

<b>A REPORT TO SUPPORT THE SUSTAINABILITY OF THE ADULT SOCIAL CARE MARKET</b>
<b>CLLR FITZGERALD, DEPUTY LEADER AND CABINET MEMBER FOR ADULT SOCIAL CARE, HEALTH AND PUBLIC HEALTH</b>
<b>JANUARY 2021</b>
<b>Deadline date: 31 January 2021</b>

Cabinet portfolio holder: Responsible Director:	Cllr Fitzgerald, Deputy Leader and Cabinet Member for Adult Social Care, Health and Public Health Wendi Ogle-Welbourn: Corporate Director, People and Communities
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/18JAN21/01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES Appendix 1 – Details of funding distribution plan which is subject to negotiations with care and support providers.
Is this a project and if so has it been registered on Verto?	NO Verto number: N/A

<b>R E C O M M E N D A T I O N S</b>
The Cabinet Member is recommended to:
<ol style="list-style-type: none"> <li>1. Approve an additional expenditure to the Adult Social Care market providers in 2020/21 to help with service sustainability.</li> <li>2. Delegate the implementation of service sustainability payments to the Corporate Director, People and Communities</li> </ol>

**1. PURPOSE OF THIS REPORT**

- 1.1 This report is for Cabinet Member for Adult Social Care, Health and Public Health to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (b).
- 1.2 The attached appendix is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to financial affairs of the Council, namely [commercially sensitive information

detailing Officers approach to discussions with care providers]. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

## 2. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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## 3. **BACKGROUND AND KEY ISSUES**

3.1 The social care market continues to deliver care and support meeting service user's needs under the backdrop of severe financial pressures seen on a national scale. Despite the fact Peterborough City Council's ASC benchmarked as one of the highest performing and least cost services against statistical neighbours, PCC providers are susceptible to significant changes in their cost base.

PCC's recent strategy of nil inflation uplifts where possible has been successful in minimising LA expenditure on inflation and encouraging providers to meet inflation costs through efficiencies. However in Feb 2020 the government announced the largest increase to the National Living Wage seen in 20 years set at 6.2%. The need to use subsequent efficiencies to cover increased costs has meant providers will now struggle to absorb the latest increase and this will impact on their commercial viability.

At the same time the pay gap between the social care sector workers and general public sector workers has widened adding pressure to the LA. This is the result of central government awarding pay rises to public sector workers as reported by in July 20:

- Teachers in England, and dentists and doctors across the UK will see the largest increases at 3.1% and 2.8% respectively
- Police, prison officers and National Crime Agency staff in England and Wales will be given a 2.5% rise in pay, while members of the armed forces across the UK will get 2%
- Members of the judiciary and senior civil servants across the UK will also see their pay topped up by 2%.

The successful inflation strategy of previous years, growth in the current national living wage level and widening pay gap drives the request for further inflationary funding. This would be targeted at increasing the providers' payroll costs.

## 4. **CONSULTATION**

4.1 Cllr Fitzgerald, Deputy Leader and Cabinet Member for Adult Social Care, Health and Public Health was consulted in Oct 20; was supportive of the proposal.

4.2 Care and support providers have been consulted. This has taken place at virtual provider for forum which has taken place throughout this financial year. In addition care and support providers individually and collectively have expressed their views in writing to the LA.

## 5. **ANTICIPATED OUTCOMES OR IMPACT**

5.1 The expected outcomes from this work is sustainability of high quality care and support delivered to service users across the whole Adult social care sector.

## 6. **REASON FOR THE RECOMMENDATION**

6.1 In the absence of market intervention, care providers are more likely to face financial difficulties. The consequence of this is some care providers may exit the local market which has the twin effect of:

- reducing service user choice, and
- reducing commissioning buying power

Local authorities would see this in the following ways:

- provider failure, trading cessation and care packages handbacks resulting in higher prices;
- the use of premium cost alternative services will increase e.g. block provisions will revert to spot prices, and the use of residential if the homecare market is unable to absorb any capacity handed back;
- the probing of alternative ways of recovering lost income through increase fee uplift requests;
- the in-year effect of transition costs (cash, external specialist expertise and staff time) will be demanding and have an impact on already limited capacity; and
- reliance and impact on the in house reablement service who will likely need to act as provider of last resort in bridging care. Redirecting this capacity will, in turn, impact on the cost savings generated through the delivery of reablement rather than bridging services.

## **7. ALTERNATIVE OPTIONS CONSIDERED**

7.1 Three options were considered:

1. Do Nothing

This options was rejected on the basis the Adult social care market would be unsupported in dealing with the largest rise in the National Living Wage. This would inevitably lead to provider financial difficulties resulting in market sustainability issues.

2. Delay for a further year – Rejected and why.

This options was rejected on the basis as Option 1. A delay in settlement would not improve market sustainability. It would also mean the investment made by PCC in the care sector this year would start to unwind.

3. Negotiate a fee uplift package with the Adult social care providers.

This option is recommended. Through continued dialogues with regional colleagues we know the measures proposed are similar to those colleagues are using elsewhere. The differences are in the mix of tactics applied and the degree of use. Consequently the realistic options considered was to vary the levels of awards and settlement start dates across care sectors. This included recommending NIL increases to some care sectors.

## **8. IMPLICATIONS**

### **Financial Implications**

8.1 Approve of the recommendations would release an additional £1.03m expenditure to pay to care and support providers in 2020/21 for inflationary rates settlements.

### **Legal Implications**

8.2 None

## **Equalities Implications**

8.3 None

## **Carbon Impact Assessment**

8.5 Approve an additional expenditure to the Adult Social Care market providers in 2020/21 to help with service sustainability and does not adversely affect the councils carbon footprint.

## **9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

9.1 None.

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

10.1 None.

## **11. APPENDICES**

11.1 Appendix 1 – Exempt