



Dorset
Council

Dorset Council Adult Social Care Market Sustainability Plan

Plan summary for Overview Committee, 8 September 2022

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About the Plan

- A government requirement to access the national fund for market sustainability and fair cost of care
 - £162m (£1.2m to Dorset) was allocated in 2022/23 – we must account for spend against that
 - £600m for each of 2023/24 and 2024/25 – individual allocations not yet confirmed, and will be informed by all councils' submitted plans
- Must deal with issues in the markets for 18+ domiciliary (home) care, and 65+ residential/nursing care
- Plan template is a short narrative document, covering issues in the market, the impact of the reforms, and the actions that are proposed to improve market sustainability
- First draft must be submitted by 14 October 2022.
 - Scheduled for Cabinet approval on 4 October 2022
- Final draft will follow the Local Government Finance Settlement, and confirmation of allocation of the national grant monies, and should be a costed version detailing how money will be spent
 - For submission in February 2023



The national reform agenda in adult social care

- 10-year vision to transform support and care in England based on 3 objectives:
 - People have choice, control, and support to live independent lives.
 - People can access outstanding quality and tailored care and support.
 - People find adult social care fair and accessible.
- Ambitions extensive, but can be summarised as:
 - **Innovation and workforce**
Innovations and investment in models of care, support for the care workforce and for carers.
 - **A new assurance regime for local authorities**
A new assurance and inspection framework for the Adult Social Care delivered by Local Authorities and Integrated Care Systems
 - **Funding reforms**
For individuals, including the proposed cap on the overall cost of care, and the ability to ask local authorities to arrange residential care under Council's own contracts
 - **Market reform**
A move to local authorities paying the 'fair cost of care' and reducing the financial burden that falls on self-funders

Market reform is critical to supporting the workforce and forming the relationships upon which we can build innovation. Without market reform, the funding reforms cannot work properly because the new expectations of self-funders will be very disruptive to the current operation of the market.

The Fair Cost of Care

- Critical to ensuring a sustainable market is also to ensure that the prices being paid for care allow the operators of those businesses to reward staff appropriately, and to make a reasonable return on the business operations after costs are taken into account.
- All councils must undertake exercises to understand the 'fair' cost of care for their local markets
 - Dorset had already initiated such exercises
 - We have subsequently confirmed that they are compliant with the spirit of the national guidance
- Nationally, it is structural feature of the operation of the care market, particularly the older people care market, that local authorities' bulk buying power, and greater experience as commissioner, commands lower rates than for the individual self-funder.
 - The higher rates paid by self-funders has for many years been required to balance the difference and allow providers to make a reasonable return.
 - It is this cross-subsidy that the Government now wishes to remove, and the reason for providing funding for local government to pay the 'fair cost' of care that it commissions, so that it is no longer necessary for self-funders to pay a higher rate.

The Impact of Social Care Reforms

- Self-funders can ask us to arrange their residential care using our own contracting
 - Around 1,850+ people in residential care are self-funders
 - They will have access to our rates, hence the importance of the ‘fair cost of care’
 - We will need to assess them and determine their level of need and the right options for them
- Introduction of the cap on care costs means transparency about costs is critical
 - The full cost of residential care does not count towards the cap – ‘hotel’ costs are excluded
 - Metering towards the cap is based on the local authority assessed rate, which may be less than the actual price paid if care at that rate could be sourced in the market. Again, makes a robust assessment of ‘fair costs’ absolutely essential.
- New expectations means a greater emphasis on having the right capacity in place to support the system
 - Assessment capacity
 - Information, advice and guidance
 - Commissioning and contracting
 - Business analysis and data management

Cheshire East Council are a ‘trailblazer’ site, with a very similar population accessing social care to Dorset. They have 6,000 people known to services... their estimates were of an additional 4,200 self-funders who may come forward for assessment for both community-based and residential services. This work is currently underway for Dorset using some of these tools and techniques.

Commissioning for a Better Life: links to our new strategies

- Our new strategies already start to address these issues. The plans contained in this presentation build on and continue work already in train to improve the commissioning picture for homecare and residential/nursing care.

Overarching strategy

- Commercial capacity; data and analysis; personalisation; information and advice; prevention; digital programmes for improving access to care

Older People

- Market interventions around residential care; definitions of different levels of care complexity; provision of new, higher complexity care; homecare market stabilisation including zoning, trusted practitioner, reablement models

Working-Age Adults

- Service reviews on levels and complexities of care, including homecare and supported living; advocacy support

Carers

- Support for carers around information and advice, and on decision-making with loved ones; provision of more respite options and other temporary care arrangements

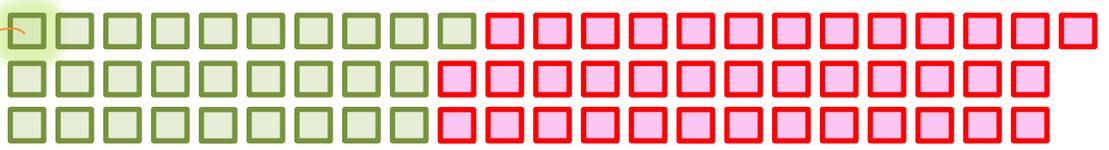
Domicilliary Care, 18+

The market, its challenges, and our suggested responses

The homecare market: an overview



70 homecare agencies providing to older people



Only 1 provider has >75% of its business with the council, majority have less than half

28 on the Dorset Care Framework
...with 75% of our business



42 spot contract, generally with higher rates
...but with much less of our business



Contract 'handbacks' Jun – Nov 2021 – meaning withdrawing from providing a person's care because staff aren't available

...and which meant



Patients waiting for discharge from hospital

...and



People in the community waiting for care

A survey from the Association of Directors of Adult Social Services published in early August found that, as of 30 April 2022, more than 540,000 people were waiting for assessments, care, Direct Payments, or adult social care reviews, an increase of 37 per cent in just six months. These are common national issues in adult social care provision.



The challenges in the homecare market in Dorset

- Workforce

- The principal challenge concerns workforce stability and capacity.
- Currently stability is deteriorating, due to a range of factors including the pandemic, burnout, and overseas workers not returning either due to pandemic-related decisions or immigration status. Workers can also find more attractive terms and conditions in other industry sectors, including tourism and logistics.
- Skills for Care have estimated that in excess of 3,600 further care workers will be needed in Dorset by 2035, whilst the proportion of the population of working age is projected not to grow significantly.
- Turnover in September 2021 was estimated at 33% - roughly equivalent to regional and national averages, but to reduce this would be a major intervention in supporting a more stable market.

- Rurality

- Rurality is a key factor, with long travel times and mileage required, which is being currently exacerbated by the cost of living crisis and the increasing price of fuel.
- These issues are further exacerbated in the summer months when the tourist traffic across the county renders journeys between care appointments even more challenging. There are some significant hotspot areas for these problems.
- During 2021, however, challenges also became more acute for our major towns, with long waits for care also becoming a new norm. Whilst the rural disparity remains, this highlights the building pressure across the whole system.

- Self-funder competition

- Self-funder competition is also a factor in this market, with only one provider having more than 75% of its business with the Council, and most under 50%, with higher rates paid by self-funders adding pressure on the availability of care to meet needs assessed for residents by the Council. For homecare, this is very much secondary to the overall issue of workforce availability.

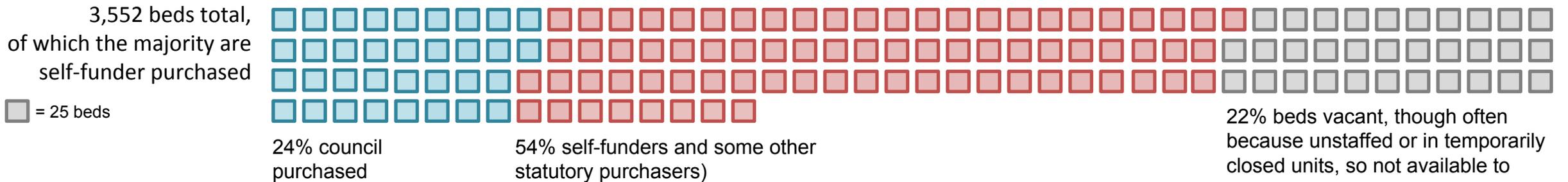
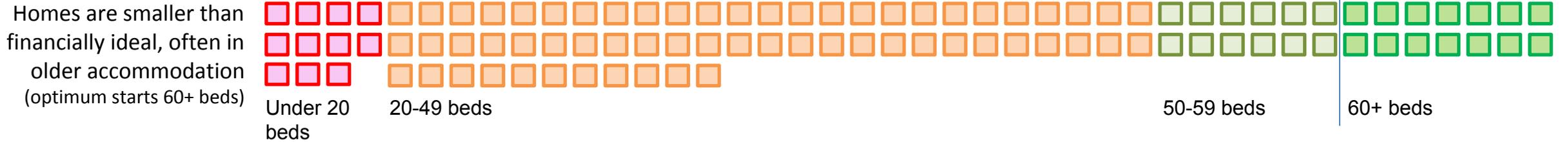
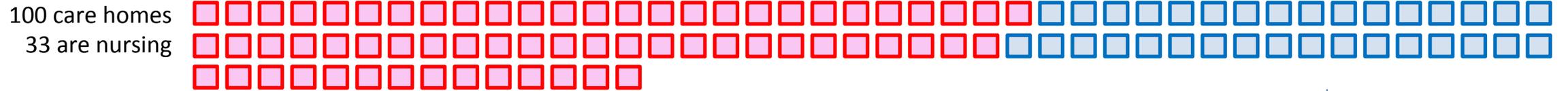
Responding to the challenges: 18+ domiciliary care

Issue to address	Action/priority
Provider relationships	Collaborate with market leaders on establishing a more active provider association, and jointly agreed plan for the future, aligned to our emerging commissioning strategies
Workforce	Develop joint workforce plan with the provider market, including promotional activity, to address recruitment and retention challenges, and to pave the way for the development of increased specialisms
	Work with providers on round optimisation, under the new 'zoned' approach, to improve retention
	Develop housing plans that support keyworker housing for areas where targeted support is needed to build the local workforce
Fair Cost of Care	Strengthen dialogue on FCoC, leading to early repeat of the FCoC exercise to improve engagement
Reablement	Develop new reablement model with Care Dorset, as a community preventive intervention, supporting ICS strategy and developments
Contracting	Implement Dorset Care Framework 2 as vehicle for reforming operation of homecare and reablement system
	Design new contracts, emphasising recovery and independence and stronger links to VCSE
	Implement e-brokerage system and PAMMS provider quality management system to strengthen efficient brokerage activity, with associated council workforce development plan
	Establish strategic provider relationships on which to base more consolidated and transformational purchasing, and to develop more trusted assessor and trusted practitioner models
Choice, control and independence	Improve information and advice provision, aimed at supporting good decision-making including self-funders and promoting alternatives to contracted homecare (PAs/direct payments, etc.)
	Develop strategy around delivery of extra care and other accommodation with support, and associated market development plan
	Development programme around personal assistants and other microprovider activity
	New extra care housing developments in order to support effective care delivery in people's homes for longer
Using technology	Implement plans to develop and promote technology-enabled care options, to improve efficiency of care delivery, including training providers and expanding trusted assessor schemes
	New technology will allow for some assessment self-service, linked to other stands of the reform programme implementation

Residential and Nursing Care, 65+

The market, its challenges, and our suggested responses

The market: an overview



69 different companies operate these 100 homes, with only 5 having more than 100 beds

4 homes closed between Aug 20 and Aug 21

165 beds are sourced out of county which can often be because of resident preference, not just care availability

The challenges in the market in Dorset

- **Workforce**
 - Workforce is a key factor, with similar difficulties in recruiting and retaining staff in the face of competition from other market sectors over terms and conditions.
 - Travel is not a key factor of the operation of a care home in the same way, but geographical availability of staff who can easily commute to homes is a pressing factor in some more rural parts of the county. Availability of nursing staff is a further particular issue.
- **Self-funders**
 - Of significant impact is the purchasing behaviours of individual self-funders. Even more so that with home care, private payers are charged, and can pay, higher rates for residential care than the Council pays. This drives a different 'product', with evidence that Dorset care homes provide more care hours for given levels of need than in other benchmarked areas, with necessarily the increased service capability, as well as other discretionary elements to make up a more desirable product for the self-funder.
 - There is evidence that a number of people make an independent decision to go into residential care ahead of when the Council would ordinarily assess this as being the right option for them at that point in their care journey. In 2020/21 the Council spent £2,226,611 on the care fees of 64 individuals who had run out of their own funds.
- **Availability of services to meet greater complexity, and clearer definitions of the types of care**
 - Particular difficulties are routinely reported by brokerage teams around the sourcing of placements for higher levels of need and greater complexity, and this is an area of the market that will need further development.
 - To assist further work with the market on the development of these options, it is critical that clear definitions around the four levels of complexity of care (residential, complex residential, nursing, complex nursing) are adopted.
- **Geographic challenges**
 - There are geographic imbalances in the availability of care, which need to be acknowledged and factored into any future planning about residential care availability. They also need to be reflected in future market position statement development so that independent providers who consider opening new facilities are clear on where need lies in the county. Development of residential services in very rural areas is a challenge, away from population centres that are sources of potential workforce.
 - This will remain a discussion point for families as well when considering locations for residential care placements for loved ones.
- **Council's strategic purchasing and contracting activities**
 - There are a number of aspects of Council purchasing practice that also do not assist the development of a more sustainable market in residential care, with placements made across a wide range of providers and opportunities missed to develop deeper and more long-term partnerships with key providers that would allow us to test new contract options or care types (including intermediate and other short term care).
 - Additionally, whilst the Council brokers for NHS Continuing Healthcare, on behalf of the NHS, it does so in a limited transactional manner, rather than full end-to-end completion of the care arrangement process – moving to this position could assist with maintaining consistency in practice across statutory agencies' market engagement.

Responding to the challenges

Issue to address	Action/priority
Provider relationships	Collaborate with market leaders on establishing a more active provider association, and jointly agreed plan for the future, aligned to our emerging commissioning strategies
Fair Cost of Care	Continue to develop dialogue around financial issues in residential care delivery
	Establish agreed set of definitions on the levels of complexity in care contracting, which will include understanding of the number of care hours typically required and allow us to address the higher care hours found in the FCoC analysis
	Repeat FCoC exercise to inform 2024/25 budget setting
Contracting	Establish new contract types to match definitions of care complexity and options around intermediate and other flexible provision
	Dorset Care Framework 2 commissioning to formalise new elements in care delivery, which includes the NHS as a partner and so presents opportunities to make the DCF2 a more powerful instrument in supporting ICS ambitions
	Develop strategy for delivery of extra care and other accommodation with support, and associated market development plan
	Implement e-brokerage system and PAMMS provider quality management system to strengthen brokerage activity (more efficient, more commercial), with associated council workforce development plan (to include stronger contract management, option for new NHS offer)
	Establish strategic provider relationships on which to base more consolidated and transformational purchasing, and allowing for the development of more trusted assessor/trusted practitioner models
Workforce	Develop shared workforce plan with providers
	Develop housing plans that support keyworker housing for areas where targeted support is needed to build the local workforce
Choice, control and independence	Develop information and advice provision, proactive and targeted to those making decisions about their care and its costs under new financial rules – especially issues around what counts to the cap, etc.
	New technology will allow for some assessment self-service, linked to other stands of the reform programme implementation, and harnessing opportunities for more tailored and targeted delivery of information and advice
Provision to meet needs	Council-initiated development of new residential provision to meet higher-level needs
	New extra care housing developments in order to support effective care delivery in people’s homes for longer

The Fair Cost of Care

The analysis, what it told us, and our plans to get to the Fair Cost of Care by 2025, subject to Government funding.

Whilst not able to give a “green light” to our approach, an informal review with colleagues from the Department for Health & Social Care has indicated that we have conducted these exercises in the spirit of the guidance and in line with expectations.

The analysis: domiciliary (home) care, 18+

Process

- 9 Older People's Home Care businesses responded, only 3 completed cost information
- Widespread ask for us to use benchmarking data with other authorities instead
- Strong effort to engage market means report can't be challenged as not representative; however, there has still been some concern expressed since the results were presented that they don't take account of all costs
- Benchmarking with 11 neighbours and 'most similar' comparators has also been completed
- Earlier discussions with home care providers fed into the process, asking consultancy to model £10.50/hr staff pay, to match competing employment sectors
- *Also completed exercise for Supported Living (although that is not required by the Government exercise): 9 Supported Living (learning disability/mental health) provided information; 4 deep-dives and 3 pre-engagement 1:1s. Reasonable spread across size of providers/geography.*

Headline results

- Workforce resilience vital to longer term market sustainability; higher wages for staff is key. The carer path and individual development is also important
- Paying £10.50/hour to staff brings working in care to a competitive level with retail and hospitality – a key 'threat' to local workforce recruitment/retention.
- Implementation of a rural rate will support achieving more consistent coverage across the county, regardless of time it takes to travel
- The modelling offers the basis for a data led conversation with providers. New rates assume key conditions are such 0.45p mileage, all staff paid at contact time rates, and sickness and pension contributions.
- Initial feedback from providers positively recognises the Council's intent in moving promptly to pay the 'fair cost' and implementation of a rural rate, however there has been some concern at lack of an uplift to the 30min urban rate. It is partly in response to this that we have offered an early re-run of the exercise, for which we hope to have better engagement.

The approach: domiciliary (home) care, 18+

- A robust approach to commissioning home care is critical both for the care at home system, and for the residential and nursing care system. Therefore we have moved in year 1 to paying what was assessed as the Fair Cost in the 2021 exercise.
 - This is made possible by a one-year allocation of funds for social care market stabilisation by the NHS, which effectively brings forward the availability of the allocations expected in future years from government funds.
- Elements of the approach to the rate for the Fair Cost of Care include:
 - We have set an expectation of a wage rate of £10.50/hr for a care worker. This is competitive with logistics and hospitality sectors. This may, however, change as the cost of living crisis plays out, and will need monitoring.
 - We have costed in the clear expectation that 45p/mile is paid for travel costs, in line with the HMRC approved rate.
 - In recognition of the mixed urban/rural geography of Dorset, we have established two rates, the rural rate reflecting the increased travel time that needs to be paid to care workers.
 - Inflation has been applied to the 2021 assessed prices to make them fully applicable to 2022/23.
- Inflation will be modelled in future years based on consultant recommendation, with rates set for April on the basis of the *predicted* inflation at the following September. The following April will then adjust for *actual* inflation in that year, and apply the new prediction for coming year.
- This approach to inflation is a commitment made subject to sufficient government funding being made available to the Council and will always be subject to the legal requirement for the Council to set a balanced budget.
- Given concerns that the results are not comprehensive, we have committed to an early re-run of the process.

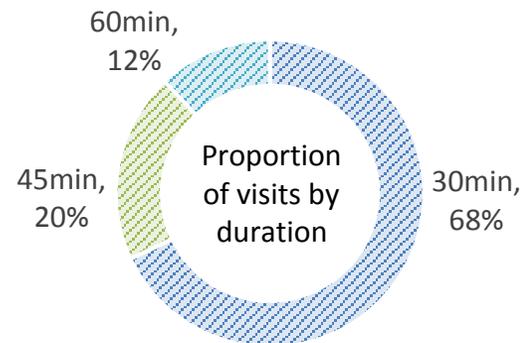
The approach: domiciliary (home) care, 18+

The results in numbers: what we pay to providers

Moving straight away to paying the 'fair cost of care', partly in recognition of the importance of stabilising the homecare market both for immediate benefit of those receiving care and support at home, and for the connected impact on the residential care market.

Current position

- All calls:
 - 30mins £11.78
 - 45mins £14.04
 - 1hr £18.73



New position for 2022/23

- Urban calls:
 - 30mins £11.78
 - 45mins £16.42
 - 1hr £21.07

84% of people supported from the Dorset Care Framework, for 80% of total spend
- Rural calls:
 - 30mins £13.83
 - 45mins £18.42
 - 1hr £23.01

16% of people supported from the Dorset Care Framework, for 20% of total spend

The analysis: residential and nursing care, 65+

Process

- 24 Older People's Care Homes completed survey (16 residential, 8 nursing; 24% of all)
- Consultant satisfied this provides a good level of confidence in the results

Headline findings

- DC currently pays on average at FCoC for residential and nursing, but pays higher for Dementia support.
- Dorset Homes provide higher levels of care hours per resident per week than Consultant's benchmark.
- To pay all providers at FCoC rate is unaffordable within existing budgets, but offers a key opportunity to work with local market to seek higher/more sustainable funding streams from Government
- As with all averages, any implementation would see 'winners and losers' in relation to uplifted rates – again an opportunity to change our relationship with providers who are willing to work with us to develop services to meet the needs, and help us better understand some of the anomalies such as weekly care hours per resident

The approach: residential and nursing care, 65+

- The Fair Cost incorporates elements as follows:
 - Rates calculated for residential, residential (complex/dementia), nursing, and nursing (complex/dementia)
 - Account of costs in a full breakdown, as provided by the providers that took part, and based on providers with generally market-standard occupancy and across the middle range of the size of local homes
 - Removes temporary additional costs relating to pandemic management
 - Removes geographical variation in the rates paid, which was not found to have an evidential basis
 - Assesses wage levels in the local market and ensures that the rate can support them
 - An allowance at a market standard rate of 5% for return on operations – this is the operator’s ‘reward’ for the effective delivery of the care operation and its associated financial and operational risks
 - An amount for return on capital (the owner’s ‘reward’ for investing in the capital asset of the home) which allows for 5.1% return, based on median property values and the local housing allowance rate for a 1 bedroom property – again benchmarked as being reasonable for the industry
- As with homecare, inflation will be modelled in future years based on the consultants’ recommendation, with rates set for April on the basis of the *predicted* inflation at the following September. The following April will then adjust for *actual* inflation in that year, and apply the new prediction for coming year.
- This approach to inflation is a commitment made subject to sufficient government funding being made available to the Council and will always be subject to the legal requirement for the Council to set a balanced budget.

The approach: residential and nursing care, 65+

- **It is not affordable to move to paying the full Fair Cost of Care from the start of the plan period. All changes proposed below are subject to government funding being available.**
- **There are two variables in play:**
 - closing the gap between current and 'Fair' rates; and
 - application of inflation.
- In **2022/23**, we use the rates evaluated at September 2021 to apply a new 'base rate' for placements which goes 50% of the distance between current base rates and 'Fair Cost' at September.
- In **2023/24**, subject to funding being made available:
 - we inflate that price by the measure of inflation in 2022/23 *and* that predicted for 23/24; and
 - move to 75% of the distance between our old base rate and the now-inflated 'Fair Cost'
- In **2024/25**, subject to funding being made available:
 - we adjust the previous year for actual inflation, inflate for the predicted inflation in 2024/25; and
 - move to paying the full Fair Cost of Care.

The approach: residential and nursing care, 65+

The results in numbers

Current position

- Base rates (with geographical variation):
 - Residential £572 - £686
 - Residential dementia £619 - £742
 - Nursing £624 - £745
 - Nursing dementia £671 - £805

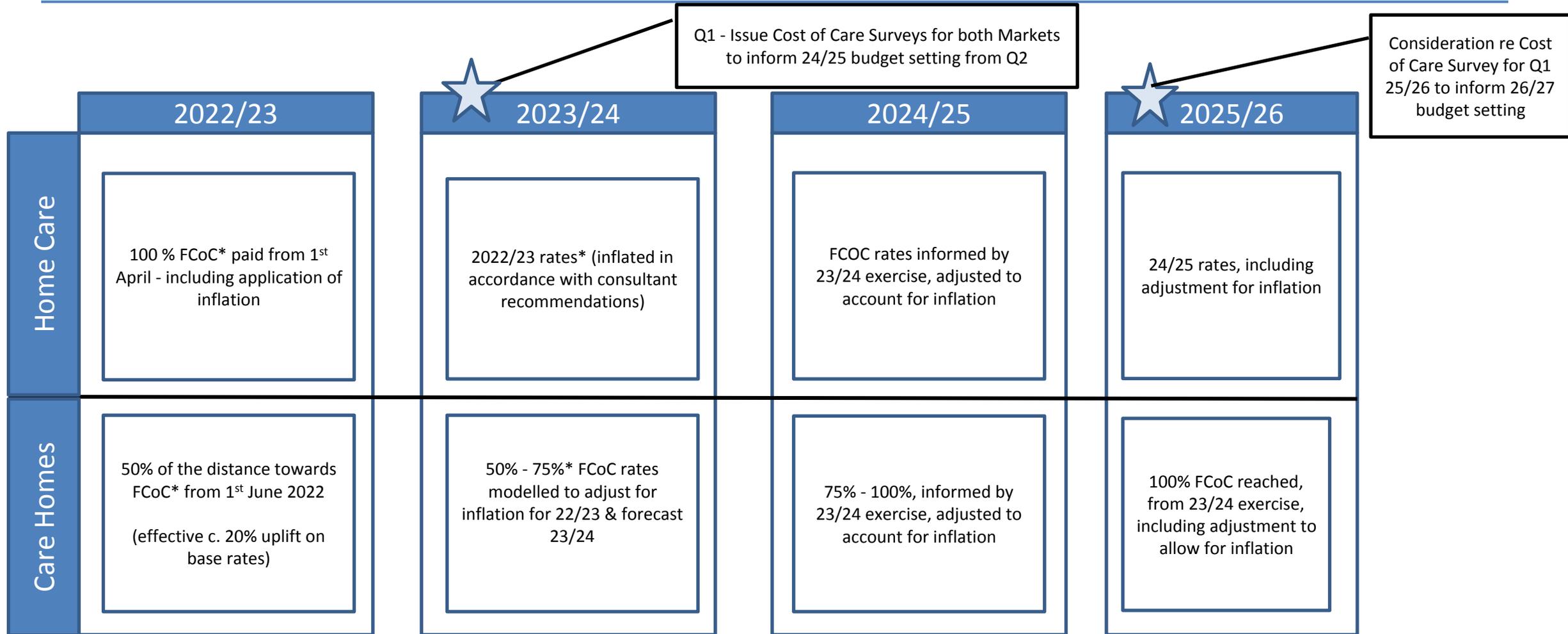
New position for 2022/23

- Base rates (no geographical variation):
 - Residential £702
 - Residential dementia £743
 - Nursing £767
 - Nursing dementia £834
- This moves minimum commissioning half way towards closing the gap with the Fair Cost of Care, and for those providers it represents a 20% uplift in care fees
- Full 'fair cost of care' fee rates (at Sept 2021):
 - Residential £832
 - Residential dementia £868
 - Nursing £909
 - Nursing dementia £938



All nursing rates exclude Funded Nursing Care contribution (FNC) paid by the NHS, which rose from £187.60 (2021 rate) to £209.19 for 2022/23. A different treatment, using an LGA-recommended 6.6% increase has been applied to out of county placements, and also those who are off-framework but below the 50% FCoC trajectory, capped at the 50% FCoC threshold

Our Plan to achieve full Fair Cost of Care Rates



Please note – Planning is based on the assumption that adequate funding is allocated from Fair Cost of Care & Market Sustainability Fund to enable ongoing payment at FCoC for Home Care and to achieve Care Home FCoC by 1 April 2025.

*based on September 2021 costs

Financial implications

National grant of £162m
Dorset allocation = £1.2m

National grant of £600m per year
Local allocations to be determined based on submitted plans. On standard methodology, Dorset would receive £4.4m each year, which will not close the gap.

Care type	2022/23	2023/24	2024/25	2025/26
Home care*, 18+	£3m	£8m	£13m	£18m
Residential & Nursing, 65+	£1.2m	£5.2m	£10.2m	£13.7m
Year on year increases	+£4.2m	+£9m (+£13.2m**)	+£10m	+£8.5m

Market Sustainability Plan period

additional funding requirement must be supported by the national Market Sustainability & Fair Cost of Care Fund allocation – over the two years an additional £36m is required, based on budgets for 2021/22.

The Council has some mitigations in place to bridge this gap, but is dependent on the national grant allocation to be able to make these policy changes.



- * Includes supported living services, as the care delivered in those settings is related to home care provided to those 18-65
- ** The effective additional revenue funding required will be £4.2m higher to compensate for the loss of the one-off NHS allocation which supported the budget in 2022/23, and the new grant allocation replaces the £1.2m allocation received to support the 2022 budget



Dorset
Council