.1 The provision of sustainable, stable social care services are of critical importance for the wellbeing of those who rely on them. Further, the Integrated Care System is absolutely dependent on access to social care and on its sustainable provision in order to support the effective operation of the out-of-hospital flow systems. It is in recognition of this that the NHS has contributed £3m in 2022/23 towards improving market sustainability, and this one-off allocation has allowed for the acceleration of the move towards 'fair cost of care' in homecare in particular.

## **6. Climate implications**

- 6.1 Part of the sustainability plan relies on the improved 'zoning' of homecare contracting, as set out in the Council's emerging commissioning strategies, and this should improve the transport planning of care workers and reduce the mileages covered across agencies' overall care package portfolios.

## **7. Other Implications**

### **Property and Assets**

- 7.1 There are no direct property or asset implications for the Council.

### **Voluntary organisations**

- 7.2 There is a significant overlap between providers of social care services and the voluntary, community and social enterprise sector. The measures in this report seek to improve the sustainability across the whole market, and will provide benefit to the VCSE organisations that provide relevant regulated social care services. Additionally, the sustainability plans build on the intentions set out in our emerging commissioning strategies, to build greater interface and partnership between formal social care and informal community-based support, chiefly provided by VCSE organisations.

## **Safeguarding Adults**

- 7.3 Sustainable services are likely to be safer services. The measures in this report are the first steps to addressing many of the challenges that have the potential to compromise the delivery of safe services. They will change the relationship between the Council and the provider markets, which is a key plank of the emerging commissioning strategies, and on which an improved dialogue about safeguarding practice and safety of services can be built.

## **Risk Assessment**

- 7.4 The most significant risks relate to the financial impact of the commitments in this report, and the impact of not receiving sufficient market sustainability and fair cost of care grant to cover them. However, in that case the straightforward mitigation would be not to proceed with the proposals. However, that carries further risks around further damage to the relationship with the market, and further deterioration in the delivery of care and support.
- 7.5 With the introduction of the right to request that the council arranges a package of residential care on behalf of a self-funder (covered under reforms to Section 18(3) of the Care Act), there is a further risk that not having the funding to move to the Fair Cost of Care would remove significant self-funder financial flows from the provider market (as they move to council-funded rates) without raising the funding from the state to compensate. In this instance, providers would have to raise rates to ensure their viability, and the Council would be forced to bear the costs, whether or not there was any formal 'uplift' in base rate fees or the money to fund them.

## **8. Equalities Impact Assessment**

### **8.1 Age**

The market sustainability planning process is heavily skewed towards services for older people. As such a significant proportion of the population of Dorset, this has a notable impact on many Dorset residents. However, although not covered in this report, Dorset Council has sought to ensure that a robust approach to setting 'Fair Cost of Care' has been taken across all care types for all ages.

### **8.2 Disability**

Whether due to emerging frailty or lifelong (or acquired) disability, the proposals will stabilise the provision of homecare services for all ages. Further, they will improve the stability of provision of residential care for older, frail people and those with dementia.

## **9. Appendices**

- 9.1 Three appendices are included:

1. Slide deck detailing the contents of the proposed Market Sustainability Plan;
2. Executive Summary of the Fair Cost of Care exercise for 18+ domiciliary care;
3. Executive Summary of the Fair Cost of Care exercise for 65+ residential care.

## **10. Background Papers**

- 10.1 National Government guidance on the Market Sustainability & Fair Cost of Care process: <https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance>